

Public Sector - GOVT. STATE ENTERPRISE

1982

JAN. - DEC.

FM 8/1/82
ELECTRICITY

Comparing prices

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The average cost to domestic consumers of electricity in this country in 1979 was 3,9c/unit, compared with an average price to all consumers of 1,9c/unit (*Economy* November 6)

The latter, of course, includes industrial users whose tariffs are assessed on different criteria. The domestic user will pay a service charge plus a charge per unit consumed. In addition to this, the bill for an industrial user has to include a calculation based on KVA (kilovolt amperes). This incorporates a minimum charge element that relates to the capital expense of heavy duty cabling and so forth necessary to cope with industrial demand. A company that under-utilises this facility would still have to pay the minimum charge, plus the usual per unit cost and service charge. It might mean, for example, that a company would find its unit charge reaching 5,8c/unit in the case of only 30% utilisation of potential capacity, whereas full utilisation would reduce the unit cost to well below the all-consumer average of 1,9c/unit.

Charges for electricity used will differ from region to region because supply and production costs vary according to such factors as distance from the power station, and costs of production. There is, further, a unit cost efficiency element in areas where the number of consumers and/or demand is greater. In the Transvaal, for example, the mining industry uses electrical power 24 hours/day, 7 days/week, which means cheaper unit costs for the whole community.

Financial Mail January 8 1982

man, say, for the Cape Town area where industry might operate for only 8 hours/day. A third of Escom's supply is passed into municipal control, and this adds a further dimension to the problems of comparison

All domestic users rely on the local councils for their power, and although their costs are fairly equitable (average 3,9c/unit), there is a tendency for industry within the council grid to be charged at a higher rate accord-

ing, in part, to the requirements of the municipality's total annual budget for all services. Thus the tariff policy of individual municipalities makes it inordinately difficult to compare prices.

Magid
 would need
 SA
 on power

LISBON — Mozambique, infuriated by what it alleges is South African-backed guerrilla sabotage, yesterday unveiled plans for ending the Republic's virtual monopoly on Mozambican power exports.

An official communique after talks between the Portuguese and Mozambican governments on the future of the Cahora Bassa dam in Mozambique, which normally exports 97 percent of its power to South Africa, said

Mozambique had sought Portugal co-operation in diversifying supplies.

Malawi and Zimbabwe might buy electricity from the Portuguese-operated dam, it said.

Cahora Bassa in normal circumstances supplies 10 percent of South Africa's electricity needs but power lines were severed on December 22.

Mozambique's Marxist regime blames the sabotage on the Mozam-

bique National Resistance Movement (Frelimo).

The dam has only been generating electricity for the last 20 months because of guerrilla attacks.

CONTRACT

Portugal receives revenue from the Cahora Bassa operation to repay R740 million in international loans raised to finance the dam's construction before Mozambique became independent from Lisbon in 1975.

The chief Mozambican negotiator, Mr Abdul Magid, emphasised that his country was not planning to rescind the contract with South Africa, but wanted to find alternative markets for the power it produced.

Portugal's Secretary of State for the Treasury, Mr Walter Marques, who headed his country's delegation, said Portugal still owed more than R600 million to the consortium of French, West German and South African banks that financed the project.

Talks with South Africa to raise the price of the electricity supplies were indispensable.

VULNERABLE

In order to begin exports to Zimbabwe and Malawi, power would need to be supplied northwards from the dam on lines that would probably be less vulnerable than the present 2 000 km line running to the southern border with South Africa.

The cost of this new development would be between R500 million and R600 million according to Mr Magid, who said the three main groups that had tendered for the project were a Franco-German consortium, a Japanese one and a Scandinavian one — Renter.

Handwritten notes and scribbles on the left side of the page, including the word "MIL" and various illegible markings.

Costly errors on Escom contracts

200
Star
19/1/82

The importance of having quality-control systems built into construction contracts is underlined by the costly errors which contractors have faced in "civil" work on Escom power stations.

At an Institution of Civil Engineers' seminar on quality assurance held at Escom's Megawatt Park, Mr Frank Harding, the commission's principal civil engineer, said that non-compliance with specified technical requirements have occurred at Escom power stations in every facet of civil construction.

The delay caused by remedying mistakes in such a high-cost area of power-station construction can have severe consequences.

Mr Harding, in extracts of his paper which appear in the latest issue of *Steel Construction*, journal of the SA Institute of Steel Construction, maintains that if errors caused delay in say the commissioning of a 60 mw unit, the cost to Escom could be more than R200 000 a day.

Mr Harding told delegates: "Instances of poor control of concrete batching, placing and curing are too easy to find in work done for Escom.

"At one power station where the turbo-generator foundation was to be poured in sections, the contractor placed concrete with an incorrect strength.

"Fortunately, the error was detected by Escom who checked the cement content by using a rapid analysis machine."

cost the contractors time and money for demolition of two-thirds of a lift on the cooling tower and on one chimney the cost of an external skin extending half the height of the structure "

Mr Harding believes that contractors will reap benefits from having "rational" quality-assurance requirements included in their contracts to the extent that the costs of a system will be more than covered by the drop in failure and remedial work costs.

Mr Harding said that the problem source was lack of control at the batching plant and could have been avoided by using a system of quality control.

At the same power station steel reinforcement in a cooling tower and two chimneys was found to be less than that required by the designer and indicated on drawings.

"In all cases," said Mr Harding, "the error could have been detected by the contractor's quality-assurance system.

"The errors were found by Escom's supervising staff and

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Soekor Shows Best Results in 16 Years

Soekor's results last year were more promising than any other since the South African search for oil began 16 years ago the managing director, Dr P P J van Zijl, said

Reviewing the past year, he said the second of eight boreholes in the important area south of Mossel Bay — seven of which were completed last year — had yielded very promising results in terms of gas and light oil

Four of the eight boreholes produced gas at a rate considered economic, plus light oil, while a further two holes produced small quantities of gas. A hole on the West Coast also produced gas at the surface.

One or two holes were still to be drilled in the Mossel Bay region. In spite of the fact that the reserves are smaller than originally anticipated the find remains of great value and if further

discoveries should be made in the vicinity a reserve that is big enough to sustain economic production might be established, Dr Van Zijl said

Soekor had drilled 15 boreholes last year compared to seven in 1980

Dr van Zijl said the intention of simultaneous offshore had been abandoned as unit costs had risen rapidly and Soekor was trying to remain within its five-year budget

It was expected the same number of boreholes would be drilled with two rigs as was originally planned for three

Soekor intended to terminate the contract of the Sedco 703 rig within weeks and the Sedco K might also eventually be released

It would continue its programme with two rigs presently being built according to local specifications and conditions — Sapa

POLES VAULT

By KEN SLADE

Seven of the ship-jump settlers jump their jobs. Others are also unhappy

POLISH seamen granted political asylum in South Africa are unhappy.

Less than a month after settling in the country, seven have quit the jobs they were given at Iscor in Vanderbijlpark.

Nearly 20 others have also been threatening to quit after complaining bitterly about working and housing conditions, and the fact that they are being compelled to learn Afrikaans rather than English.

The disenchanted Poles are among 73 who jumped ship in Walvis Bay following the military takeover in their country.

They were issued with provisional residence permits and told they could apply for permanent residence once they were employed in South Africa.

The seamen, most of whom are qualified in technical fields, were housed in a Krugersdorp youth centre while large corporations such as

Iscor, Escom, and the gold mines vied for their talents.

Although most of the employment contracts were basically the same, the largest group of Poles, 29, decided to join Iscor at Vanderbijlpark because of promised improved housing facilities.

However, on Wednesday, 26 of the Poles threatened to quit their new jobs because they claimed that working and living conditions were not what they were promised when they signed up in Krugersdorp.

During an angry meeting in the lounge of their present home a one star Vanderbijlpark hotel, leaders in the group told me that all of the men were used to hard work and did not easily complain.

Possessions

"We all jumped ship without taking any of our possessions and knew at the time that to start a new life in South Africa would be difficult," said one of the spokesmen who did not want to be named for fear of later immigration difficulties.

"We all knew the risk and were prepared to work hard to prove ourselves."

But the Poles claim that Iscor made too many promises as an inducement for them to work at Vanderbijlpark.

"If they had not made so many promises we might have joined other corporations," he said.

The Poles claim that a major factor which induced them to work for Iscor was accommodation.

"We were each promised single quarters with our own kitchens and bathrooms," said the spokesman.

"Although other corporations offered slightly better wages, none of them offered single quarters."

The Poles said when they arrived at Vanderbijlpark they were taken to a hostel, Pioneer House, and told they would have to share accommodation, three to a room.

After the first night in those quarters the Poles packed their bags and said they were leaving.

Iscor officials then moved them to a hotel.

But, on Thursday, the Poles, most of whom are earning about R900 a month, were presented with an ultimatum by Iscor.

Language

They were informed of housing problems in Vanderbijlpark and told they could either stay or leave.

Four asked to leave to seek employment elsewhere while three others, completely disenchanted, just left.

Another complaint of the Poles is that of language.

Most speak a few words of English and when questioned by Iscor at Krugersdorp, all stated that the first language they would like to learn in South Africa was English.

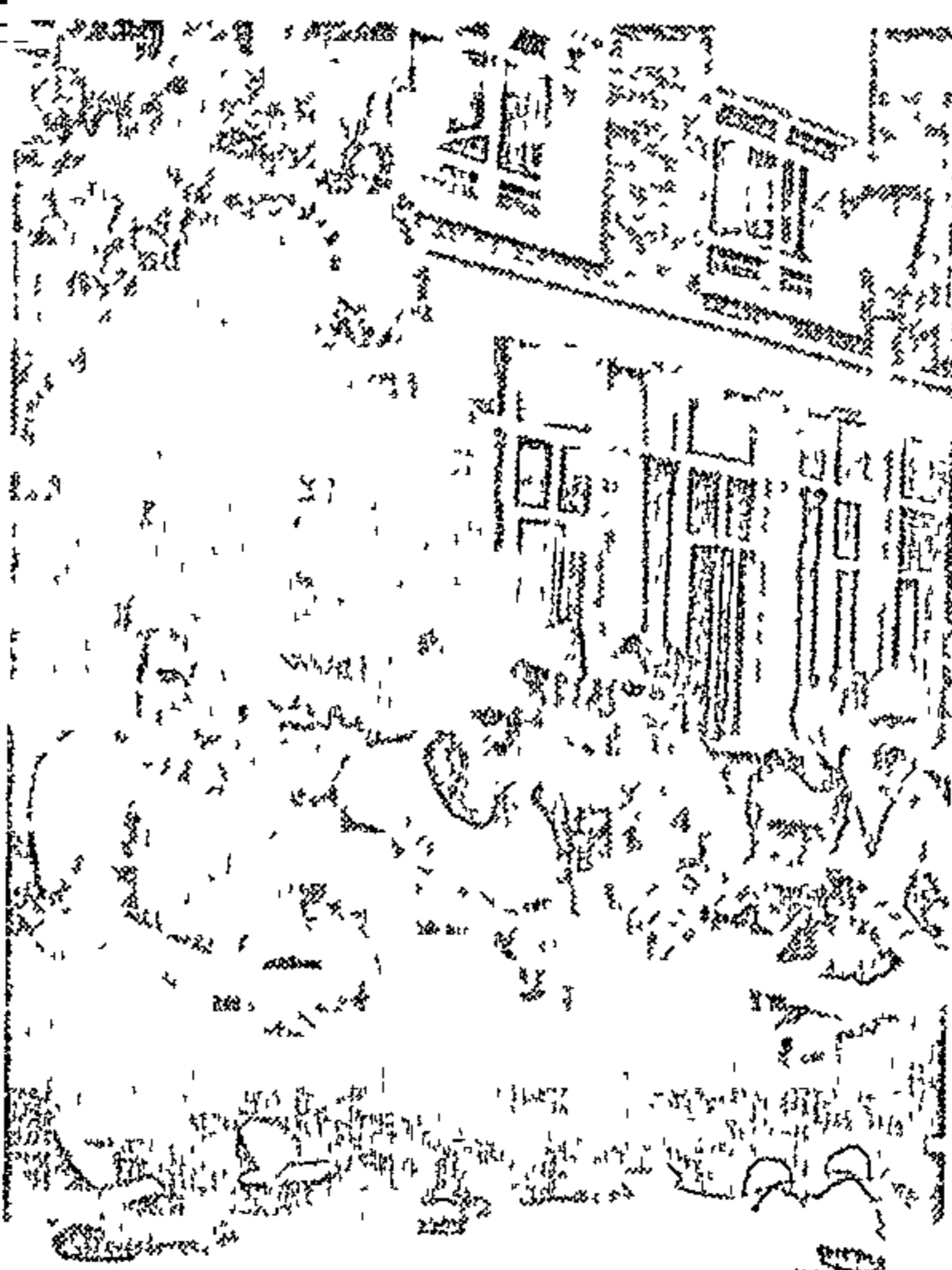
Iscor, however, is insisting on teaching them Afrikaans.

The public relations manager for Iscor, Mr H C Jerling, said "We have explained it, and most accepted it, that there is a housing problem in Vanderbijlpark."

"We are moving heaven and earth to assist them wherever possible."

He added that about 75 percent of Vanderbijlpark was Afrikaans so it would be better for everyone if the Poles first mastered that language.

"They will be taught English later."



Disgruntled Polish seamen at their Vanderbijlpark hotel. Picture: ANDRZEJ SAWA

Cholera alert

By G R NAIDOO

OFFICIALS ignored a disease warning two years ago — and now the Inanda area of Natal is one of the hardest-hit cholera regions in the country.

The Department of Co-operation and Development was told in a 1979 report that outbreaks of disease, like the typhoid epidemic two years ago, need never happen again if arrangements were made to provide reticulated water.

The report, by engineer Mr James Rivett-Carnac, was commissioned by the Urban Foundation and indicated that a mains water supply to the Inanda and Amaoti areas was feasible.

Affected

The Umgeni Water Board reviewed the report and in June, 1980 submitted modified reports to the Department of Co-operation and Development, the Urban Foundation and the North Coast Regional Water Corpo-

report

was shelved

The authorities shelved the report.

Today Inanda is the most seriously affected cholera area in Natal.

More than 200 cases are being treated.

Dr Johan van Rensburg, of the State Health Department in Durban, said that a big clinic at Ntuzuma was dealing very effectively with a large number of cases.

Dr van Rensburg said no indigenous cases of cholera had been reported at New Town, a resettlement area at Inanda where a site and service scheme had operated since early 1981.

The Department of Co-operation and Development

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24/1/82

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Sunday Times 24/1/82
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R400 million facelift for obsolete IsCOR plant

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Jan 28/1/82

By Chris van Gass
Pretoria Bureau
IsCOR has announced a massive R400 million modernisation programme for its Pretoria works to streamline production and reduce air pollution.

The work will begin in July and includes the replacement of obsolete metallurgical facilities. It is expected to be completed in 1986 when new production units come into operation.

IsCOR said low pro-

ductivity, inefficiency and low yield, with high operating and maintenance costs meant steel could no longer be produced at competitive prices with existing equipment.

One of the new units will be a steel plant where 900 000 tons of liquid steel would be produced annually in electric arc furnaces from scrap steel and sponge iron.

"The new units will be more efficient in respect of production

costs and product quality and will have the additional advantage that the use of scarce coking coal will be avoided," said an IsCOR statement.

Air pollution resulting from existing processes will largely be eliminated and a better work environment created.

The decommissioning of various furnaces, coke oven, batteries, a sinter plant and various other equipment would also mean a reduction in the work force.

But IsCOR said its labour strength would be "systematically adapted to the changing circumstances" by reducing new employment and transferring some employees to other IsCOR centres.

JULY PHASE

Some of the production units to be replaced have been in operation since IsCOR began production in 1934. The steel-making processes of these units had become technologically obsolete, making it difficult to meet present-day quality requirements with them.

"In terms of the modernisation programme, which is estimated to cost about R400 million at 1981 prices, certain metallurgical plants will be decommissioned from July to make way for the new units which should come into operation in 1986.

"Only afterwards will some of the remaining metallurgical units be withdrawn from service," added IsCOR.

New plant to cost Iscor R400-m

ARGUS
28/1/82

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Argus Correspondent

PRETORIA. — Iscor has announced a R400-million modernisation programme for its Pretoria works which will streamline production and reduce air pollution.

The work will begin in July and will mean the replacement of obsolete metallurgical facilities.

It is expected to be completed in 1986, when new production units will come into operation.

The Iscor statement said low productivity, inefficiency and low yield, together with high operating and maintenance costs, meant steel could no longer be produced with present equipment at competitive prices.

One of the new modern units will be a plant in which 90 000 tons of liquid steel will be produced in electric arc furnaces from scrap steel and sponge iron.

COKING COAL

The new units will be more efficient in respect of production cost and product quality and will have the additional advantage that the use of scarce coking coal will be avoided.

The air pollution at present brought about by the existing processes will largely be eliminated, and a better work environment created.

The decommissioning of equipment would also mean a reduction in the work force.

However, Iscor said its labour strength would be systematically adapted to the changing circumstances, by reducing new employment and transferring some to other Iscor centres.

Among production units to be replaced are some which have been in operation since Iscor began production in 1934.

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ESCOM ABROAD

Escom is reported to be in the early stages of raising the biggest SA Eurodollar loan to be seen since the government's \$250m "public relations" credit of 1980. According to the usually reliable *Agefi* international bondletter, published in London, the "possibility of a \$250m credit (backed by government guarantee) over 7-8 years has resurfaced"

It would be tied to two trade credits

totalling some \$200m to finance contracts awarded to Stein Industries and Alstom of France for a new thermal power station. *Agefi* says the coordinator of the proposed deal is the Indo-Suez bank and notes that discussions are at a "very preliminary stage"

But it also says that in the "present environment" the \$250m Euro-loan would be a floating rate credit with a spread of up to 0,75% over the London

interbank rate (Libor), currently 15,5%

If it comes to fruition the Escom loan of \$250m will compare with the 1981 total of SA credits monitored by *Agefi* of \$510m (and \$568m in 1980). These, however, are reckoned by *Agefi* editor Christian Heman to be only the tip of the iceberg of "a lot of interbank borrowings" transacted last year — without considering the gold swap arrangements

Economics or politics

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It has never paid a dividend. Its directors deny that they take orders from the sole shareholder. It sells off its investments once they start to show a profit. Although it backs

undertakings others consider too risky, it has made a loss only once in 41 years.

Such are the paradoxes of the Industrial Development Corporation of SA (IDC), brainchild of the late Drs Hendrik van der Bijl and Hendrik van Eck.

It was formed by Act of Parliament in 1940, with a share capital provided entirely by the State, as the means to promote the country's industrial growth by providing funds and expertise.

There was need for it then, as there were no sources of long-term financing for industry. The industrial banks of today were unknown and commercial banks offered nothing more than overdraft facilities.

Other sectors of the economy were already provided for: farmers could rely on the Landbank, and mines had sufficient muscle to raise funds.

Since then money markets have become larger and more sophisticated. And private sector financial institutions can provide almost all capital requirements for industry except for unusually large projects.

It is thus fair to ask if IDC has outlived its usefulness.

The Act charges IDC to promote schemes and provide funds for new industries and for the expansion, and more efficient carrying out of existing industries, "that the economic requirements of the Republic may be met and industrial development be planned, expedited and conducted on sound business principles."

It adds that every undertaking dealt with must be considered "strictly on its economic merit, irrespective of all other considerations whatsoever."

The former provision gives IDC the role of designer of a national industrial strategy with enough funds to at least partially carry out its plans.

The latter enables it to resist government pressure to support politically convenient, but financially dubious projects. It gets a further measure of independence from the fact that much of its income now comes from its own successful investments and not from State handouts.

But in present times it shows its independence more in method, than in philosophy. And the bulk of its projects indicate a commitment to two major objectives which conform to government political policy: self-sufficiency in the so-called strategic industries, and decentralisation to create jobs

for blacks and coloureds in areas outside "white" cities.

Nearly one quarter, or R100m, of IDC advances made last financial year went to Sasol and R83,6m to decentralised industries. Most of the rest in "non-decentralised areas" went to "strategic" industries such as mechanical and electrical machinery, metal products, automotive parts, and electronics.

Ironically its first ever loan went to a Mrs Greyvensteyn of Molteno, Cape, in 1940 to expand production of her Ouma home-made rusks. But as one wag points out, even this could be strategic, because a good *stryddag* would not be complete without an ample supply of rusks.

The Ouma operation has since grown into the Simba-Quix food giant.

By its own special criteria, IDC has performed very well since inception. It has maintained a modest profit growth rate — 17% a year in the last five years — while administration costs have risen only 14% a year in the same period. Last year gross return on capital employed was 71%.

These figures would not excite investors. But they would be far better were it not for the fact that IDC's function is to establish industries and not to exploit the fruits of their success. Thus it sells off its share holdings and takes repayment on loans as soon as clients can stand on their own feet.

IDC also provides technical and managerial assistance offered by no commercial institution. Advances are made only after the most exhaustive investigation, not only of the applicant's books but also its management strengths, and technical and marketing capabilities.

And IDC staff such as accountants and engineers are frequently seconded to clients to help implement development plans once new projects have begun. IDC claims its bad debt rate is only 3% and attributes this largely to its investigative and "after-care" services.

As the bulk of its projects fall in line with government policy it is not surprising that most of them enjoy government protection against both local and overseas competition. The decentralised projects can receive tax concessions, favourable rail rates, and low interest loans. And many strategic projects have import tariff protection.

These concessions can be critical to profits, so it must be assumed that IDC has advance knowledge of them and even, perhaps, takes a hand in their formulation.

IDC points out that its philosophy of decentralisation took shape under the Smuts government.

IDC claims that its decisions are based on the country's long-term industrial development, and not political considerations. On decentralisation, it claims that it is of-

ten cheaper to take the job to the worker than the worker to the job. Extra freight costs to a factory in a remote area, it says, can be lower than the cost of bus subsidies for workers for a similar factory in town.

It makes much of the jobs it has created. And no doubt for the benefit of right-wingers, emphasises that it has provided 117 000 new jobs, mainly for blacks in certain growth points over the last 16 years.

To the criticism that labour intensity leads to low productivity and an inability to compete with more mechanised competition, it replies that SA's relatively small market does not always justify the most capital intensive means of production.

However this raises the question as to why it should promote industry, which survives only through protection, underwritten by either the taxpayer or the customer, against more efficient competition.

The Atlantis Diesel Engine factory and the neighbouring foundry in Atlantis, western Cape are examples of two undertakings which survive only by the multiple protection of massive import duties and decentralisation incentives.

The Sapekoe tea estates in northern Transvaal is another. Some 7 500 blacks are employed in an undertaking which exists through protection against cheaper imports from Sri Lanka and Mauritius.

However many projects in which the IDC was involved could probably thrive with minimal government assistance. To name a few: Southern Cross Steel, Foskor, Richards Bay Heavy Minerals, and Alusaf. The fact that they qualify for decentralisation incentives is simply a coincidence of geography.

Whether the IDC was necessary or successful in the past is now a fatuous question. There are as many pros as there are cons. The point is whether it will continue to be useful in the future now that the country enjoys developed capital markets and has a core of developed technical skills.

As protection in some form or other is important in many IDC-financed projects the answer to that question is most likely no — despite its record of past successes.

The other question is whether the IDC has not a more political role to fill, especially so far as decentralisation and strategic industries are concerned. The answer to that question is even less clear. It is possible that it could be a bridge in these cases between the public and private sectors.

One thing is certain. In its present form the IDC has a great deal of political and economic clout. Its relative financial independence could enable it to profoundly influence economic and industrial policy.

Perhaps it is time that not only its heart but its tentacles came under more searching examination and that means greater public accountability.

Grievances aired by SAA crews

E. Post 2/2/82

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JOHANNESBURG — SAA cabin crews are threatening to work to rule "to bring the airline to a standstill" if certain grievances are not remedied before March, reports here say

One cabin crew member who does not wish to be identified said they would work to rule and only fly according to the book because the airline had cut down on cabin crew to such an extent that they were no longer able to render a proper service

Among other grievances were the loss of free-travel passes and 10% overseas travel benefits, the fact that travel allowances for cabin crew were now to be taxed, and that cabin crew were now to work on a block system.

He said cabin crew would act independently of their union if needs be as their union "does nothing for us"

An SAA spokesman said they had thoroughly investigated the matter and found staff were still able to deliver the same quality of service

SAA had been able to cut back on cabin staff as they had rationalised their meal service schedules and now offered free drinks on domestic flights.

THE STAY OUT PAY OUT



DR KOBUS LOUBSER
Only course open

SAA explains R56 000 deal with man it couldn't sack

(26) *S. Times 3/2/82*
By IVOR WILKINS
Political Correspondent

SOUTH African Airways in London had to pay an employee R56 000 not to work for it any more.

The extraordinary payment is highlighted in evidence by Dr Kobus Loubser, director-general of Transport Services, to a parliamentary select committee on accounts.

It transpires that SAA in London employed a sales manager who was a trade union leader and also had his own business.

It was discovered that the manager, who is not named, was working against the interests of the SAA.

"In the circumstances, it was imperative that his services be terminated," Dr Loubser told the committee in answer to a charge by the auditors that the payment was unauthorised expenditure.

Dr Loubser said that under British legislation, the SAA could only terminate his services under four conditions: normal retirement, retirement due to permanent ill health, real redundancy or misconduct.

Misconduct

Misconduct was the only applicable category for the offending sales manager.

But, explained Dr Loubser, to dismiss him in those terms would have required a full-scale investigation into the matter with the calling of outside witnesses and that could have caused irreparable damage to the image of SAA in the United Kingdom.

"In view of the political climate against South Africa in the UK, it was not deemed advisable to pursue this investigation," he said.

The only other course open was to suspend the man, but continue paying his salary until he reached 63 years, after which he would have had to receive the annuity and cash benefits from the Railways Superannuation Fund, of which he was a member.

That would have cost about R300 000.

An alternative was that in British law a man could be suspended if he and his employer could reach a mutual agreement.

"This was done in the case of this person, who agreed to accept a sum of £30 000 (R56 000) as a pension in a lump sum," Dr Loubser said.

In view of the circumstances of the case, the auditors accepted the payment as "condonable".

SAA girl trainees make ⁽²⁶⁰⁾ history ^{shaw 3/2/82}

By Richard Paris
Air Correspondent

History will be made in South African Airways today when an Indian and a coloured woman join 42 white women for the first multiracial air hostess training programme.

The public relations manager of SAA, Mr J C van Rooyen, said yesterday that there were "hundreds of applicants from women of all races" for the training course, which consists of a month of theory and a month of practical work before they earn their wings.

The integration of women cabin attendants was announced by the Minister of Transport, Mr Schoeman, last year.

Mr van Rooyen said he was unable to say how many black, Indian and coloured women had applied for air hostess training, but the total number of women starting the course was 44.

"The course was open to all who meet our standards and only those who pass the examination at a certain level will be flying with SAA," he added.

In an earlier interview on the same subject the airline's chief executive, Mr Frans Swarts said black, Indian and coloured men were not being trained as flight attendants as it has been decided to phase men out of the job altogether and replace them with women.

189 260 FM 5/2/82

Iron and steel

Iscor cuts back

For the first time ever, Iscor will this year reduce its capacity to produce steel

From July it will close plant at its Pretoria works to reduce output of steel profiles by about 250 000 t/year. This will cut total production at the three Iscor works to about 5.25 Mt/year.

Supplies to local customers will not be affected because Iscor's Newcastle works is easily able to fill demand.

Depressed world markets, unexpectedly low growth in local demand and rising costs have prompted Iscor's decision.

Explains GM Floors Kotzee "A year ago it paid us to export, but right now prices for certain products are so low it is not economic in spite of the drop of the rand against the dollar. Notwithstanding this cutback, we still expect to export about 1 Mt of more lucrative products this year."

But taking the long view, Iscor probably considers the slack world demand as a blessing in disguise. For it has gained breathing space to phase out old equipment at its Pretoria works, some of which was installed when the corporation first commenced production in 1934.

In its place it will instal smaller, but much more efficient plant costing R400m.

All the old iron-making plant at Pretoria works is to go. This includes four blast furnaces, three Bessemer converters, three open-hearth furnaces, four coke oven batteries, two sinter plants and a calcining plant. The billet mill which produces the stock from which profiles are made will also go.

These processes are highly polluting (the corporation has already been in court over it), and inefficient by present-day standards. They also use large quantities of the country's scarce reserves of coking coal which has contributed most towards Iscor's cost increases over the last few years.

The old iron-making plant will be replaced by a direct reduction process which converts iron ore directly into sponge iron. This is a bold step into a new and relatively untried technology, and will reduce Iscor's consumption of coking coal by about 15%.

Producing 900 000 t/year of liquid steel from scrap and sponge iron, the new plant will be the biggest of its kind in the world — similar in size to the 600 000 t/year sponge iron plant Iscor is building at its Vanderbijlpark works (*Business* November 13 1981).

When the new works is fully operational the sponge iron and some quantities of scrap will be charged into new electric arc furnaces which will produce liquid steel. This, in turn, will be fed in liquid form into two new continuous casting machines,

which will convert it into finished steel blooms.

The Pretoria works now has an annual production of 1.45 Mt of liquid steel, which it converts into about 1 Mt of finished steel. When the new plant is in operation its liquid output of 900 000 t/year will be converted into about 750 000 t/year of finished steel.

Thus total output of finished steel will fall by only 250 000 t/year although production of liquid steel, the intermediate product, will drop by 550 000 t/year. This better yield is made possible mainly by the greater efficiencies of the continuous casting process.

SA steel producers have been exporting their surpluses for some years at low prices. They found it less costly and less disruptive than closing down plants. Now, with world prices at their present depths, Iscor's 250 000 t/year cutback could well save losses of about R100/t, or a total of R25m/year.

At the same time, the reduced exports will lose the country about R100m/year in foreign exchange.

Kotzee stresses that the production cut will not cause any loss of share on the local market, only a fall in less profitable sales abroad.

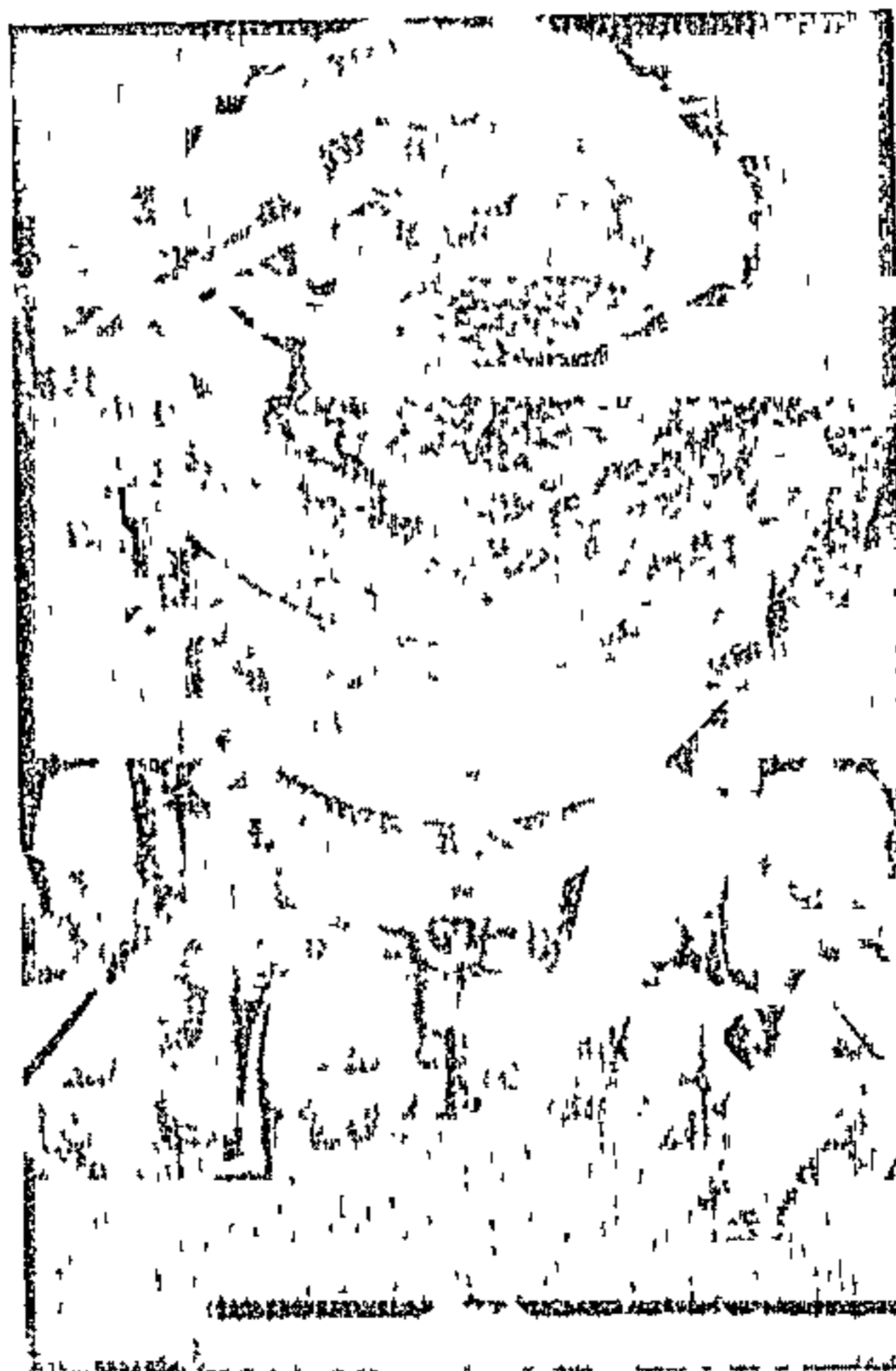
The first phase of modernisation will start in July with the closing of some of the old equipment to make room for new electric arc furnaces. When these are complete

they will produce from scrap steel.

They will use scrap only for two years and will switch to a blend of sponge iron and scrap when the direct reduction plant is completed towards the end of 1988. Construction should begin in 1985.

Iscor has not yet decided whether to use in Pretoria the same coalbed type direct reduction plant being built at Vanderbijlpark. An alternative process which uses coal gas also has attractions. But the corporation is likely to stick to the method it has already selected as the most suitable for local conditions.

In this event it would merely have to duplicate facilities which have already been designed.



Iscor's old plant ... on the way out

O. Idia/paper 5/2/82 (185)

Xaba welcomes French businessmen to Ciskei

(260)

ZWELITSHA — If the Ciskei National Development Corporation was to be financed by the Ciskei Government, the whole CNDC staff would have to be screened, the Ciskei Vice-President, the Rev W M Xaba, said

He was welcoming a French businessman, Mr L Delbecque, and his entourage to Ciskei, when he went on to say that it was surprising that Richo, a French bus company, was known to South African officials based in King William's Town long before Mr Delbecque came to Ciskei, and that investigations had been made on Mr Delbecque and the company

Mr Xaba said a leopard could not change its spots

"You cannot be loyal to South Africa and overnight to Ciskei"

He said he was sorry that the CNDC staff was not present

"France is not a Communist country, the president of the Republic of Ciskei had no illusions in his mind to cultivate sources of the calibre of Mr Delbecque," he said

"Tell them to investigate, they will investigate till they are blue because Dimbaza is full of factories from abroad Except one or two local industrialists who planted their monies and are not wanted by CNDC One thing you must know gentlemen, we are a sovereign state, we have got to think for ourselves,

no fools think for us"

Mr Xaba said the capitalists in Southern Africa were resented by black activists because they clung to their money until they went to the grave They were prepared to share

"We went 27 000 feet underground to bring up the wealth — gold, coal, copper — for South Africa, so we are South Africa's problem" He said they had built highways and skyscrapers for South Africa

"A prophet was born to the nation of Ciskei who only asks for one meal a day

"And the people who are meeting the philosophy of this prophet are investigated" — DDR

(260)
Escom's
\$250m *ROOM*
credit *6/2/82*

By PAT SIDLEY

ESCOM has confirmed that it will raise a \$250-million Eurocredit over seven years for part of the Matimba power station in the North-Western Transvaal

The lead bank is Bank of Indochina and of Suez (Indosuez) which told Reuters yesterday the loan would have interest of three-quarters of point over six-month London interbank offered rates (Libor) and be largely syndicated by French banks

An Escom spokesman said negotiations were going ahead smoothly

The loan matches a French Government credit to Escom of \$250-million guaranteed by the French Export Credit Guarantee Agency (Coface), Indosuez says

French Alsthom-Atlantique and its subsidiary, Stein, are involved in the contract to supply turbines and heaters for the power station

A spokesman for Alsthom said his company's share of the contract totalled about 500-million francs and Stein's share was worth about 700-million francs

The Escom spokesman said there were likely to be further similar loans

ZWELITSHA — The Ciskei National Development Corporation (CNDC) had a bad name "as far as Ciskeians are concerned," the Vice-President, the Rev W M Xaba, said yesterday

"We expect the CNDC to be handed over to the Ciskeian Government. Then we will ensure it does things for the benefit of Ciskei," he said.

"At the moment I see the CNDC as a money-making arm, not a development arm."

Mr Xaba was elaborating on a speech he made earlier this week to welcome a group of French businessmen led by Mr L Delbecque

He said then that if the corporation was to be financed by the Ciskeian Government, the entire staff would have to be screened

"We would take those who have Ciskei at heart. Also, we should employ some of our own people," he said yesterday

"The CNDC staff are loyal to Pretoria. I don't believe they could change

P. Aspatch
CNDC has bad name says Xaba
6/2/82 260

their loyalties overnight"

Mr Xaba said a government takeover of the CNDC had not been discussed by the Ciskeian Cabinet

"We should have taken over on December 4. We are waiting to hear from the South African Government and the Cooperation for Economic Development"

In the welcoming speech, Mr Xaba also said the French businessmen had been "investigated"

Yesterday he said this was a security matter but would not elaborate

On his statement that

one or two local industrialists in Dimbaza were not wanted by the CNDC, Mr Xaba said he did not know why the corporation did not like them. He would not name the industrialists

Asked to comment, the managing director, of the CNDC, Mr F Meisenholl, said in a statement that the corporation, its management and staff had economic development of Ciskei and its people as its sole aim

"Their loyalty is to the Ciskei, the Ciskeian Government and the Ciskei nation," he said — DDR

560 Hansard Q. 61.189-
Koeberg nuclear power plant 190
24/2/82

*15. Mr D J. N. MALCOMESS asked
the Minister of Mineral and Energy Affairs:

- (1) Whether any (a) contracts and (b) arrangements have been entered into for the reprocessing of spent fuel elements from the Koeberg nuclear power plant, if so, (i) what contracts and arrangements and (ii) with whom,
- (2) whether the radio-active water resulting from such reprocessing will be returned to the Republic; if so, (a) by what method, (b) to what port of entry, (c) who will take charge of it and (d)(i) how and (ii) where will it be stored?

†The MINISTER OF CO-OPERATION
AND DEVELOPMENT (for the Minister of
Mineral and Energy Affairs)

(1) (a) No.

FEBRUARY 1982

190

(b) No.

(i) and (ii) fall away

(2) No.

(a), (b), (c) and (d) fall away

(b) 291

260

Hansard Q.601.202
Koeberg nuclear power installation

24/2/82

184. Mr. D. J. N. MALCOMESS asked
the Minister of Mineral and Energy Affairs:

Whether any plans have been finalized
for the decommissioning of the Koeberg
nuclear power installation; if so, (a) what
safeguards will be implemented regarding
radio-active materials at the time of such
decommissioning and (b) what is the esti-
mated decommissioning cost?

The MINISTER OF MINERAL AND
ENERGY AFFAIRS.

No.

(260) Koeberg reactors 26/2/82
Hansard Q 61 218.9
*13 Mr R. R. HULLEY asked the Minister of Mineral and Energy Affairs

- (1) For what period will the radio-active spent fuel elements from the Koeberg reactors be stored in the manner indicated by him in his reply to Question No 19 on 6 February 1981;
- (2) whether such spent fuel elements will be returned to the Republic after being reprocessed overseas, if so, (a) where and (b) for what period will they be stored?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) Approximately four to five years
 - (2) No. The elements are destroyed during the reprocessing process
- (a) and (b) fall away

Star 5/3/82 (85)
Cabora sabotage
blow to Escom (260)

CAPE TOWN — Escom suffered its largest deficit last year, the general manager, Mr Jan Smith, said at a dinner in Cape Town

Addressing staff members, he said more coal had to be used at coastal stations last year. Only a fraction of the energy that should have been delivered from Cabora Bas-a in Mozambique was received because of regular acts of sabotage.

Mr Smith added that differences in the price of electricity had dropped in an evolutionary manner since the inception of a country-wide transmission network.

"It is known in real terms that the cost of electricity, particularly in the Western Cape, has decreased steadily during recent years and is now lower than 10 or 20 years ago," Mr Smith said.

In 1960 the average price per unit of electricity sold in the Western Cape was 150 percent more than on the Witwatersrand.

Escom expected the difference in costs of electricity in the two regions to decrease, but this would not take place simultaneously as the characteristics of the two areas differed. Mr Smith said — Sipa

(260) *Handwritten* Public corporations *8/3/82*
Q 61,315

217 Mr T ARONSON asked the Minister of Industries, Commerce and Tourism

What are the capital requirements for the next three financial years in respect of the public corporations falling under him?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM.

ISCOR 1982-'83—R360 million
1983-'84—R400 million
1984-'85—R450 million

PHOSCOR 1982-'83—R13 million
1983-'84—R15 million
1984-'85—R12 million

SATOUR R40 000 per financial year for all three years.

IDC 1982-'83—R470 million
1983-'84—R380 million
1984-'85—R410 million

Foreign tourists

218. Mr. T ARONSON asked the Minister of Industries, Commerce and Tourism:

- (1) (a) How many foreign tourists visited the Republic in 1981, (b) from which countries did they come and (c) how many were there from each country,

260 ~~85~~ Sasol II/Sasol III 12/3/82
 Hansard Q Col 379
 261 Mr T ARONSON asked the Minister of Mineral and Energy Affairs

- (1) What is the (a) latest estimate of the total cost and (b) anticipated completion date of (i) Sasol II and (ii) Sasol III,
- (2) what is the total number of persons employed in respect of these projects?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) (i) Sasol II

(a) R2 499,1 million

The main production units have already been completed in December 1980

- (ii) Sasol III

R3 276 million

(b) 1984-'85

- (2) Total operating manpower complement (excluding construction and coal mine workers)—

Sasol II . ± 7 800

Sasol III . ± 3 400

The operating manpower complement of Sasol III is smaller than that of Sasol II as Sasol II provides Sasol III with certain auxiliary services

State probes plan to sell off beer industry

By Shami Harichunder

DETAILS of a top-level probe into the possibility of selling the Government's multi-million rand sorghum beer industry to private enterprise were disclosed to the Sunday Tribune this week.

The Sorghum Beer Industry Development Committee is looking into the possibility of selling shares to blacks, with the Government retaining controlling interests — a move that would effectively block the grant South African Breweries from making inroads into the highly lucrative sorghum beer industry.

The probe was ordered by Piet Koornhof, Minister of Co-operation and Development, who set up the committee last year to carry out the task.

If control of the in-

dustry changes hands it could be bad news for taxpayers, who could be made to dig into their pockets to finance the running of administration boards.

The boards depend on funds from their business undertakings section — the sorghum beer industry — to run, black townships, and if these are cut off, the Government would have to turn to the taxpayers to make good.

Boards' only other source of income — contributions from businesses that employ blacks — is not sufficient to run the townships, according to Port Natal Administration Board's chief director, Hendrik du Plessis.

"This is only a drop in the bucket," Mr du Plessis said. "The Government would have to find alternative sources of our business undertakings section had to go."

Mr du Plessis also said administration



Piet Koornhof boards would have to be compensated for the millions of rands of assets they have in the sorghum beer industry.

"We are talking about a very very large sum of money. In Port Natal's case alone we would have to be compensated for the more than R1 million assets we have in the business undertakings section," he said.

The chairman of the Sorghum Beer Industry Development Committee, Professor Martinus van Vuuren, said this week his committee was working in close co-operation with the

administration boards and the Department of Co-operation and Development.

He also said this committee was raising regularly with Dr Koornhof on investigation progress.

Johan Oosthuizen, press liaison officer of the Department of Co-operation and Development, told the Sunday Tribune the committee was investigating the possible sale of the industry to private enterprise.

"They are also looking into the possibility of blacks becoming shareholders," he said, adding that he was not in a position to comment further as the committee had not completed its investigation.

The committee has already obtained information from administration boards about production capacity of the breweries, beer and sorghum sales and assets they have in the breweries.

Asked why he thought the Government further as the

dustry to go public, Mr du Plessis said: "Dr Koornhof is on record as having said we must start looking for alternatives to get the board out of the booze economy. Of course the Government also has a declared policy to pull out of what is really private sector."

"If the industry had to become private enterprise there will be immediate problems as a result of the fact that administration boards are largely dependent on money from the sorghum beer industry. Somebody will have to make good the money we need to run the townships."

"We are going to take a very close and careful look at what the committee comes up with to ensure that the people whose money we are working with are looked after. After all is said and done, we are looking at public money," he said.

Dr Koornhof said through his private secretary this week he was awaiting the report of the committee

20 Black
Star
in-house
8/3/82
union at
Escom

Labour Reporter

A trade union for black workers at Escom plants across the country, the Electricity Workers' Association, has applied for registration.

The application gazetted earlier this month restricts membership to black employees of the Electricity Supply Commission.

It has been described by Escom officials as an in-house union in that it serves only company workers. But Escom denies it is an "in-company" union created by the employer.

The general secretary of the Electricity Workers' Association, Mr Simon Mokoale, also denied the view that his union is an "in-company" body.

He said Escom management adopted a neutral stance towards the union which has 1817 members, mainly in the Johannesburg and Vaal area. The union planned to expand countrywide.

It had an agreement with Escom to discuss wages and working conditions, Mr Mokoale said.

Escom negotiates with a range of unions and in-house white and coloured unions exist.

An Escom spokesman said the firm's policy was one of "not meddling" in union matters or showing preference for particular unions.

But unionists involved with Escom said they were not aware of the Electricity Workers' Association.



EVERY CANDIDATE MUST enter in number of each question in order in which it has three columns (2) and (3)

Table with 3 columns: Question Number, External, and Internal. The 'External' column contains the number (3).

State sell-off of assets urged

260 RDM 18/82

BY HAROLD FRIDJHON TO meet its capital requirements the Government should consider selling off its assets when the time is appropriate, said Dr Andries Wassenaar in his chairman's address at the Sanlam annual meeting in Cape Town yesterday.

Dr Wassenaar, a protagonist of private enterprise, said the State had considerable tracts of land which were not necessarily being used productively and it also owned productive assets which could be used at least equally advantageously by the private sector.

"By selling some of these assets an important new capital source could be opened up by the State. This in turn could relieve the pressure on the taxpayer who has to pay the interest on alternative financing."

He was concerned at the state of the economy, particularly the growing deficit on the balance of payments which indicated that SA had been living beyond its resources. Too great a reliance had been placed on a high gold price and an estimated \$600 million would be required in 1982 to ensure an equilibrium in the balance of payments in spite of the economy's growing at only a moderate rate this year.

The Exchequer had to cope not only with a weak gold price but with the fact that most metal and mineral exports were priced in dollars. The sharp decline of the rand against the dollar increased the incomes of the mines and their taxes. But this process could not be continued indefinitely and Exchequer revenue was more vulnerable than it would appear to be. Because gold played such an important part in foreign exchange earnings, the Government should adjust to its volatile price.

"It is extremely important that when the gold price is exceptionally high we should consider the additional revenue purely as a windfall which should not be used to finance current account. Particular care should be taken to avoid it causing excessive additions to the domestic money supply."

The rapid growth of the economy in the past few years once again revealed the serious shortage of skilled manpower and the underuse of available manpower which was aggravated by defective training, by job reservation and by "other limitations on the mobility of workers".

The increased expenditure on training, the abolition of job reservation and acceptance of the residential recommendations of the Rieker Commission would make a positive contribution to alleviating the labour problem. One of South Africa's most challenging problems was providing sufficient job opportunities. About 1 300 new jobs had to be created every working day.

In the past six years the growth rate of employment exceeded the rate of increase in the labour force only in 1980 when the economic growth rate was 8%.

The Government's new initiatives on regional development should make a real contribution to creating jobs. But the private sector was prevented from making its contribution by certain employment practices and regulations which were not suitable for a developing country like South Africa.

Care should be taken to stress labour-intensive projects and industries. Industry had become more capital intensive partly because the cost of capital had become more favourable relative to the cost of labour. This was attributable to factors which prevented interest rates from reflecting the real demand for and the supply of funds.

Dr Wassenaar appealed for the development of an active capital market with interest rates reflecting the real cost of capital, taking into account the negative effect of inflation.

Market-related interest rates were also important to ensure a sound personal saving effort.

All answers Number Number Surname First Name Date Degree/Diploma you are registered

NOTE CAREFULLY

- 1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2 Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3 Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book (s) are used.

WARNING

- 1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2 Candidates are not to communicate with other candidates or with any person except the invigilator.
3 No part of an answer book is to be torn out.
4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

BROADCASTING

FROM NEWSPAPER SECTOR TO THE FRONTIER OF SCIENCE

Wynand Mouton, ^{CONT'D} ⁽²⁶⁰⁾ the scientist who beamed in on SABC

Professor Wynand Mouton is one of South Africa's least-known but most influential personalities. As chairman of the SABC board he plays a major role in deciding what you see and hear on TV and radio. In one of his few Press interviews since his appointment in 1980 he tells chief reporter DAVID BREIR about himself and his opinions of the SABC.

Wynand Louw Mouton rose from being the most junior newspaper seller in Bloemfontein to become the top paper boy in the city — in less than three years, displaying at an early age qualities of leadership and perseverance.

The same qualities must have hurtled him to the 28th floor — the chairman's office — of the SABC's broadcasting centre in Auckland Park, Johannesburg.

"It was, never planned," says Professor Mouton (53) from behind his chairman's desk. "I never thought I would land in this seat. When I was asked whether I would take over, it

being chairman of a company in a part-time capacity while serving on other boards as well. He said the chairman of his university board was also there in a part-time capacity.

But last year — his second year in office at the SABC — Professor Mouton was asked to make an agonising decision. He was asked

"I would certainly not like interviewers to ask only bland questions. But it is extremely difficult to ask good perceptives questions without being rude and not realising the difficult position a person can be in."

Interviewers must always have a feeling for the person being interviewed," he says. "The answer, he believes, is to find a

happy medium in which questions are asked in a perceptive and firm way. The good interviewer should be able to judge how far to go.

Professor Mouton believes that the SABC has to create better training facilities all round — including facilities for training interviewers.

They could be put through test interviews and then criticised on their efforts to improve their art.

On the general programme content of the SABC, Professor Mouton concedes there is room for improvement.

He would like to push up the local content of SABC programmes although the manpower shortage handicaps this.

"We are spending more and more money on programmes and trying to improve the quality," he says.

The financial position has improved due to higher income from licences and advertising.

Professor Mouton's own tastes are varied. He likes news and actuality programmes as well as detective and science fiction series.

He is particularly fond of humour in the Archie Bunker mould and regrets, because it is so difficult to obtain, TV has so little of it.

As a busy man he has difficulty in seeing everything he would like on TV, but he has a video recorder to record the more important programmes.

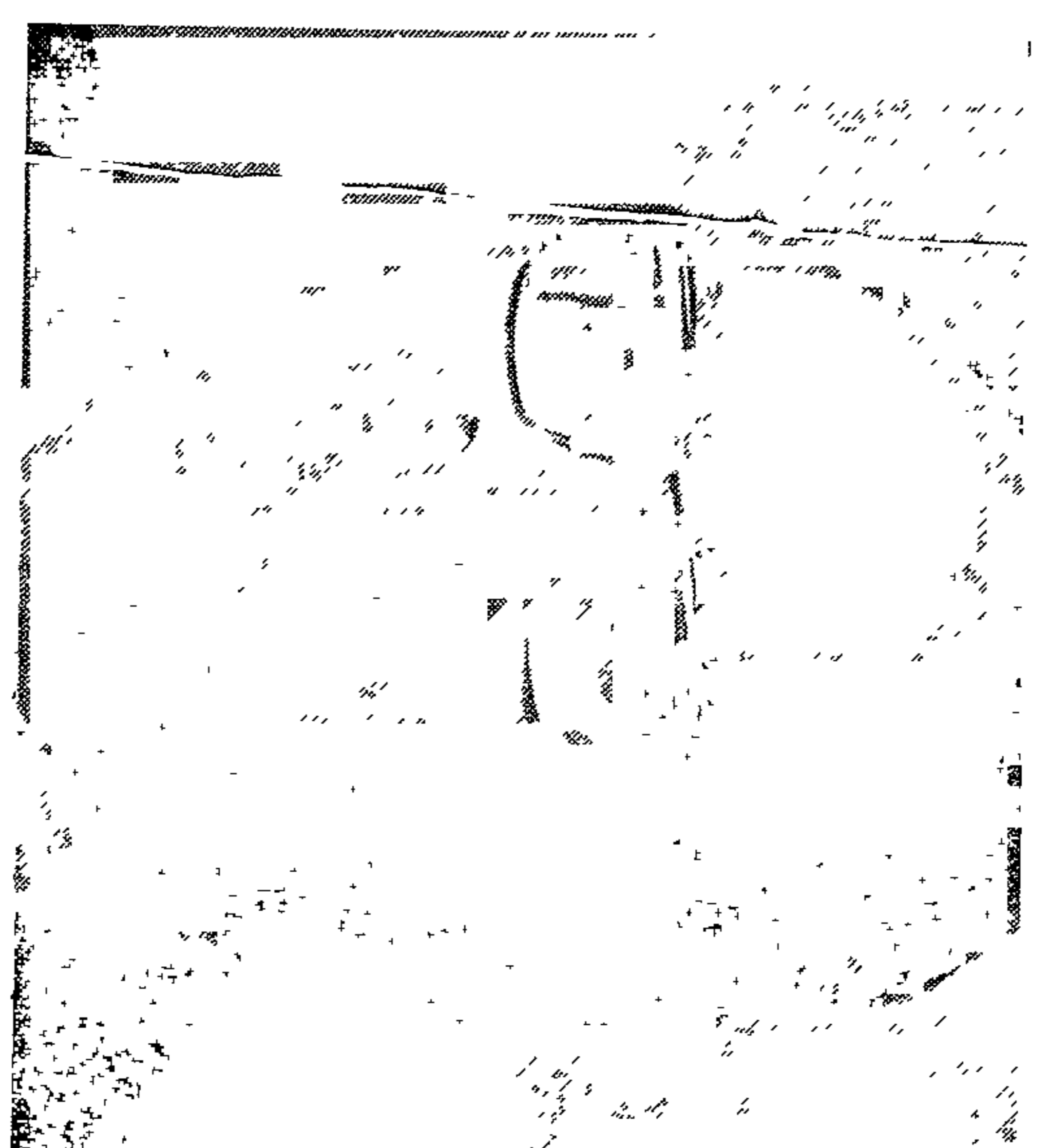
As an educationist he is determined that broadcasting should play an educational role and he envisages a sort of university of the air as a possibility.

In general, he would like to see less violence on TV — and less of the "salacious" aspects "I want entertainment as well as education and actuality programmes to inform people," he says.

Professor Mouton also spoke on children and television viewing. He has two grown children and a son in Std 9, and said he would limit his son's TV-viewing time only if he neglected his work.

"I have not had problems with the children who have used it in a good way. I would certainly limit their viewing time other-wise, although I would rather try to persuade them than censor TV viewing," he said.

PROFESSOR WYNAND MOUTON



took me by surprise. At first I thought it could not be true and they were joking," he says.

His manner is mild and he is soft-spoken. There is no outward sign of the steel that must have been necessary for him to have forged his way up through the competitive Afrikaner establishment.

He is principal of the University of the Orange Free State and chairman of the SABC board — positions that surely cannot be achieved without the most impeccable contacts in Afrikanerdom.

Patience

He is an unabashed verligte.

Another clue explaining his rapid rise is given, as you wait in the reception area for the interview, by his secretary.

She is staggered at his patience with people and his infinite capacity to see everyone who wants to see him, despite a hectic schedule.

Professor Mouton himself describes this as the scientific method which is universally applicable. "Obtain as much information as you can by talking to people," he says.

whether he would consider becoming a fulltime chairman like his predecessor, Dr Piet Meyer.

Professor Mouton turned down the offer which would have meant giving up his university post.

He said he did so as a matter of principle. A part-time chairman is less part of the organisation and can take a free and independent line. However, he believes the post of executive chairman is feasible.

But Professor Mouton may be faced with a similar decision in the near future.

Decision

The charter of the SABC is in the process of being altered by Parliament to provide for the possible combining of the posts of chairman and director general.

If these posts should be combined, Professor Mouton would have to decide between his university and the SABC.

He said he had no idea yet what his decision would be if faced with the choice.

He learnt this method as a nuclear physicist. His appointments in this capacity included those of assistant director of nuclear research at the University of the Witwatersrand and professor of nuclear physics at the University of Stellenbosch.

The obvious question is how a nuclear physicist gets to be chairman of the SABC. Did he have any experience in the media?

He did not — unless, of course, you count the three years he spent as a schoolboy selling Die Volksblad — Bloemfontein's afternoon newspaper.

It was more than a casual pocket money job — he had to bring in some money to help his widowed mother balance the family budget.

He started off without having any fixed spot to sell his newspapers but eventually he received the prime newspaper selling spot in Bloemfontein — Cuthbert's Corner — selling 150 papers a day and earning a princely 12s 6d (R1,25) daily.

Broadcasting

Did he ever see himself becoming a broadcasting or media man?

"I do not think I would have much talent as a broadcaster. I always thought of myself as a scientist," he says, and he still does, not know why "they" — the Government — chose him to head the SABC.

His job as chairman of the SABC board is a part-time one. His full-time job is principal of the university.

Professor Mouton compared this with

Meanwhile he has frequent liaison with the current director-general, Mr Steve de Villiers.

Professor Mouton tries to be in Johannesburg at least once a week while Mr de Villiers flies to Bloemfontein once a month. Between visits there is always the telephone, Professor Mouton points out.

As a part-time chairman he is not involved in the details of day-to-day decisions in running the SABC. This is in the hands of Mr de Villiers.

The board directs only board policy and other general issues such as the budget.

One of the aspects of broad policy that Professor Mouton adopted when he received his five-year appointment as chairman in 1980 was the principle of news impartiality. Does he think this has been achieved?

He says he believes it has. He points to research by the University of South Africa after last year's General Elections.

(The Unisa report stated: "As an institution the SABC appears to have been a combination of the fair and the partial." The report found the SABC's special election reviews covered all parties although some news bulletins favoured the National Party).

One sore point with many TV viewers has been the kid-gloves treatment that TV interviewers give to Ministers and other dignitaries.

Professor Mouton says there is room for improvement on this score. "In many instances we feel our interviews are not what they should be," he said.

Star 260 24/3/82

Iscor scores from coal export boost

Own Correspondent

Iscor has received one of the largest orders ever for a type of steel it manufactures under licence from the United States Steel Corporation.

The South African Transport Services have ordered large quantities of Cor-Ten steel to build three and a half

thousand specially designed wagons for the Broodsniersplaas-Richards Bay railway line.

Iscor makes the steel, which has a long life-span and requires less maintenance than ordinary steel.

At present 26 million tons of coal a year are being transported to

Richards Bay along the railway line for export and it is planned to increase this amount to 44 million tons by 1986.

Now that permission has been received to increase exports more and better wagons will be required.

Cor-Ten steel is ideally suited to the newly designed wagons and will be used.

The new developments will also make it necessary to upgrade the Broodsniersplaas-Richards Bay line so that it can cope with heavier loads and longer trains.

D. Despatch

Electricity

1/4/82 (260) (4)

cost to drop

CAPE TOWN — The cost of electricity to consumers will drop in industrial development points such as East London soon.

The government announced yesterday that it will subsidise the cost of electricity at these points, so that the tariffs would be equal to the Escom tariff applicable in the area of the Eastern Transvaal undertaking.

The government said it would pay a subsidy to municipalities to equalise the cost of electricity.

"In cases where municipalities are involved, this subsidy has to be passed on to all final consumers in the municipal area concerned,"

the government said in a white paper, which was tabled in Parliament.

It explained: "Municipalities and other bulk industrial consumers involved will, as in the past, pay the full tariff to Escom, but will subsequently be compensated by the decentralisation board and corresponding bodies in the independent states in respect of the difference between this amount and the amount calculated according to the Eastern Transvaal tariff."

The subsidy would not apply in cases where a municipality supplies electricity to other municipalities and/or other clients outside its area — PC

Impact Homes Escom warning

260
ROOM
3/4/82

OK

By LIN MENGE

ESCOM staff were warned last year not to deal with Impact Homes after individual employees had responded to an advertisement placed by the firm.

Escom then discovered that Impact Homes had no stands and warned its staff to deal only with the administration boards

This was disclosed yesterday by Mr R E du Plessis, a public relations officer for Escom. Mr Du Plessis was reacting to the Mail's investigation into a housing racket involving a Johannesburg firm, Impact Homes, which has no sites for development in Soweto but has nonetheless been accepting "management fees" from would-be home-owners

The Mail had found that Mr Johannes Moeketsi, a personnel representative of Escom, had applied for 54 sites for Escom employees through Impact Homes

"Escom as a firm has had no negotiations with Impact Homes, but it now seems that individuals have done so," Mr Du Plessis said

Escom negotiated only with Wrab, he said, and had asked for 60 sites in Diepkloof

Mr Du Plessis said Escom warned its staff last year not to deal with Impact Homes. This was because individual employees of Escom had responded to an advertisement placed by the firm.

Escom discovered Impact Homes had no stands and warned its staff to deal only with Wrab. Fortunately these employees had suffered no financial harm, Mr Du Plessis said

A spokesman for the University of the Witwatersrand, one of whose employees had paid money to Impact Homes but had no site, said the Mail report added to their feeling of frustration over staff housing

"Things just aren't moving fast enough. In the meantime our staff could be exposed to sharks," he said

"The university council has allocated a very large sum to be used for home purchasing or improvement. But we keep coming up against the problem of sites. We are seriously thinking of becoming a developer so that we can tender for sites ourselves," he said

Mrs Joyce Harris, past president of the Black Sash, said as long as the acute housing crisis persisted, blacks would clutch desperately at any straws and remain very vulnerable

"Given the complexity of laws which govern black people and the extent of the restraints placed on their every move, including the acquisition of housing, the general insecurity of blacks combined with the housing crisis provides fertile soil for exploitation," Mrs Harris said

"If blacks must accept leasehold rather than freehold, and be so totally subject to the laws, then these must be simplified. Administration must be streamlined so that prospective home-owners, builders and employers know precisely where they stand, to whom to apply for sites, what the costs will be, and if and where land is to be available

"Then they will be in a better position to decide whether to negotiate with township developers or make their own arrangements"

Dr Johan van Zyl, executive director of the Federated Chamber of Industries, said the FCI condemned the type of practice exposed by the Mail

"It points to a need in the market place for the kind of work the Urban Foundation is doing," Dr Van Zyl said

"Companies need to be able to go to a reputable institution to put a package together. But such an organisation ought to develop spontaneously in the private sector.

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

	Internal	External
(1)	(2)	(3)
	8	
Examiners' Initials		

WARNING

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disqualification and to possible exclusion from the University

School holidays are trouble for Escom

260 Star 3/4/82

Children love holidays but Escom doesn't. School holidays mean that acts of vandalism against the company's property increase

Mr Dennis Ackermann, Escom's distribution area manager for the Rand and OFS region, says that about 14 percent of all electricity faults in his area are caused by vandals

"They particularly like to shoot at our insulators with pellet guns and catapults," he said

If the insulators are only cracked by the shooting, the fault will not be noticed until it rains, when water filters through the cracks and causes a short circuit

The effort involved in repairing the faults caused by the children's target practice were enormous, Mr Ackermann said

He added that it was difficult to catch the vandals and, when children have been caught, Escom has not taken any action

"Usually we approach the parents who generally agree to pay for the expenses we have incurred"

Mr Ackermann said there was a great need for parents to educate their children about the dangers of playing with electricity

But not only children damage Escom's property

Recently 17 insulators were destroyed by shots and Escom technicians later found 42 cartridge cases from an 0.22 gun

Up in arms!



Ready for a fight

PINETOWN MAN READY TO DO BATTLE WITH ARMSCOR OVER R150 000

By Ron Golden

A PINETOWN man who worked on weapons projects for the Defence Force is preparing to renew his battle with the State-owned arms corporation, Armscor, for R150 000 he claims he lost because of the need for secrecy and contracts that never materialised

Rudolf Arnold Friedrich Hamann, who was shot up by the Russians when flying for the German Luftwaffe in World War 2, is also incensed because he says the tax man is about to shoot him down for R12 000 in back taxes he owes because of his misfired dealings with Armscor

He said this week his first negotiations in defence work began in 1970 when he patented a breach-loading mortar "It was manufactured by me and paid for by Armscor"

He claimed he designed and supplied anti-aircraft weapon mountings for the Ratel military vehicle and auxiliary equipment, such as tool boxes and cleaning gear, for the G5, South Africa's 155 mm "super" artillery weapon

The relationship began to turn sour about two years ago when he was dealing with the Armscor subsidiary, Lyttelton Engineering Works

"The contracts I disputed were from May to October 1980 They were made verbally.

"We received weekly promises that work was coming but after May two years ago none came through

"I suffered losses estimated by my auditors of about R100 000 There was also a loss over machinery and equipment of another R50 000

"I was told by the Army to keep my factory closed and could not do other work for the public. A lot of the work was secret In October that year the Government removed all equipment and documents from my factory"

Mr Hamann said that in 1978 and 1979 his turnover resulting from dealings with Armscor was R1 250 000

An Armscor spokesman said. "Armscor had a contract with the company trading as Cabrad Technical Services during 1979 It also had similar contracts with various other companies on the same project during that period

"After discussions with their legal representatives, Armscor is satisfied that its subsidiary, Lyttelton Engineering Works, were fair in their dealings"

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S. Tribune
4/4/82

(260) C. Times 15/4/82

W Cape to get giant hydro-power scheme

Municipal Reporter
 SITE investigations and exploratory drilling are already under way in the Palmiet River area for a massive R233-million hydro-electric and water-transfer scheme.

The dual-purpose scheme is a joint Electricity Supply Commission (Escom) and Department of Environmental Affairs project which will supplement the Steenbras reservoir by about 30 million cubic metres of water a year for use in the Cape metropolitan area.

The scheme consists of two new reservoirs and turbines which can be used to generate 400 Mw of electricity — more than twice the output of Cape Town's Steenbras pump-storage scheme.

White paper
 The new scheme — which has been described in a White Paper in Parliament — follows Cape Town's highly successful 180 Mw Steenbras project, the first of its kind in Africa.

When the Cape Town City Council project was being planned, Escom expressed reservations and warned of potential pitfalls. Its prediction that it would not be viable proved incorrect, with the Steenbras scheme proving far more economical than the council originally planned.

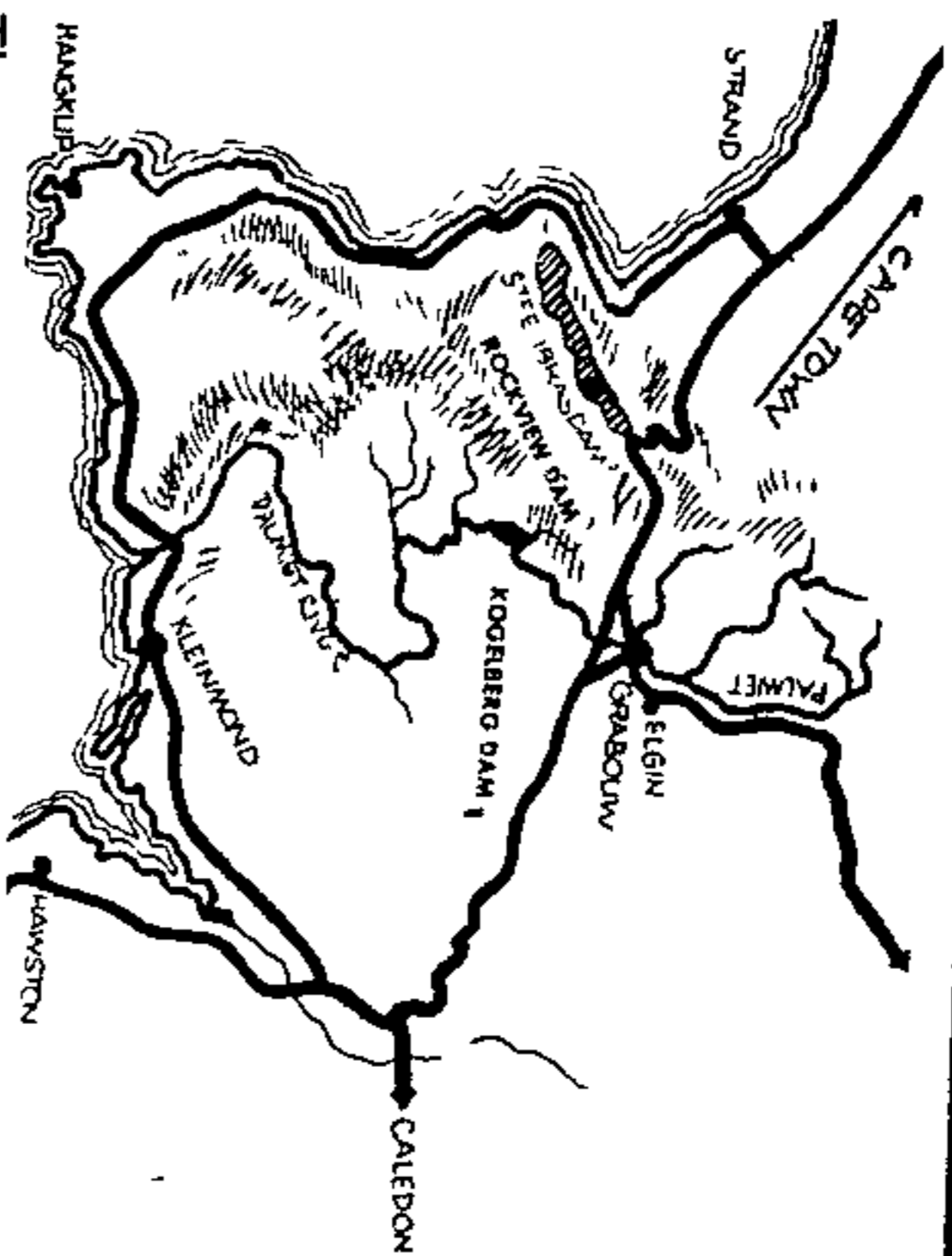
Escom said yesterday that pumped storage was one of the few effective ways in which South Africa could use its limited water resources to generate electricity when used for a dual purpose, namely to act as a pump storage scheme and to supplement water supplies, the added advantages were obvious.

Battery
 A pumped storage scheme can be compared with a battery in that large amounts of potential energy can be stored in the form of water in an upper reservoir which can be released via a power station to a lower reservoir to generate electricity.

A spokesman for Escom said that if work started this year, the scheme would be completed by 1988.

Escom is responsible for building the power station and the Department of Environmental Affairs the reservoirs.

According to Escom, the two reservoirs will each have a storage capacity of 15-million cubic metres. Water from the lower one, Kogelberg, on the Palmiet River will be pumped via a two-kilometre tunnel to the upper reservoir in the Rockview area during off-peak hours.



The site of the new Palmiet hydro-electric scheme with two new reservoirs, Rockview and Kogelberg.

Strand to get Escom houses

Staff Reporter
 ESCOM is to build an initial 150 houses in the Strand for white employees working on the Palmiet hydro-electric scheme.

Construction will begin in July this year, at a rate of about ten houses a month. Once the main contract is awarded next year further houses are to be built.

A public relations officer of Escom, Mr R W Herbert, yesterday estimated that about 250 houses in the Strand would eventually be available for staff working on the hydro-electric scheme.

Conservation a priority

Municipal Reporter
 EXTENSIVE investigation has been undertaken to ensure that the Kogelberg State Forest with its beautiful fynbos is not adversely affected by the planned Palmiet hydro-electric project.

A spokesman for Escom said yesterday that the environmental aspect would enjoy the same priority as with the now completed Drakensberg scheme in the Tugela River basin.

A Palmiet River Environmental Committee investigated the likely positive and negative impact on the area, and proposed measures to preserve the natural beauty of the site and its environs.

The committee concluded that the scheme could go ahead provided its recommendations were implemented. The main disadvantage, according to Escom,

was that the surge shaft and walls of the Rockview dam would change the area's appearance.

To minimize negative aspects, Escom has appointed landscape architects to assess the complete environmental and visual impact and to advise on restoration.

Although the committee's finding was that the scheme would not be situated in "a critically sensitive area", Escom would pay special attention to the aesthetic acceptability of the scheme.

The design of the Rockview walls and the power station, and routing of transmission lines and the construction of roads, would be subject to an environmental plan. Strict construction procedures would ensure minimum disturbance, with extensive restoration work being undertaken after completion of the project.

Most housing would go to coloured and white workers, while temporary housing for black workers would be built near Grabouw, he said.

Completed houses would stand empty until July next year. Mr Herbert explained that this was because construction workers would be moving in only when the main construction contract had been finalized in July.

Yesterday, Strand town councillors reacted favourably when shown slides of the type of housing that Escom would build in the Strand.

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'Highveld giants' on way

By Jaap Boekkool

During the next eight years Escom will spend an unprecedented R13 000 million on seven new power stations, five of them known as "Highveld giants"

The new power stations, among the biggest in the world and costing up to R2 500 million each, will also make electricity much more expensive

By the time the

Star
16/4/82
R13 000-m to be spent

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on Escom power boost

R13 000 million plan is completed, the ordinary electricity user will pay about 80 percent more according to present Escom projections

The Escom expansion

plan for the 80s will give work to 24 000 people during construction. Then Escom will have to find another 12 000 trained workers to man the new power plants

New coal mine operations at Cornelia in the northern Free State, at New Vaal and New Denmark near Stander-ton will give work to thousands more

New power stations

under construction or contracted for are the 3 600 Mw giants at Letlhabo near Vaaldam, Tutuka (eastern Transvaal), Khautala near Kinross, and the D and E stations near Amersfoort and Vereeniging, plus the Palmiet pumped storage station of 1 000 Mw near Grabouw in the Cape, and the bushveld's Matimba station

Benoni.



By JOHN MULCAHY
VEREENIGING and Volksrust/Amersfoort are the sites for two huge new R2 500-million Escom power stations, which together will generate enough power to supply six cities the size of Johannesburg

Designated power stations "D" and "E", the 3 600-MW units will require the establishment of two new coal mines, each costing at least R350-million

The first coal deliveries to station "D" will start in 1988, while station "E" is scheduled to start generating power in 1989

The final cost of the two power stations is likely to exceed R4 000-million each in inflated terms, while the final cost of the new mines will probably exceed R500-million each

Escom has also announced that the output from the Lethabo power station, now under construction, is to be

expanded to 3 600-MW from 1 800-MW

Station "D" will be erected between Volksrust and Amersfoort in the south-eastern Transvaal, and station "E" will be situated south of Vereeniging in the Vaalbank area

It has been estimated that Escom will spend an average of R3 000-million a year in current money terms until the end of the century on expanding power supply, or a total of R200 000-million in nominal terms at an inflation rate of 10% a year

According to Escom, the new stations will incorporate strict anti-pollution control measures

Escom plans vast R5 000m expansion

RPM 16/4/82 260

The Rand Mines group has been awarded a contract to supply coal for power station "D", with deliveries starting in 1988 and building up to just under 11-million tons a year when the station reaches full generating capacity in 1994

A Rand Mines spokesman, Mr Allen Cooke said yesterday the new mine would have a life of 40 years, and provide employment for 2 500 people

Anglo American Coal Corporation (Amcoal) will supply the coal for station "E" from a new colliery on the Cornelia coalfield to the south and west of the existing Cornelia colliery

The new Amcoal colliery will supply a total of 600-mil-

lion tons of coal over 40 years and the group's New Vaal Colliery, which is being established to supply the Lethabo station, will also supply 600-million tons over 40 years

With these two collieries and the New Denmark Colliery now being developed near Standerton to supply the Tutuka power station, Amcoal will be responsible for supplying coal for 10 800-MW of new Escom generating capacity, involving 40-million tons a year at full output

Escom has a present installed power capacity of 21 000-MW, and it is estimated that about 72 000-MW will be required by the year 2000

2 giant power stations planned for Transvaal

CAPE TOWN
16/4/82
260

Own Correspondent

JOHANNESBURG — Vereeniging and Volksrust/Amersfoort are the sites for two huge new R2 500-million Escom power stations, which together will generate enough power to supply six cities the size of Johannesburg

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One of biggest

Station "D" will be erected between Volksrust and Amersfoort in the south-eastern Transvaal, and station "E" will be situated south of Vereeniging in the Vaalbank area

Escom has emerged as one of the biggest public utilities in the world, and is now by far the biggest buyer of power-generating equipment in the Western world

It has been estimated that Escom will spend an average of R3 000-million a year in current money terms until the end of the century on expanding power supply, or a total of R200 000-million in nominal terms at an inflation rate of 10 percent a year

The two new stations are expected to make a significant contribution to the South African power supply network by 1989

Anti-pollution

According to Escom, the new stations will incorporate strict anti-pollution control measures

"The output from the chimneys must not be visible to the naked eye," an Escom spokesman

Bassa has meant that old, low-efficiency power stations are being used more fully than intended

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The group already supplies about 24-million tons a year to existing Escom power stations

Escom has a present installed power capacity of 21 000-MW, and it is estimated that about 72 000-MW will be required by the year 2000

Growth rate

Escom's chairman, Mr Jan Smith, said recently it cost R700 to generate one kilowatt of generating capacity now, or about R7 000 to supply one middle class household with a peak demand of 10-KW

Power supply will have to grow by an annual rate of at least seven percent to cope with the country's growing needs, and this means a doubling of capacity within 10 years

The enormous expansion of Escom's power generation has provided a boon to embattled European and US engineering companies which have the technology and expertise necessary for the massive power stations

In January a R700-million contract was awarded to a US organisation, Combustion Engineering, for the supply of boilers to the Khutala power station, and Escom last month signed a R350-million contract with a West German company, Kraftwerk Union (KWU) for the supply of six turbo-generators for the station

Anti-pollution measures will add millions to the cost of the power stations as they require the installation of electrostatic precipitators with an efficiency of more than 99 percent in removing ash from the chimney flues

Cabora Bassa power station in Mozambique has a contract to supply up to 1 350-MW, or slightly more than eight percent of South Africa's present demand but sabotage has put this station out of commission creating temporary supply difficulties

The lots of Cabora

Koeberg's squash court with difference

260 Argus
By DIRK VAN ZYL 17/4/82



STANDING inside one of the Duynfontein squash courts are, from left Mr Bill Plunkett, a curtain contractor from Cape Town, Mrs Jo Marshall, of Melkbosstrand, and Rory Prinsloo, 3, of Duynfontein.

AN unusual feature of Duynfontein village at Koeberg nuclear power station is a squash court complex which can provide protection for people in case of a civil disturbance.

A senior Escom spokesman confirmed this week that it was part of an emergency plan. 'The squash court complex is being built in such a way that it can be sealed off to accommodate part of the village population in the event of any civil disturbance,' he said.

Duynfontein is being built by Escom to accommodate the adjacent nuclear power station's operations staff and will eventually consist of about 500 houses.

SELF-SUFFICIENT

The town will be fully self-sufficient, providing facilities from schools to recreation centres.

If radioactive gases were ever released, the emergency plan could entail people being asked to stay indoors — and the headmaster being advised to herd children into the school hall if the accident occurred during daytime,

Koeberg's PRO, Mr Austin Brooks, said this week.

'I must emphasize, however, that such an accident is virtually impossible and that not every release would lead to such a situation.'

The best course of action in the event of a radioactive fall-out was to stay indoors, close all windows and doors and stay in bed, Mr Brooks said.

An emergency plan was being completed for Koeberg and the whole area, which could be affected by a release of radioactive gases, included the co-operation of traffic police, the SA Police, the media, medical services and other arms of local and central governments.

'The plan is expected to be fully implemented before fuel loading — probably in the second half of this year,' — Dr W H Wilkie, Escom's Head of Health Physics in the Western Cape, said.

FIRST REACTOR

The first nuclear reactor is scheduled to start operating at the end of this year and the second at the end of next year.

When fully operational, Koeberg — 28 km from Cape Town's City centre

— will supply about 10 percent of the national power grid.

Its 1842 megawatt output should be enough for the Western Cape and the area bounded by Plettenberg Bay, Sutherland and Van Rhyndorp

● Escom officials would not permit publication of specific details of the protective measures at the squash complex

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while at w $P = 0$ z $\frac{\partial}{\partial t} \cdot \frac{\Delta \phi}{\Delta \rho}$ is equal to zero.

Given $P = \rho c$ then the energy that would be needed to heat the normal profits which is much lower than the normal profits that could be made if it were any lower than ρc that would begin to heat normally at a low $P = \rho c$ and the $P < \rho c$ both points on the demand curve are in the less elastic part of the demand curve

Billions to be spent on power

Escom boost for coal giants

260 *2100* *DDM* *19/4/82*

THE major coal producers — particularly Amcoal, TC Land and Trans-Natal — stand to reap substantial benefits from the huge expansion of Escom's coal-fired electricity generation programme.

Escom's decision to go ahead with power stations D and E has placed Amcoal and TC Land at the forefront of

By **JOHN MULCAHY**

suppliers to the 3 600-MW units

Amcoal and TC Land each have contracts for three power stations, Trans-Natal will supply one station and Iscor the eighth

In 1980 Escom burnt 46 800 000 tons of low-grade coal This rose to more than 53-million tons last year

It is estimated that Escom's offtake will have risen to 97-million tons a year by 1990, equivalent to a compound growth rate of 5,6% for coal sales in the 1980s

If, however, Cabora Bassa and Koeberg are not fully operational by the end of the decade, expansion of coal-fired power stations will have to be undertaken with greater urgency, and an additional 10-million tons of coal a year could be used by 1990

The average cost of coal to Escom in 1980 was R8,12 a ton, up 16,7% from the previous year's R6,96 The increase was partly attributable to additional deliveries to Matla and Duvha power stations

Prices for the individual Escom contracts are not disclosed, but the agreements for the new power stations are believed to be lucrative

Duvha mine, a subsidiary of Rand Mines Witbank Colliery, is said to have altered the terms of its agreement with Escom, giving it a bigger share of the establishment cost and a higher profit

Recent Escom contracts take into account the upward surge in capital costs, cur-

rent and future interest-rate patterns, as well as the higher value given to coal after sharp increases in the oil price

The Duvha power station, near Witbank, burnt 2 900 000 tons of coal last year It is expected to reach capacity of 9 500 000 tons by 1985

The other new Witbank power station Matla, which is supplied by Trans-Natal and Clydesdale's Matla Colliery, also used 2 900 000 tons of coal last year Capacity of 9 500 000 tons will be reached about 1984

Amcoals New Denmark Colliery will supply the new Tutuka station north of Standerton, and the group's New Vaal Colliery will provide coal for Lethabo, which is east of Vereeniging

Tutuka is expected to burn about 10-million tons of coal a year at full output — mid-1989 — and Lethabo's consumption may reach 13-million tons when it reaches capacity in 1991

Power station C, now called Khutala, will ultimately use 11 600 000 tons of coal from a new Rand Mines colliery, with deliveries starting in 1987

Matimba power station, north of Vaalwater in the Northern Transvaal, will be supplied from Iscor's Grootgeluk colliery

Escom's target is to increase installed power capacity to 34 000-MW by 1990 from 17 339-MW in 1980 This will be achieved if the current expansion programme goes according to plan

The eight new power sta-

tions now in operation, under construction or planned will provide a total of 28 800-MW

This will take total power capacity to about 47 000-MW, including the contribution from Cabora Bassa and Koeberg, and to arrive at the target of 70 000-MW by the turn of the century will require either another six 3 600-MW units, or expansion of nuclear power

The capital required for the development of coal mines to satisfy Escom's growing demand is huge, with Rand Mines estimating a present-day cost of R352-million for an underground operation to supply the D station

If the past few years experience of inflation in SA continues the final cost of this mine could well exceed R500-million, although returns are geared to capital costs so the profits in later years will be considerable

Escom's philosophy is that it is cheaper to transmit electricity than to rail coal, and policy will continue to be to locate power stations close to the coalfields

The reserves needed are vast, and Escom calls for blocks of about 1 000-million tons before it is prepared to risk the huge investment in a power station

The need for such huge quantities of coal has meant that Escom has been forced to accept lower grades of coal, and to adapt station design to suit the reserves

There are not many unexploited coal blocks of great size left in SA, and the hunt is still on by mining houses in many areas, notably the Free State

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ARGUS
22/4/87

Act is misused - Suzman

THE admission of persons to the Republic Regulations Act was being disgracefully misused by the Government, Mrs Helen Suzman (FFP Houghton) said yesterday

Speaking during the Co-operation and Development budget vote debate, she said the Act was now being used as an additional weapon in the influx control armoury against people from the Transkei and other independent homelands — a purpose for which it was never intended

When the Act had been introduced in 1972 this had clearly not been its intention. That was why it had been passed unopposed and without objection

The Act made provision for summary deportation of foreigners from the Republic, or for six months' imprisonment without the option of a fine.

Professor Martin West, of the University of Cape Town, had pointed out that with the independence of Transkei and Ciskei, virtually every black in Cape Town illegally had become a technical foreigner, subject to instant deportation, without even the minimum recourse to the law which existed in terms of other influx control legislation.

— Sapa

UK recruiting drive by Escom

The Star Bureau
LONDON — Escom
has started a recruit-
ing drive in Britain
for technicians for the
massive expansion of
power-generating
equipment to be in-
stalled in the next
eight years.

MONITORING

According to an ad-
vertisement in British
newspapers, inviting
nuclear-power techni-
cians to apply for jobs
in South Africa. Escom
will be increasing its
present installed capa-
city of 19 000 Mw to
35 000 Mw by 1990.

Escom is offering "at-
tractive salaries in a
country with a high

standard of living and
low-taxation levels"
for mechanical and
electrical technicians
as well as perfor-
mance monitoring and
quality-assurance staff.

The technicians re-
quired for the
Koeberg nuclear-
power plant near Cape
Town need to have
three years of post-
qualification ex-
perience.

PERMANENT

A permanent recruit-
ing officer in London
for Escom declined to
give details yesterday
on how many jobs
were being offered
and what response
was expected.

115
157
166
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260
24/4/82

Natalito

pay 7,5 pc

more for

electricity

Mercury Reporter 260 4/5/82

NATAL will be the hardest hit by a 7,5 percent cost increase in electricity from July 1, Escom announced yesterday

No reason for Natal's high increase in comparison with the rest of country's average 6,6 percent was given by Escom in a statement.

However, the general increase was attributed to losses caused by the unreliability and subsequent unavailability of power supplies from Cabora Bassa in Mozambique

Escom said power supplies from Cabora Bassa had been curtailed in 1980 and since the beginning of last year, South Africa had effectively received no power from Mozambique

A report from Sapa said it was suspected that the loss of power supply from Cabora Bassa was due to the inability of the Mozambique Government to control the activities of a resistance movement or to render the necessary protective services

Escom's statement said that older and uneconomic power stations had had to be kept in commission to meet the shortfall of power

This in turn had led to a higher level of coal consumption which had also contributed to Escom's extra costs

Escom was accelerating its construction programme in order to eliminate the shortfall in installed capacity as soon as possible

The second highest increase of 7,3 percent will apply to the Eastern Transvaal while the Western Cape and the Orange River region will only pay 5,8 percent more

Electricity on the Rand and in the Orange Free State will rise by 6,4 percent and the Northern Cape and Border by 6 percent

Mr Roland Freakes, the executive director of the Natal Chamber of Industries, said last night the reasons behind the increase appeared to be 'reasonable'

FM 14/5/82

ESCOM AT PAR (26)

Escom is "very pleased" with the response to its DM100m Eurobond issue

According to Francois Botha chief officer of finance, the loan is to be issued at par at 9,5%. He assumes this to be the case as he had not heard to the contrary by late last Wednesday afternoon

The loan is for eight years with a call option at the end of the fifth year. This means that while Escom has the option to repay after one year the lender can call in the loan only after five

In rand terms the loan, which is Escom's first foreign bond issue since late 1980, is worth about R43m

Botha says: "We are very pleased that the loan was well received in Europe. The book was covered very soon after Thursday, 6 May, when we came onto the market."

The loan will effectively cost Escom more than the 9,5% coupon because it is in D-marks. Additional costs are incurred when covering forward against risks in the foreign exchange markets. If Escom were to raise a similar loan on the local capital market the all-in rate would be about 15,25%.

The lead bank in the management of the loan is Dresdner Bank (Frankfurt)

Refreshing pause

FM 14/5/82

The most disquieting technical feature of the 1981 Escom annual report is mention of teething troubles with the 600 MW generating sets being installed in new power plants. The reduction in the average availability of Escom's generating plant from 74,7% in 1980 to 74,2% in 1981 was mainly the result of the poor initial performance of these larger sets.

"Boiler-tube leaks, electrical plant failures and feed-heating plant problems were the main reasons for forced shutdowns. Milling-plant and feed-pump problems were also significant contributors." These problems "are now being examined" to improve both the availability and reliability of these sets.

However, there is no reason to doubt that the problems will be overcome and that the large sets will eventually meet their full output specifications.

To assist in meeting the high demand for electricity, Escom is also postponing the decommissioning of some older generating sets.



Escom's Smith ... catching up with demand

P. M. Lowmore and Clyde Weaver, *Minerals: Policy Instruments for Development and Decentralization from Large Metropolitan Areas in Less Developed Countries* (New South Wales, 1978) p. 197. This was recommended by Kieckhefer and accepted by the government White Paper of 1979.

¹⁰ John Friedman and Clyde Weaver, *Lessons and Functions* (London, 1980) p. 175.

¹¹ Cohen, op cit.

¹² Department of Planning and the Environment, *National Physical Development Plan* (Pretoria, 1975).

¹³ P. Smith, 'The Versteckedome van die Swaai: Bevolking in Suid-Afrika', *Beleids- en Ontwikkelingsstudie*, National Building Research Institute conference paper (Pretoria, 1978), p. 3. Doubts if the NIPDP figure of 1978, p. 3, doubts if the population of the homelands are still part of South Africa used by some writers. The population of the homelands are still part of South Africa.

¹⁴ *Victorian Labour and the Development of the Cape of Good Hope* (Durban, 1977), p. 142.

¹⁵ *Development Problems and Policies*, p. 142.

¹⁶ *Consolidasie van die Bantostanslande*, p. 146.

¹⁷ *South African Development (Pretoria)*, p. 146.

As reported a year ago (FM May 15 1981) Escom's capacity problems have been compounded by the inability to transmit hydro-electric power from Cabora Bassa in Mozambique — which has caused a shortfall of no less than 1 400 MW — and by the rapid growth in demand for power.

In addition the continued shortage of skilled manpower made it impossible to carry out all the required planned maintenance during the summer off-peak periods. Where feasible shiftwork is now being introduced to meet this deficiency.

Since the year was one of striking achievements for Escom. During 1981, it supplied 9,844 kwh, a increase of 7.2% on 1980. From a maximum demand on the integrated Escom system of 14 674 MW an increase of 7.4% on the previous year.

At the year end installed capacity was 21 044 MW but by 31 December representing an assigned sent-out rating of 18 986 MW. The difference represents consumption of power within the generating plants themselves — on requirements like pumping.

Escom's share of electricity distributed in SA and the national states was slightly up at 93.3% (93.0%).

Chairman Jan Smith observes that it has become apparent that SA is entering a period of slower economic growth and in turn slower growth in the demand for electricity.

This could be the pause that refreshes, though, and the power cuts experienced last winter due to lack of capacity may not be as frequent this winter.

As noted by Escom in previous years, it has "lost three to four years of generation expansion as the result of the cautious economic thinking" which prevailed during the 1970s and led to enforced cutbacks on its investment programme.

Voluntary load-shedding which requires the co-operation of large consumers, has been used to avoid blackouts at peak load times. It is far better for all concerned than unscheduled blackouts and is finding excellent acceptance, especially in the Transvaal.

The current year should see the full commissioning of the Drakensberg pumped storage scheme, rated at 1 000 MW, to provide peaking and stand-by power to Natal. A further 600 MW set at Duvha (in the Witbank area) will be commissioned, as will another 600 MW set at Matla near Bethel. Construction is far advanced on the Koeberg nuclear generating plant, with the first 900 MW of power due early in 1983. Construction is under way at Tutuka (north of Standerton), Lethabo (near Denysville in the OFS), Matimba (near Ellisras in the northern Transvaal), and Khutala (near Kendall in the eastern Transvaal).

During 1981, plant with a sent-out capacity of 1 650 MW was commissioned. The balance still to be commissioned in power plants under construction exceeds 16 000 MW.

In the interests of environmental protec-

tion new methods of continuous removal of ash from furnaces and dust from electrostatic precipitators were evolved to substitute for batch methods.

Another interesting point is that the Matimba power plant will use coal from Iscor's Grootegeluk Colliery from which a coking coal fraction has been extracted. Discussions on multiproduct coal mines progressed with attention to the possible use of coal fractions discarded by exporting collieries.

Further research was done on the proposed 800 kV transmission network. Escom at present uses a maximum transmission voltage of 400 kV.

¹ Lipton, op cit, pp 24-30.
² Crilhan Westcott, 'Obstacles to the Development of Transkei Agriculture' (Cape Town numero 1976), p 31.

¹ *Development of the Cape of Good Hope* (Durban, 1977), p. 142.
² *Consolidasie van die Bantostanslande*, p. 146.
³ *South African Development (Pretoria)*, p. 146.
⁴ *Victorian Labour and the Development of the Cape of Good Hope* (Durban, 1977), p. 142.
⁵ *Development Problems and Policies*, p. 142.
⁶ *Consolidasie van die Bantostanslande*, p. 146.
⁷ *South African Development (Pretoria)*, p. 146.
⁸ *South African Development (Pretoria)*, p. 146.
⁹ *South African Development (Pretoria)*, p. 146.
¹⁰ *South African Development (Pretoria)*, p. 146.
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⁹⁹ *South African Development (Pretoria)*, p. 146.
¹⁰⁰ *South African Development (Pretoria)*, p. 146.

¹ The following analysis agrees broadly with that of Butler et al, op cit, Ch 3, 7 formerly Benbu now Benso (the Bureau of Economic Research, Co operation and Development) 1979, op cit Table 90.
² Benbu, op cit, p 74.
³ The question of consolidation is again being examined by the Central Consolidation Commission and its regional committees.
⁴ P. S. Hartingh, 'The Consolidation of the Homelands with special reference to Bophuthatswana' in Smith (ed), op cit, p 5.
⁵ Le Roux, op cit p 12. In 1979 the government appointed a commission to investigate homelands boundaries.
⁶ Benbu, op cit, p 23.
⁷ Malsdorp in Smith (ed), op cit, p 28.
⁸ Gavin Malsdorp, 'Targets of Development in Relation to Population Trends and Needs' (Durban, mimeo, 1972), p 21.
⁹ See the references cited in footnote 3 above.
¹⁰ See the papers by W. J. Davis, 'The Implications of Population Growth' and P. A. Black, 'An Analysis of the Political Situation in the Homelands' (Cape Town Development Conference 1978 (Pretoria, 1978)).
¹¹ Malsdorp, *Economic Development for*, op cit, pp 18, 23, and Leisner, op cit, p 144.
¹² Antonio Carillo, 'The Mexican Industrialization Programme: An Instrument to Create Industrial Employment and Activate the Economy of the Frontier Cities', unpublished thesis, Development Planning Unit, University College London, 1977.
¹³ Leisner, op cit, p 144.
¹⁴ Hart and Jacobs, 'Viable Communities through Industrial Development' in Proctor-Sims (ed), op cit, p 110.
¹⁵ Malsdorp, *Economic Development for*, op cit, pp 10-11. More radical critics may argue that the real purpose of the border areas is to ensure that the industries remain under white control. However, the fact that when it was decided to allow industries into the homelands it was to be done on an agency basis, seems to substantiate my previous argument that white control of assets was not the central factor in the determination of policy.
¹⁶ H. R. P. A. Kotzeberg, 'The Policy and Programme for the Decentralization of Industry in South Africa', *Finance and Trade Review*, vol 10 (1973), p 146.
¹⁷ For a quantitative evaluation see Marrus Spiet, 'n Kritiese evaluasie van die proses van dorpsugting uit die oopland van die invloed daarvan op die ontwikkeling van die Bantostanslande gedurende die periode 1960-1970', *Journal of Racial Affairs*, vol 25 (1974).

¹ *Basic Needs Assessment and Assessment of Objectives and Policies*, *International Labour Review*, vol 115 (1977).
² The following discussion is based on FDP, op cit, Ch 3, 4. See also Clark, Ralph, An Economic Development Strategy for Transkei: A Case Study, in *Development Studies on Southern Africa*, vol 1 (1979).

ly, lower than expected at R21 billion Charges against revenue of R22 billion caused a deficit of R77m for the year and an accumulated deficit of R96m The biggest menace to Escom's finances was, and continues to be, high interest rates Chairman Jan Smith says in his statement that the full impact of unprecedentedly high interest rates has not yet been felt

Apart from the effects of inflation on operating costs generally, there has been a specific adverse development which has bumped up costs and contributed to the average 6,6% tariff increase announced earlier this month This is the continued unavailability of hydroelectric power from the Cabora Bassa dam in Mocambique Says Smith "Because of the present low plant margin, operation of Escom's older and less efficient power stations had to be continued" Unfortunately, there does not appear to be an early exit from this problem

The potential threat to the stability of even the present tariff structure posed by inflation and high interest rates seems worse than most people realise, as suggested by the usual inflation accounting exercise contained in the report

The exercise attempts to answer the question, given certain assumptions, of what tariffs would be required to enable Escom to acquire, at current prices, its existing stock of assets in their actual partly-used condition and to finance the operation at the ruling rate of interest

The exercise throws up a loss for the year of R771m To avoid this loss, Escom would have had to raise its tariffs to a level 36% higher than those actually charged

During the year, rates on long-term Escom stocks rose from 12,25% to 13,40% Clearly, as the oldest tranches of stock continue to require refinancing, the interest burden will increase, except in the unlikely event of a significant drop in rates

In the light of Escom's vast capital expenditure programme, which involves a virtual doubling of present installed capacity by 1990, and high interest rates and inflationary pressures, it is, in the FM's opinion, only realistic to expect from this source further significant tariff increases in future as well as continued pressure on local capital markets Both consequences are unavoidable if SA is to continue to get enough power for future needs

ESCOM (260) FM 14/5/82
Internal finance

Escom's 1981 annual report describes a successful year under increasing pressures, both technical and financial Because bulk consumers — like mining — experienced a slow-down during the year, the growth in the demand for electricity was only 5,8%, compared with the 9,3% annual average over the last five years

Escom's total revenue was, consequent-

CAPITAL MARKET (266)
Escom's success

PM 14/5/82

The capital market this week was dominated by Escom raising R80m. Underwriting for the issue went encouragingly well, and the application lists closed on Wednesday morning after being open for only 24 hours. The closing came well ahead of next Monday's deadline. The issue was, in short, a resounding success.

In the secondary market it had an immediate effect. On Wednesday rates for government and semi-gilt paper fell further and the Reserve Bank momentarily ran out of supplies of the 11-year stock it was then offering. Overall the issue generated a large amount of interest in long- and medium-dated bonds.

Three loans were on offer. The first, for 25,5 years, carried an issue price of R71,81%. At a coupon of 10%, this offered a yield of 14,1%. The second, for 5,5 years, was priced at par and carried a coupon and yield of 15,15%. The third, for 26,5 years, was also issued at par and bore a coupon and yield of 14,25%.

As usual pricing was a delicate problem, and the banks involved — Senbank and UAL — pitched the rates at slightly below the market levels.

The effect of the announcement of the issue was to bring rates down a shade. From last Thursday to Tuesday the long-dated RSA rate dropped by seven points to 14,09 while existing Escom stocks fell by some 14

points over the same period.

There was some debate about the impact on the secondary market of the issue. Some argued that Escom issues always distort the market when they occur and it would be better perhaps to follow the government's latest practice of tendering the issue.

Defenders of the present system, however, point out that the current method is probably the cheaper of the two for Escom at the moment. On the two occasions the government has made tender issues the rates have been above those pertaining in the market.

Such is the nature of the SA market, dominated by a relatively small number of very powerful institutions, that tenders often result in the lowest price and the highest rate possible. This is in the interests of those tendering for stock and against those of the borrower offering the paper.

Meanwhile a much more difficult issue to move in the markets proved the R10m for the East Rand Administration Board (ERAB). It was handled by Senbank and Standard Merchant Bank.

Three tranches were involved: a 20-year stock, issued at R81,53% with a coupon of 12,5% yielding 15,5%; another 20-year issued at par with a coupon and yield of 15,5%; and a third seven-year par stock with a coupon and yield of 15,6%.

The issue proved decidedly sticky and

the closing date was extended. This partly reflected the borrower's desire for more funds than the R4m it was originally going for.

But it also mirrored investor's reluctance to take administration board paper. Overall the boards are not generally regarded as particularly well run. Such a reputation, plus the various complications, means the boards have a higher risk rating than comparable bodies. Indeed in the case of ERAB, a letter of comfort was sought and obtained from the government at one stage in the negotiations. All these factors contributed to the long-dated issues commanding yields of 15,5%, believed to be a new record for such stocks.

The next borrower to come to the market later this month will be the Economic Development Corporation. It will be seeking R50m. The banks involved will be French Merchant Bank, Finansbank and Standard Merchant Bank.

On Thursday, October 3, I attended the Headmasters and Headmistresses Conference at St. George's Grammar School as the J.M.B. representative of the University of Cape Town. At this conference considerable concern was expressed about the entrance requirements of the different universities under the system. The reason for their concern is that they have started with the system of differentiated education this year (in Std. 8). They have decided to follow the syllabus of the Higher Grades in Std. 8, but to make selection possible only from Std. 9. Thus 1975 will be a crucial year for them and they feel that it is absolutely vital that there be clarity with respect to the entrance requirements of the different universities under the new differentiated system. Obviously the entrance requirements of U.C.T. concerns them very much.

In view of the urgency mentioned above,

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Dear Professor de Wet,

Professor J.S. de Wet
 Dean of the Faculty of Science

DEPARTMENT OF
 MATHEMATICAL STATISTICS
 RONDEBOSCH
 7700
 14 October 1974



Telephone 698531

(WITH WHICH IS INCORPORATED THE SOUTH AFRICAN COLLEGE)

UNIVERSITY OF CAPE TOWN

Escom chief knocks US for breaking uranium contract

By ADAM PAYNE

A STRONG attack on the US Department of Energy (DOE) for breaking its contract to supply enriched uranium to Escom for Koeberg was made by Mr Jan Smith, chairman of Escom, in an interview with Mr Rob Laufer, editor of Nucleonics Week, published in New York by McGraw-Hill

Mr Smith said "Why should we be subject to deliberations between Washington and Pretoria? It's almost blackmail, isn't it? Why should a commercial agreement between DOE and Escom be subject to political considerations? The Nonproliferation Act has a lot of merit, but Koeberg is not going to proliferate."

Mr Smith said that if Escom had known in 1976 all the fuss that would come over Koeberg, he doubted whether Escom would have gone to the trouble of a nuclear plant

The "fuss" revolves around Escom's efforts to secure enriched uranium for Koeberg — first through a long-standing contract with DOE, and then on the world market

Mr Laufer quotes sources outside Escom as saying that efforts to secure fuel were begun as much as four years ago when it became clear that the US would not fulfill the contract Escom signed

with DOE, unless South Africa signed the Nonproliferation Treaty and agreed to full-scope safeguards

"I understand the US Government's position in not breaking the law but they have to understand us, too," said Mr Smith "Escom had an agreement with DOE, not anyone else We are not amused by someone not fulfilling a contract. This is the first time this has happened to us"

Mr Smith portrayed Escom as an apolitical entity interested solely in generating electricity

Looking ahead, he said there was no indication that DOE was working towards a solution

He called the purchase of enriched uranium from Switzerland's Kaiseraugst consortium and possibly another European entity a "temporary expedient"

"The French (fabricated fuel) will see us through for a certain period of time, after that we do not know what we will do one thing is certain we can't let a thing of 2-million kw stand idle"

Mr Smith said "The post-first core gives us problems, and it's there that we seem to be getting no help from the US If they don't intend to honour the contract they should say so"

Mr Smith also asserted that "nuclear fuel is all over the world, it's easy to get"

As for supply from the Uranium Enrichment Corporation of South Africa (Ucor) which is building a small commercial plant due for completion no sooner than 1987, Mr Smith said that Ucor is not an automatic supply and that it will have to submit a tender like any other enricher

Escom will not need another nuclear power station until the mid-1990s and when another station is decided on a longer lead time than the 78 months for Koeberg will be allowed Mr Smith made this clear in the interview

On the possibility of another nuclear power station, he said Escom is busy with an analysis on which will be based the organisation's nuclear plans for the rest of the century

Mr Laufer comments that Escom itself is no more than lukewarm towards additional plants and completely rules out any large programme

Escom's present capacity is 20 000 Mw, with 70 000 Mw projected by the end of the century

Escom's analysis will come to conclusions on the best ways to reach 70 000 Mw It is scheduled to be completed in about 18 months and will consider the establishment of another nuclear station in the southern part of the country — away from the coal fields

260

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Handover Q. 6/861 -
 Escom: Tariff D
 19/5/82 864

575 Mr D J N MALCOMESS asked the Minister of Mineral and Energy Affairs

- (1) What is the amount charged in respect of Tariff D in each Escom area,
- (2) whether this tariff is in force at present, if not, when is it expected to be put into force; if so, since what date has it been in force?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

(1)

Undertaking	Basic charge Rand per month	Cent per kWh for first 800 kWh per month	Cent per kWh after 800 kWh per month	Percentage surcharge or discount
Border	12	8,78	5,48	16 discount
Cape Western	12	7,73	4,43	14 discount

863

WEDNESDAY, 19 MAY 1982

864

	Basic charge Rand per month	Cent per kWh for first 800 kWh per month	Cent per kWh after 800 kWh per month	Percentage surcharge or discount
Orange River	12	8,58	5,28	14 discount
Natal	8	4,57	2,42	20 surcharge
Eastern Transvaal	10	4,97	2,97	9 surcharge
Cape Northern	12	7,13	4,43	16 discount
Rand and O.F.S.	12	5,37	2,97	9 surcharge

(2) Yes, from 1 January 1982.

Power to the people - Escom's huge expansion plans

Jan
26/5/82
260

By David Braun

The Electricity Supply Commission (Escom) will have to build 20 base-load stations, each the size of a present-day Duvha or Matla, over the next 25 years, says Mr Jan Smith chairman of the commission

Matla and Duvha, in the Eastern Transvaal, at present generate 1 800 Mw and 2 400 Mw respectively. They will ultimately be able to generate 3 600 Mw each.

Mr Smith, reviewing Escom's 1981 annual report, said the expected growth over the next 25 years involved a massive expansion programme which would make exceptional demands on the country's resources, its planners and on Escom itself.

NUCLEAR POWER

In addition to the 20 base-load stations, five peaking stations would have to be built.

Within the foreseeable future, the role which nuclear power could play in

this programme would have to be indicated, at present it seems that nuclear power will be a real and necessary part of this country's electricity generating mix."

He said the basis of financing Escom's capital needs was sound. The goal of financing half of capital requirements from internal sources was being approached steadily.

"Funds for Escom's financial needs not covered by self-financing were obtained from the local and foreign capital markets at satisfactory terms. On the local markets financing was readily available and in 1981 provided 60

percent of R1 071 million of our external requirements.

"The balance of the external financing, namely R722 million, was obtained from foreign sources."

Mr Smith said Escom had set itself a major aim of continuing to reduce the cost of electricity in real terms.

Different conditions in other countries made comparisons difficult but a recent independent survey of electricity prices in 34 countries showed that the national price was the fifth cheapest and that the generation in all four countries with cheaper rates derived predominantly from hydro-electric stations where fuel costs are not a factor.

ER

indicate for which (B.A., B.Sc.) **B. Com**
nomics II
(the heading on the Examination Paper)

Examiners' Initials		

Paper No **1**
(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

- 1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
- 2 Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
- 3 Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.
- 4 Do not write in the left hand margin.

WARNING

- 1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
- 2 Candidates are not to communicate with other candidates or with any person except the invigilator.
- 3 No part of an answer book is to be torn out.
- 4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

260,
Hansard Q Col 910 - 911
Koeberg nuclear power station
26/5/82

*14 Mr D J N MALCOMES asked
the Minister of Mineral and Energy Affairs

- (1) Whether the security measures at the Koeberg nuclear power station were recently breached by intruders, if so (a) in what manner (b) by how many persons and (c) on how many occasions
- (2) whether security arrangements have since been altered.
- (3) what is his attitude in regard to the standard of the security measures in force at the Koeberg nuclear power station at present?

The MINISTER OF INDUSTRIES
(COMMERCE AND TOURISM (for the
Minister of Mineral and Energy Affairs)

- (1) Yes
 - (a) and (b) On 16 May 1982 an attempt was made by three persons to gain access to a safe in the offices of one of the contractors at the Koeberg power station. This contractor's site office is outside the high security zone of the Koeberg plant. Two of the persons involved in the attempted theft were employees of the contractor and had permits to be in the contractor's area. The third was in possession of a permit belonging to a worker who at that time was apparently on sick leave. The attempted theft was foiled by security guards.
 - (c) There has been no previous breach of security.
- (2) The incident is being fully investigated and improvements will be made if necessary.

(3) The standard of security is considered to be adequate.
Presently provision is still being made for daily access by approximately 5 000 construction workers. As the construction programme progresses the security measures are continuously improved and will ultimately be subjected to approval by the Atomic Energy Board. Such approval forms an integral part of the licensing procedure before the station becomes operational. Furthermore, Koeberg is registered as a national keypoint and the provisions of the National Keypoint Act, 1980 (Act 102 of 1980), will be applicable.

For written reply

Weapons row puts SA in spotlight

Start: 28/5/82

260

By Jaap Boekkool

Controversy over allegations concerning South African weapons shipments to Argentina has focused international attention on this country's thriving arms industry

The implication of the storm for war watchers is that South Africa can export weapons of the calibre of the Gabriel missile, or weapons which have the potential to sink the QE2, the Canberra and some warships

Headlines in newspapers across the world gave the South African armaments industry free advertising

Before this week's furore the international public was hardly aware that South Africa produced and could sell missiles with the capacity to sink a ship from a launch-pad invisible to the enemy and over the horizon

The Falklands war and the possibility of South Africa exporting sophisticated and electronically-guided "slingshots" has given this country more military punch

The basic facts are well known in military circles the production of Mirage jets and spares Impala jets, the Cactus (or Crotale) below-radar missile batteries to counter air attack air-to-air missiles, the G5 155 mm cannon which hits targets accurately at 42 km, the Panhard Ratel and Eland armoured cars, which are said to have been sold on foreign markets and other weapons systems

In the naval field the country can produce frigates and corvettes. In ammunition 141 different calibres are turned out

And then there is speculation abroad that South Africa has the capacity to assemble a nuclear device from locally made components.

Armcor, the giant of the South African arms industry, was brought into being by Act of Parliament after the international arms boycott of the Seventies.

Today Armcor provides work for about 100 000 people — compared with SA Breweries' 66 000, Barlow Rand's 197 000 and Anglo-De Beer's 250 000.

It has 450 main and sub-contractors and 1 500 other firms making its "nuts and bolts"

Nobody knows Armcor's carefully classified budget but having turned South Africa into the 10th largest arms manufacturer in the world it obviously runs into the thousands of millions

That tenth place may seem high, but it is far behind giants like Russia, the United States and China, which spend between R100 000 million and R30 000 million a year on arms

Then come France, West Germany, Britain and Israel, making South Africa a clear second-ranker in the industry of death.

The extent of South Africa's arms factories and exports will probably never be known because the set-up is heavily protected by at least four Acts — the Defence Act, the Armaments Development Act, the National Supplies Act and the Arms and Ammunition Act, flanked by the Atomic Energy Act and the Uranium Enrichment Act

But the fact that a plane load of modern weaponry and spares from this country could have the effect of tipping the scales in a war between Britain and Argentina will make people in world capitals gasp and take notice.

SERVICES

ERS

Commercial, Catering and Accountancy
 East London Liquor
 Catering and Accountancy
 Transvaal Retail
 Pretoria Vokbond
 National Union of
 National Union of
 Kimberley Shop Ass
 Domestic Workers a
 Concession Stores
 Commercial, Catering
 Black Allied Work
 Wholesale & Retail
 WHOLESALE & RETAIL
 S.A. Electrical Wor
 Steel, Engineering
 S.A. Woodworkers
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 Escom Workers Assoc
 Escom Salaried Staf
 Escom (Cape Western
 Cape Town Gas Worke
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 S.A. Diamond Worker
 S.A. Association of
 Optical Workers Un
 Jewellers and Golds
 Diamond Cutters Un
 Other

260 2/18
Would-be
black air
S. Trins
hostesses
not 'up to
6/6/82
scratch'

By STEPHANIE PICKOVER

HUNDREDS of black woman have applied to become air hostesses with South African Airways but none has met the required standards.

This was the reply from SAA this week to the fact that only one coloured and one Indian air hostess had thus far made the grade as air hostesses

Mr J C van Rooyen, SAA public relations officer, said new applicants from all races would be considered soon

The airline had been flooded with applications

If the need arises the airline was able to draw potential hostesses from a reserve list of more than 500 already accepted candidates

Mr Frans Swarts, SAA chief executive, said all hostesses were chosen purely on merit and there was no racial discrimination in the screening process

Initially, all aspiring hostesses were asked to fill in the same application forms and if they had the necessary education and physical requirements, they were asked to write a psychometric test which determined intelligence, reflexes and personality traits

Attractive

Once it had been established that an applicant had the right kind of personality for dealing with passengers, a personal interview conducted by a committee was arranged

It was here where most of the black applicants are turned down, because very few of them could speak fluent English and Afrikaans — one of the major criteria for all SAA air hostesses.

Mr Swarts said only one or two black applicants were fully bilingual, but unfortunately they didn't make the physical grade

The SAA specified that hostesses should be taller than 1,6m and that their weight and height should form a near-perfect balance

They should be between 19 and 31 with at least a standard eight certificate

"But most of the girls who want to become air hostesses have diplomas or degrees, so that those with Junior or Senior Certificate fall out after the first screening," Mr van Rooyen said

"Air hostesses must also be attractive girls. That is another very important criterion."

The SAA had, he said, appointed many coloured and Indian ground hostesses, specifically in Cape Town, Port Elizabeth and Durban, but here again bilingualism and appearance were essential and to date, black women had not made it

Giant Iscor ^{Industrial waste} furnace on stream ^{2/6/82} soon ¹²²⁹ ²⁶⁰

THE world's largest electrically heated induction furnace, which has a capacity of 1 500 t of hot metal and costs R15 million, is nearing completion at Iscor's Newcastle Works

The furnace will mix hot metal from three 150 t basic oxygen furnaces — already established at the works — at temperatures of 1 300°C

Highest ever

The heat will be provided by electrical conductors with a loading of 15 MW — the highest electrical loading ever used for this type of operation

A 250 t ladle will charge the furnace with hot metal brought via torpedo cars from the blast furnaces

In addition 30 t of cold metal scrap will be fed into the furnace every hour to keep the temperature constant

3 000 t mass

When fully charged, the furnace, which is 15 m long and 8 m in diameter, will have a total mass of 3 000t

The furnace was designed, built and erected as a turnkey project by Infurnco of Boksburg in conjunction with the Ajax Magnethermic Corporation, Ohio US



The steel vessel of the world's largest electrically heated induction furnace under construction before being hoisted into place.

Picture courtesy of Iscor News

11/6/82
Lodi

for
D. Disputeh
Transkei

JOHANNESBURG —
The Industrial Development Corporation (IDC) of South Africa has announced that a line of credit agreement worth more than R10 million has been signed with the government of Transkei

Mr Bismarck S Olivier, senior manager of the IDC said that the finance was earmarked for the improvement of Transkei's telecommunications services

The money is to be used to supply and install an automatic telephone exchange at Butterworth, for extension for the Umtata telephone exchange for a microwave system from Umtata to East London and for the reconfiguration of the Transkei frontline system —
DDR

Power

POWER
plus
after 260
big Mercury
switch-on
196/82

Mercury Reporter
NATAL'S most powerful hydro-electric station, built in stages over more than a decade at a cost of almost R500 million, is finally complete and functioning at full capacity.

And a flick of a switch was all it took to commission the last of the Drakensberg power scheme's giant electricity-generating units, four of which now each produce 250 MW

The total 1000 MW output contributes to the Escom's national grid but can be specifically diverted to feed local lines should the national supply to the area be disrupted, an Escom spokesman said

Mr John Bradbury, assistant regional manager, said such precautionary measures were an inherent part of Escom's long-term planning

The Drakensberg station was sufficient to meet Durban's total power requirements, but much more was needed to feed the rest of the province

Nothing further had been heard of plans to build an even larger plant tentatively mooted to be sited near Mandini and which would draw water from the Tugela River

Unreliable

But an announcement was expected to be forthcoming soon

Not even the recent recommencement of power supplies, or 'electricity imports', from the Cabora Bassa scheme in Mozambique to South Africa was enough to meet national requirements, Mr Bradbury said

While the Cabora Bassa source was of assistance to South Africa, experience had proven it to be unreliable through prevailing political instability. But it would continue to be used to offset the shortfall

More than R15 billion is budgeted for expenditure by Escom on enlarging and improving the country's electricity supply grid over the next eight years.

The bulk of the money will be spent on seven new power stations, most of which will be in the

Meanwhile, Escom charges for Natal consumers will be increased by about 7,5 per cent from July 1

Two killed in Iscor explosion

CAPE TIMES 19/6/82 (21/6/82) (200)
PRETORIA. — Two steel workers were killed and 10 were injured, four seriously, in a gas explosion yesterday afternoon at the Iscor plant on the outskirts of Pretoria

An Iscor spokesman said the blast, caused when hot molten slag spilled on to a wet surface, had occurred shortly before lunchtime

Three Iscor doctors were on the scene within minutes to aid the injured, who were ferried to the H F Verwoerd Hospital by Iscor's own ambulance fleet

The spokesman said the extent of damage to the plant was not known yet,

but added that the explosion had not sparked off a fire

The names of the dead are being withheld pending notification of their next-of-kin — Sapa

SUNDAY night's SABC-TV news review programme on the controversial Swazi land question has been condemned by the Opposition and some observers as blatant Government propaganda in direct contravention of the corporation's licence.

The programme screened the views of three Government spokesmen — the Minister of Co-operation and Development, Dr Piet Koorhof, the Minister of Foreign Affairs, Mr Pk Botha, and the chairman of the Commission for Co-operation and Development, Mr Henne van der Walt.

Opposition spokesmen and opponents of the land deal — including the Chief Minister of Kwazulu, Chief Gatscha Buthelezi, and the Government-recognised leader of South Africa's 800 000 Swazis, Mr Enos Mabuza — were ignored.

The SABC's Director of News Services, Mr Kobus Hanman, said the format of the programme required that it dealt only with what the Government intended doing and why.

He said it was not a discussion on the rights and wrongs of what was happening. There was therefore no need to include Opposition spokesmen.

An SABC public relations officer, Mr Rethel Uys, said the corporation had broadcast the views of people opposed to the move during the week.

The storm surrounding the programme has highlighted two key aspects of the SABC's operations.

The apparent lack of any meaningful recourse for people who feel they have been treated unjustly by the SABC.

A glimpse at the situation that could arise if the SABC is exempt from the proposed Media Council to be set up by the Newspaper Press Union.

All newspapers will have to bow to the Media Council's discipline — or face deregistration by the Minister of Internal Affairs, Mr Chris Heunis.

Some lawyers believe that because the SABC will fall under the Publications Act when the Registration of Newspapers Amendment Bill becomes law, the corporation will not be subject to the rules of the council.

It seems probable that the council will be empowered to hear complainants from members of the public or institutions that allege they have been treated unjustly by newspapers.

No such body exists for complainants against the SABC and no plans have been announced for the establishment of such a body if the corporation decides not to participate in the Media Council, according to observers.

Lawyers believe that in theory the li-

SABC: a question of airing all views

210
DMM
22/6/82

The SABC has again been accused of grossly unbalanced news reporting following the broadcast of a TV programme on Sunday giving only Government views on the Swazi land question. Political Reporter CHRIS FREIMOND looks at the issue in the light of pending moves that will give the Government even tighter control of other news media — particularly in matters of this nature.

(d) to report newsworthy current events in the Republic and abroad clearly, unambiguously, factually, impartially and without distortion.

licence granted to the SABC in terms of the Radio Act is enforceable — but the Act is so vague, unclear and badly defined that the licence is little more than a code of conduct to which the SABC is really only bound by a moral obligation.

But some observers believe the SABC could be taken to court in terms of its licence by people who feel they have been unjustly treated by the corporation. Section 1 (d) of the licence states that the SABC shall "report newsworthy current events in the Republic and abroad clearly, unambiguously, factually, impartially and without distortion".

The corporation may also not broadcast anything that "may inflame public opinion" or "may cause unrest or panic". It is also bound to "encourage and

promote cordial and sound relations between (different national) communities".

Sunday's controversial broadcast was by no means unique. The SABC has for years been attacked by Opposition spokesmen and individuals for Government-bias in its reports — particularly its unsourced "news commentary".

Allegations of the SABC adopting a conservative Government line were particularly strong while Dr Piet Meyer was still chairman.

The arch-verkrampde former Afrikaner Broederbond (AB) chief retired from the corporation in 1979 after a 10-year association with the SABC.

Under his rule the SABC came under strong AB influence with most top posts being filled by senior AB men.

Following the appointment of his successor, Professor Wynand Mouton, a

major reshuffle saw men with acknowledged P W Botha leanings taking most of the senior positions.

But accusations of Government bias and AB control continued. The most startling in recent years were made last April by a former SABC-TV producer, Mr Kevin Harris, in evidence to the Steyn Commission into the media.

Mr Harris was fired from the SABC in 1979 after the screening of his documentary on Barragwanath Hospital which he refused to censor in defiance of a management directive.

He alleged that an alliance of the AB and the National Party was manipulating the SABC for its own ends — with serious consequences for the rest of South Africa. He also alleged that broadcasting priorities determined by the management were purely political and ignored

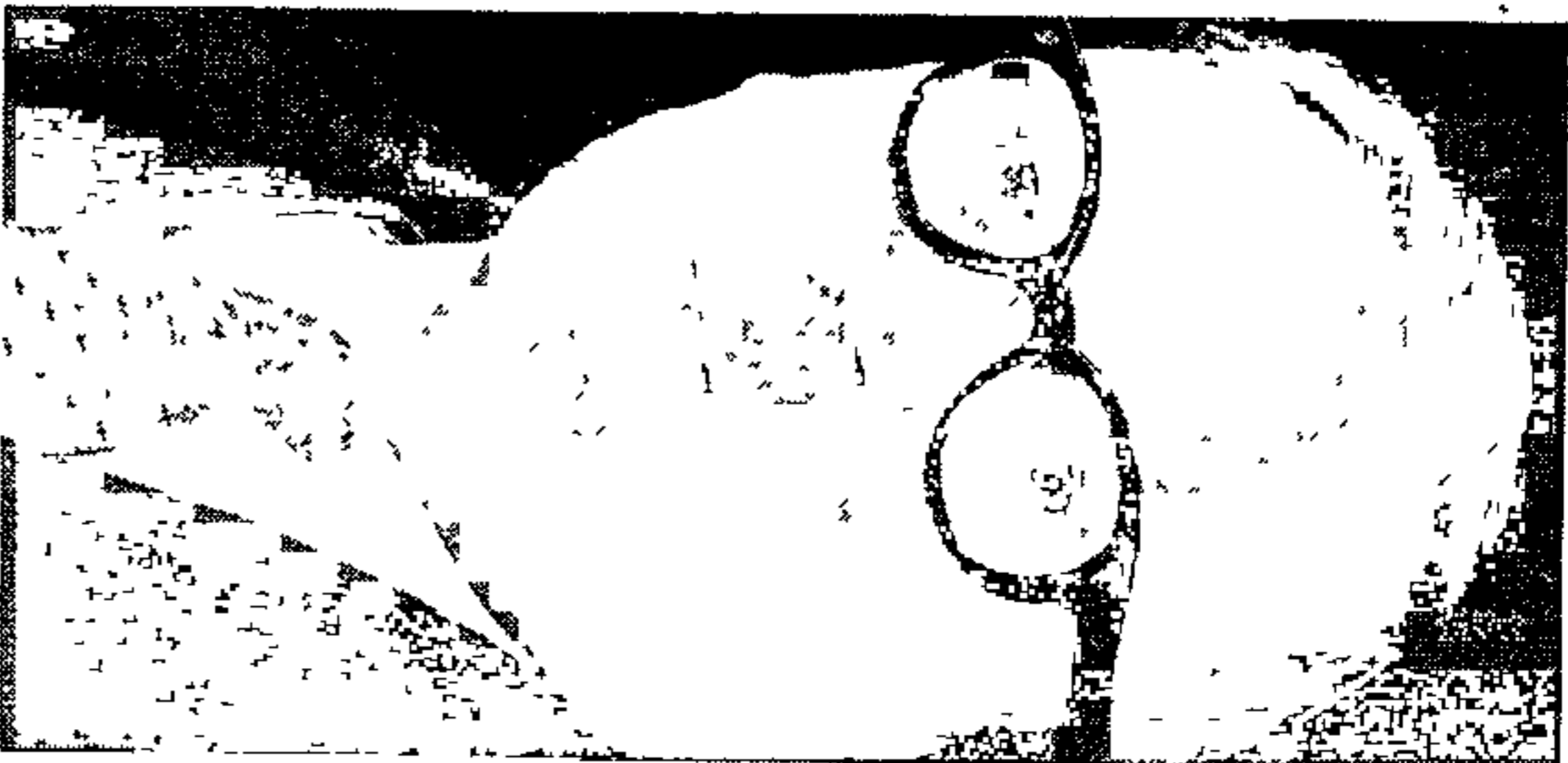
the interests of good quality and responsible TV programming.

But Prof Mouton said in his annual report tabled in Parliament earlier this year that the SABC operated within a "narrow, middle course" giving priority to "responsible" news coverage of national and community issues.

He said a four-member "news and accountability" committee had been set up to ensure this approach was followed.

But one observer yesterday called for a body to which complainants against the SABC could be directed on a similar, but possibly stricter basis than the proposed Media Council.

While newspapers were free to publish comment and openly support political parties, the SABC was a publicly financed monopoly which should serve the interests of the community as a whole, he said.



Dr Piet Meyer, arch-verkrampde former Afrikaner Broederbond chief had a 10-year association with the SABC

1529 RWH
23/6/82
260

Nuclear fission creates new body

ALL State-financed nuclear activities in South Africa would from July 1 fall under the Atomic Energy Corporation of South Africa, the Minister of Mineral and Energy Affairs, Mr F W de Klerk, announced in Pretoria yesterday

He said the change was the first major step in the restructuring of the country's nuclear activities

The Uranium Enrichment Corporation of South Africa and the Atomic Energy Board would be re-established as full subsidiary companies of the AEC, he added

They would in future be known respectively as the Uranium Enrichment Corporation of SA Pty (Ucor) and the Nuclear Development Corporation of SA Pty (Nucor)

Dr J W L de Villiers, president of the Atomic Energy Board, will serve as the first full-time executive chairman of the AEC

The other members of the AEC board will be Mr S J P du Plessis, director-general of Mineral and Energy Affairs, Mr D A Etheredge, chairman of Nucor, Mr G A MacMillan, chairman of the Palabora mining group, Mr J H Smith, chairman of Escom, Mr J A Stegmann, managing director of Sasol, Dr N Stutterheim, chairman of Telephone Manufacturers of SA Pty and vice chairman of Mintek, Mr Donald Sole, outgoing Washington Ambassador, and Mr J van Dalsen, director-general of Foreign Affairs and Information

Dr W L Grant will remain on as managing director of the Ucor subsidiary, while Dr J H P Hugo, presently deputy president of the Atomic Energy Board, will be appointed managing director of the Nucor subsidiary

Mr De Klerk paid lavish tribute yesterday to Dr Ampie Roux, chairman of Ucor and the "father" of the country's nuclear and energy research development programme, who recently announced his retirement

"When Dr Roux's proposals for a national nuclear research programme were accepted in 1959, the National Research Centre was established at Pelindaba — a name which through Dr Roux's endeavours gained world-wide recognition for South Africa, and also for him personally"

By Andrew Walker

South Africa's arms industry employs almost 105 000 people and national self-sufficiency has been attained in a wide range of equipment, from ultra-modern assault rifles and heavy artillery to mini-computers

With home-grown weapons systems being used in the Namibian border war, the tag "combat tested" is used to help South Africa break into the highly-competitive world arms market

These facts appear in the latest issue of Paratus, the official South African Defence Force magazine, in a report on a White

'Combat tested' is Arm Scor's advert

Star 23/6/82

Paper on Defence and Armaments Supply recently tabled in Parliament.

Paratus lists the Armaments Corporation of SA Ltd (Arm Scor) as having total assets of about R1 300 million

The armaments industry, spurred by the arms embargo, has grown to the extent that Arm Scor subsidiaries now employ 29 000 people and private contractors involved in pro-

duction of military equipment employ about 76 000

Areas in which South Africa is now self-sufficient include production of artillery guns and rockets, artillery fire-control equipment, short-range guided missiles, mini-computers, mine detectors and mine-resistant vehicles, armoured vehicles, tactical telecommunication equipment, anti-personnel and anti-

vehicle mines and small arms

The magazine notes that great attention was given to the development of the massive 155 mm gun and the multi-launcher artillery rocket system. But other important new weapons include the R4 rifle and its matching 5,56 mm ammunition, missile strike craft and sea-skimming missiles.

Arm Scor has also made considerable advancements in the

field of communications.

On arms exports, the White Paper says: "Not only is there an over-production of armaments in the world, but certain major powers use this fact as a form of aid by subsidising prices and providing incredibly low financing facilities

"In order to penetrate this highly competitive market, Arm Scor relies mainly on the fact that the products available from South Africa are operationally evaluated and tested and that the highest quality standards are maintained throughout"

Electricity may rise 20 pc

260

August 30/6/82

Municipal Reporter
CAPE TOWN electricity consumers could be paying an extra 20 percent or more for their power by January next year because of the soaring cost of electricity which the City Council must buy from Escom

Faced with a mid-year Escom increase, the council decided at its monthly meeting yesterday to increase its tariff to consumers by 12 percent as from August 1.

But the council has already been told that it will face another Escom increase of 18 percent in January and the council will have no option but to increase its own tariff to meet its Escom bill

A councillor, Mr Frank van der Velde said Cape Town was now paying for the present political situation in South Africa. As a result of Government policy, Cabora Bassa was a failure and Escom was forced to spend millions on standby plant to coun-

teract incidents of sabotage

"Now we are having to pay for apartheid," he added.

Mr van der Velde said Escom should be taken to task for its financial policies which were pushing the cost of power up even faster than the inflation rate

"Ten years ago we were paying Escom R1,3 a kilowatt. Now we are paying R878"

In a report to the

council the City Electrical Engineer, Mr D C Palser said the council was buying progressively more power from Escom and the cost of this power was now the most significant component in the cost of electricity to the council's consumers.

Escom had announced that it was doing its utmost to counteract the effect of increases through the construction of large and relatively high efficiency power sta-

tions and improvements to productivity.

"It has also been publicly emphasised by Escom that it is not expected that this interim-year adjustment will in any way reduce the increase in tariff that can be expected for January 1983.

"A further substantial increase in January next year is accordingly most probable," Mr Palser said

260 (E.S.) S. Times 27/5/82

By MIKE WADDACOR

THE small, sparsely developed Transvaal town of Amersfoort is gearing itself up for a boom following Escom's proposals to build a power-station near the town.

Town Clerk Jan Flick says rents and property prices in Amersfoort have trebled since Escom's announcement was made earlier this year.

This property trend is likely to continue rising, he added.

Escom power will boost small dorp

The town, in the farming district of the south-eastern Transvaal, which has a population of about 5 000 and very little commercial development, has

been speculating enthusiastically since Escom's announcement.

The station, according to both Mr Flick and an Escom spokesman, will be built "somewhere" between Amersfoort and Volkrus. It will be "one of the biggest" power-stations in the country.

The site for the station will be decided in the near future and construction is expected to start next year. It is scheduled to come into operation by the end of 1988.

Coal miners on rampage

Mercury 6/7/82

(15) (24) (21) (27) (260) Mercury Reporter

THE entire black workforce from three Dannhauser collieries went on the rampage yesterday, burning down a beer hall and partly destroying another

The miners stopped work early yesterday at the Durban Navigation Collieries, broke into one of the mines' beer halls and set it alight

They are believed to have then broken down the walls and doors of a second beer hall with the help of a bulldozer. It is believed buses were stoned and compound windows broken

A Dannhauser resident, who asked not to be named, said he had watched one of the miners set fire to the tractor which delivers food to the compounds by throwing a match into the petrol tank

He said the rioting miners had also burned 'a fair amount' of the grazing lands around the mines

A police spokesman confirmed that a beer hall had been burned down and that a beer hall and offices in another compound had been damaged

He added that a communication centre building at the collieries also had been set alight

The spokesman said police reinforcements had been called in from Newcastle in a bid to contain the riot and by late last night 'they had everything under control'

No one had been injured during the rioting, according to the police.

The miners had downed tools 'because they were not satisfied with the 12 percent increase announced recently by the Chamber of Mines,' a senior police officer said

Mercury
7/7/82

Colliery strikes petering out

25
150
260
211
213

Mercury Reporters

THE strike which lead to violence at the Durban Navigation Collieries near Dannhauser on Monday is 'petering out', according to Mr H C Jerung, Iscor's public relations officer

It was reported on Monday that mine workers had gone on the rampage, burning down a beer hall and partly damaging other mine buildings

Mr Jerung said that although there had not been a big turn out for the morning shift, 'the vast majority' of the afternoon shift had returned to work

There had been no more violence or damage to property and no arrests had been made, he said He added that just over 200 workers had been involved in Monday's strike

No damage to any mine buildings was visible from public roads around the mine yesterday and mine officials refused to allow a Mercury reporter into the area

Riot police who patrolled the mine continuously for 36 hours after the riots broke on Monday retired yesterday evening leaving only a small task force to keep a low profile watch in the area, Lt-Col R Robinson, District Commandant for the Dundee area said last night

Meanwhile life in the small town of Dannhauser, barely 6 km from the mine is quiet No bottle stores have been allowed to open since the riots started, and alcohol is only available from licensed hotels, a bottlestore owner said

Many white mine workers who arrived at work for yesterday mornings shift were sent home when it became apparent that their black colleagues would not be working

**Hundreds
of miners
quit jobs**

121 213 211
245 260 Mercury
8/17/82
Mercury Reporter 82

MORE than 800 black mineworkers have 'dismissed themselves' from the Durban Navigational Collieries at Dannhauser following the violent strike which took place earlier this week, according to a senior spokesman for Iscor in Pretoria

The spokesman said that the men had been given the option to return to work or leave, and so far 830 had chosen to leave

Police were still at the mine yesterday although no more violent incidents were reported

The spokesman said that damage to mine property had 'been minimal' About 30 hours of production time had been lost

f

ESCOM

(260)

Carrying the load

Fm 9/7/82

Escom appears to be over the hump as far as its power supply problems are concerned. So far this year it has successfully avoided load-shedding at peak periods, which was becoming a serious irritant to consumers 12 months ago. Escom's Etienne du Plessis confirms that, apart from a few isolated incidents of unavoidable breakdowns, the commission has managed to maintain a stable supply of power to consumers this winter.

However, he does not discount the possibility of further supply problems even though power from Hydro-electric Cahora Bassa (CB) is once more entering the national grid. The supply of power from Mozambique was interrupted in December when the overhead power lines were damaged in fighting between pro and anti-government forces. Du Plessis says the supply of power from the CB plant is on an "infirm basis". Only one of the two power lines is operating (*Business* June 18). Escom's contract with CB to purchase 14 000 MW/year has not yet been reinstated. Last year Escom drew on a quarter of its normal volumes from CB because of breakdowns. As a result, Escom has had to make use of its own increased capacity to meet the demand for power which is growing in SA at an estimated 8%/year. Over the past 12 months, Escom has increased its capacity by 2 300 MW. Most of the power has come from new stations

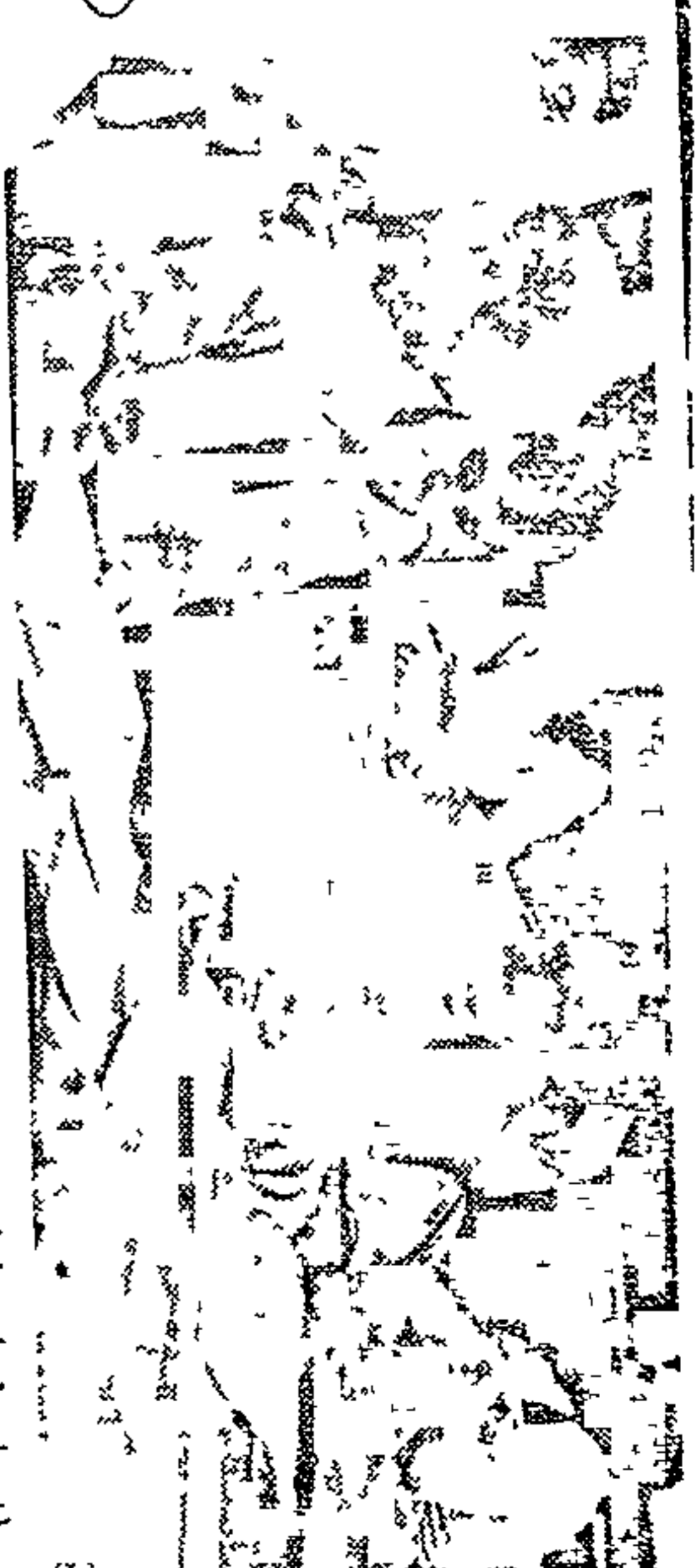
commissioned at the Duvha base station and the Drakensberg hydro electric scheme. The additional capacity has come at a time of increased demand. On July 2, demand for Escom power peaked at 15 532 MW — almost 1 000 MW up on last year's winter peak. "The supply of power is improving every year," says Du Plessis. "We are becoming more independent of other sources of supply as we add new plant. But although we are in a better position there could still be problems. There could be teething problems with new stations or a really cold spell, which pushes up demand and forces us to load-shed."

With electricity consumption in SA doubling every 10 years, Du Plessis says Escom has had to plan ahead to keep abreast of economic development. This decade it will spend R1,4 billion on 10 power stations, ranging from coal-fired base stations to hydro and nuclear facilities.

If things 'go wrong' at Koeberg

Copyings - Security Point

PAUL SEMARK, Koeberg power station manager (check jacket), in the emergency control centre.



STH (Z60)
AR&U's
10/7/82
b/s/e

IT is 6.35 am and somewhere in the dense fog around the Koeberg nuclear power station a siren wails.

Inside the plant a major emergency plan swings into motion, and for the next few hours technicians, the South African Air Force, civil defence and about 54

outside organisations cope with "a nuclear accident". Such an emergency in the early hours of Wednesday morning this week was simulated — a

requirement of the Atomic Energy Corporation's licensing process — but the subsequent action at Koeberg was real and the people in charge were deadly serious.

The siren can be heard for about 6 km and signals — especially to the people who live in the Duijfontein village — that something has gone wrong on the site

Siren

Within minutes a team — including the power station manager, health physicists, an emergency controller, radio and telephone operators, technicians and a public relations official — reports to the permanent emergency control centre

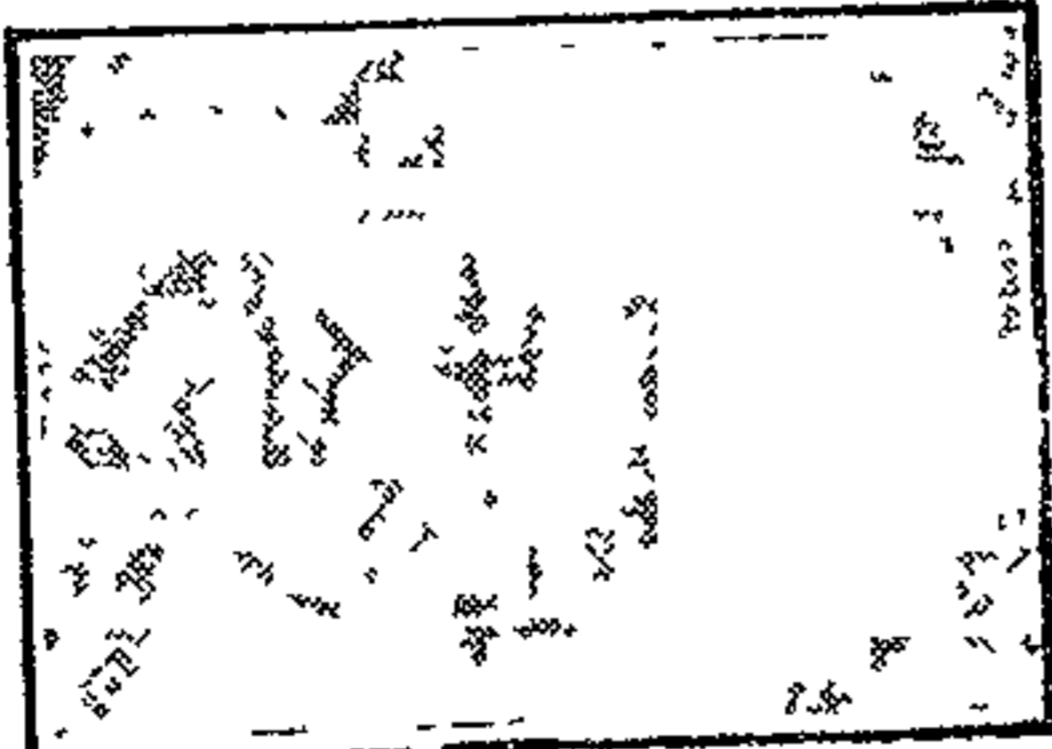
As Koeberg's plan, demonstrated openly for the first time, gets off the ground a pre-recorded message is automatically relayed from the plant to the SABC's local editorial offices

Three roadblocks have been set up to prevent passing vehicles carrying possible nuclear contamination to other areas

A technician comes up from the control room to help interpret information coming from there

Leaked

Together he and the PR's put the jargon into everyday terms so that the public can understand the loss of one bus



BY SYLVIA VOLLENHOVEN

A second wail announces a fire engine has been sent to assist Koeberg's own fire-fighting facilities.

"Mr Baines" was exposed to 5 000 millirems of radiation — 150 000 millirems causes radiation sickness — and is soon discharged from hospital after treatment

Meanwhile, Air Force helicopters and five specially equipped mobile units with teams

In a real emergency, Koeberg will set up three information centres. One at the on-site visitors' centre, another at the Duijfontein clubhouse and a third, currently being fitted out, in the Cape Town Centre

There will be two emergency control centres, the one used in the simulation and another on the site. The destination of the evacuated people will depend on wind direction, weather and other conditions. But on Wednesday evacuation was

and agency conditions, radio and telephone operators, technicians and a public relations official — reports to the permanent emergency control centre

As Koeberg's plan, demonstrated openly for the first time, gets off the ground a pre-recorded message is automatically relayed from the plant to the SABC's local editorial offices

The tape announces "an incident at Koeberg" and asks listeners to stay tuned for further information but says there is no reason for panic

Media

By special arrangement with the SABC, normal programmes will be interrupted to give air space to any warning from Koeberg

Not long after the taped warning goes out, a SABC news reporter telephones the media information centre — specially set up for the exercise

Here, two more public relations officials liaise with their colleagues in the emergency control centre several metres away, to relay information to the outside and quell the fears of anxious callers

"No sir, it is merely an exercise yes, thank you, goodbye

Roadblocks

"Security? OK Can you please contact the roadblocks and let any Press members through

"Is that Sapa? Could I speak to one of your reporters"

The flurry of activity is so convincing a tinge of anxiety creeps in

from other areas

A technician comes up from the control room to help interpret information coming from there

Leaked

Together he and the PR's put the jargon into everyday terms so that the public can understand the loss of one bus bar and a safety injection after a primary to secondary leak

An electrical cable has been lost and some of the auxiliary power is no longer available

Water has leaked out of the primary system, where the reactor core lives To make matters worse, a nuclear fuel leak is making this water highly radioactive and steam from it is escaping through an open valve into the atmosphere

Collapses

The experts at Koeberg say to achieve this dangerous situation some highly unlikely assumptions had to be made — such as a valve not being closed for an hour because a worker had accidentally dropped a spanner through it

A man sent to repair the damage collapses from heat exhaustion — the effect of the steam and heavy protective clothing

The real wail of an ambulance siren signals that a fictitious Mr Jim Baines has been taken to the Tygerberg Hospital where staff have been on standby and there are special decontamination facilities

ing facilities

"Mr Baines" was exposed to 5 000 millirems of radiation — 150 000 millirems causes radiation sickness — and is soon discharged from hospital after treatment

Meanwhile, Air Force helicopters and five specially equipped mobile laboratories, with teams from the health physics department, scour the area around Koeberg to monitor the steam plume

Helicopters

At the plant the emergency control centre looks like a war office The walls are lined with maps, and plotters chart any progress with colourful stickers

The plume, which has moved towards Atlantis, is rapidly being dispersed, they find

Every step taken in controlling the emergency has been documented on large boards, and an array of telephones and a radio room maintain constant communication

School

The worker calmly tending the green lawn outside is an odd contrast

Theoretically, a Divisional Council civil defence team goes from house to house in Duinefontein, the Koeberg village, to ask people to remain inside with doors and windows shut and to stay tuned to their radios.

The headmaster of the local primary school is told to keep his children inside.

Should evacuation become necessary, City Tramways will make buses available, even during peak hours On Wednesday morning they were on standby.

In addition, the plant can provide some transport.

Evacuation

The Koeberg authorities are legally obliged to be capable of evacuating people within a 5 km radius and to have plans for moving those within a 16 km radius — which includes parts of Atlantis and Table View

They claim a mass evacuation of Cape Town will never be necessary

at the Duinefontein clubhouse and a third, currently being fitted out, in the Cape Town Centre

There will be two emergency control centres, the one used in the simulation and another on the site

The destination of the evacuated people will depend on wind direction, weather and other conditions

But on Wednesday morning evacuation was not necessary and by 10 37 the emergency was over, after the nuclear plant had been theoretically shut down

The people of Cape Town could collectively breathe a simulated sigh of relief

completion but in an of Cape Town?

Explain oil fraud, PFP tells Govt

ROOM 10/7/82
260

By CHRIS FREIMOND, Political Reporter

THE Opposition finance spokesman, Mr Harry Schwarz, last night called for an official explanation on who paid R30-million compensation after the 1979 Salem oil fraud.

According to a British Court of Appeal judgment, Sasol and the Strategic Fuel Fund paid R50-million for the oil to "the crooks" and another R30-million compensation to Shell when the fraud was discovered.

Shell was the legal owner of the 180 000-ton oil cargo which was fraudulently offloaded in Durban in December, 1979.

The SFF is a Government-owned company involved in oil procurement. In his judgment in a matter between Lloyds of London and Shell International, Lord Justice Denning described the SFF as "highly gullible".

Although the R30-million was paid to Shell in April, 1980, South African newspapers were prohibited in terms of the Petroleum Products Act from publishing the amount which had been paid even though the figure was widely published and broadcast overseas.

Mr Schwarz said last night it was unclear who had paid the R30-million. He called on "someone" to explain the situation.

If the money came from public funds and was "wasteful expenditure" it could be investigated in Parliament by the Sessional Committee on Public Accounts.

Up to now there had been no mention of this amount in reports to Parliament by the Auditor-General, he said.

He expected the Opposition to raise the matter when Parliament reconvened in January.

It was possible, however, that the money was Sasol's and if so it was a matter for the shareholders of the company, Mr Schwarz said.

A spokesman for the Minister of Mineral and Energy Affairs, Mr F W de Klerk, said yesterday the Minister would not comment on the matter.

A spokesman for the office of the Director-General of Mineral and Energy Affairs drew the Rand Daily Mail's attention to an official statement issued in 1980 in which it was stated that the Government would make no further comment on the Salem affair. He said that statement was still in force.

A spokesman for Sasol refused to comment on the matter. He said the company was prohibited from commenting in terms of the law.

While the Salem saga was at its height in 1980, South Africans were prevented from knowing many of the facts because of the Petroleum Products Act — even though the full story was being published overseas.

Oil which was bought fraudulently in the Middle East was sold to South Africa. The Salem was then scuttled off the West African coast.

The Minister of Industries and Consumer Affairs at the time, Dr Schalk van der Merwe, denied Government involvement in the fraud.

He said he was aware of certain facts that might have concerned the matter, but could say no more.

The Petroleum Products Act prohibits the publication of information relating to the source, manufacture, transportation, destination, storage, quantity or stock level of any petroleum product acquired or manufactured for or in South Africa.

It also prohibits publication of any statement, comment or rumour calculated directly or indirectly to convey such information or anything purporting to be such information.

CEDD creates 21 000 homeland jobs —

but it's not enough

260

THE Corporation for Economic Development (CED) created a total of 21 738 jobs in the National States in 1981/82

This achievement is highlighted in the Corporation's annual report for that period. It was released in Pretoria yesterday.

"This success is attributed to the CED's industrial and agricultural divisions and the passenger transport companies under CED control and management. This success is characteristic of the increased dynamism of the development action in the National States," the report says.

In his report, the managing director of the CED, Dr J Adendorff notes that while he is thankful for the progress made during the past year, it is obviously not sufficient.

He points out that the average growth rate of Southern Africa's black population is about 3,1% a year and that about 260 000 employment opportunities, more than half of which are in the National States, have to be created every year. By the end of the century this figure can increase to about 320 000 a year, he says.

To provide work for all these people, huge sums of money were needed, and the population growth rate was thus exerting enormous pressure on the CED and associated organisa-

tions to provide enough employment opportunities for the citizens of the National States.

"Each year the CED has to rely increasingly on borrowed funds to finance the development action because of a decrease in available Government funds. Funds thus have to be borrowed on the open capital market to enable the CED to continue with the development action. Fortunately the CED has been able to obtain funds on the strength of its balance sheet.

Despite these problems the Corporation was able to create 8 729 employment opportunities in the industrial sector, 11 562 in the agricultural sector and 1 447 in the public passenger transport services under its control during the year. These three form the most important activities of the CED in the National States.

Dr Adendorff says that at the insistence of black leaders the scheme whereby industrialists had to relinquish their factories to National State citizens within a period are no longer applicable to such industries.

In its annual report the CED notes that its annual financial requirements are increasing considerably. Its investment has increased from R65 505 200 in 1979/80 to R216 001 472 in 1981/82.

"Another success achieved is, inter alia, the high cotton yield. Black farmers achieved a yield of 2 679 kg per ha. Under the energy centre system (where technical and financial assistance is rendered by CED personnel) 2 253 farmers have already benefited. In Kwazulu a further 3 747 farmers received financial assistance and a number of farmers were placed on a commercial footing.

"A highlight of the year under review was the success achieved by the CED's industrial establishment action. A total of 42 industrialists were established in the National States during the year, providing employment opportunities to 8 729 people."

At the end of March, 1982, the report says, the CED's total investment in industry totalled R304-million, with an estimated investment of R180-million from the private sector. A total of 38 592 industrial job opportunities have been created in the self-governing National States, which increases to 52 000 if the independent states of Venda, Transkei, Ciskei and Bophuthatswana are added.

"The CED also provides expertise to independent states. Viability studies are carried out for these states when requested by the Department of Foreign Affairs and Information. As an example a R8 900 000 broiler project in Transkei and a commercial centre of R15-million as well as industrial

"The Corporation's agricultural activities are characterised by three problems: a lack of employment opportunities, a low income level and a low production intensity.

"The activities of the agricultural division involve 29 883 people in the National and Independent States of Southern Africa. During the year under review 14 new projects were established and a further 12 were expanded.

"The agricultural division, however, suffered as a result of cost-push inflation which caused massive price increases. A shortage of labour during the harvesting season also caused harvest losses.

"This labour shortage can possibly be attributed to favourable harvests by the local population and greater contributions by urban family members to their relatives in the rural areas."

According to the report, the total number of farmers affected by the CED's activities totals 18 319 at present, while those with which the CED is directly involved totals 12 316.

Services offered by the CED include soil preparation and planting of crops and marketing. Administrative management assistance is also given. According to the report the CED's success in the agricultural field assures more employment opportunities which stems the tide of people streaming to the cities.

projects of R8 500 000 for Bophuthatswana were investigated. "The transport section is surely one of the most important in the developing states. Without a reliable service workers cannot be transported from their homes to their places of work and thus the state cannot develop economically."

"During the past year the CED's bus fleet increased from 1 865 buses in 1980/81 to 2 222. The number of passengers transported increased by 18% from 254-million to 306-million at the end of the financial year. The transport division is also a significant employer in its own right with 9 142 blacks in its service.

"Training is provided to staff of the CED and the National Development Corporations as well as citizens of the National States by the CED's Bureau for Training. During the year the Bureau trained 3 374 black and 150 white employees of the various Development Corporations. Since its inception 12 years ago a total of 32 849 black and 3 066 white employees have received training."

According to the report, loans from abroad amounted to R18 500 000 at the end of March 1982, while the total loan stock issue amounted to R111 682 300. The total funds controlled by the CED's Saving Bank amount to R238 800 000.

The consolidated assets held by New Era Life Insurance Company at the end of March 1982 amount to R2 250 000 with some 12 500 lives covered — Sapa

Homeland jobs for just 1 in 6 workseekers

Jan 4/7/82 *260*

By Anthony Duigan

At least 130 000 black workseekers enter the labour market each year in the homelands. Last year only one in six of these could find work in the black states

This fact emerges from the annual report of the Corporation for Economic Development, released in Pretoria yesterday. It suggests that more than 100 000 blacks are likely to flood into urban areas each year seeking work.

In his annual report CED managing director Dr J Adendorff emphasised the enormous amount of money required to create jobs in the homelands for their growing populations.

He pointed out that, if urban areas and homelands were taken into account, about 260 000 blacks entered

the job market each year. This number would rise to 320 000 within the next 18 years, he said.

In the last financial year the CED created only 21 738 jobs in the black states, Dr Adendorff added.

The total investment in job creation by the CED and the private sector by the end of the last financial year was R567 million. This had resulted in 68 500 new jobs in industry and farming created at an average cost of about R8 250 each.

Last year 11 562 new jobs were created in the farming sector at R3 250 for every work opportunity. The establishment of jobs in the industrial sector was far more expensive — at about R12 500 a job.

A major problem facing development agencies was the steep population growth rate

among blacks, about 3,1 percent a year, Dr Adendorff said.

"A further bottleneck is the limited financial resources at the disposal of the CED and its associated corporations," he said.

Much development in the homelands had to be financed with loans obtained at the current high market rates and the CED often had to invest this expensive money in less profitable projects, it was explained.

The result was that the corporation had to scale down development programmes to match the funds available.

"The problem of homeland development can only be resolved by economic development within the national states," Dr Adendorff continued.

INTERNAL

"The concept of regional development and the provision of jobs outside these states would naturally play an important role in the welfare of the homelands but these territories could become fully fledged states only when their internal economic development kept pace with their political development, he said.

The shortage of trained technicians hampered development in the black states and technical training would have to be given priority.

Improved incentives for industrialists who set up businesses in the homelands was stimulating interest among labour-intensive industries and the CED was continuing its programme of developing infrastructure in these areas.

'Jump-the-gun Fanie' may have halted Iscor project

S. Express 18/7/82

215
113
269
260

AN R800-million project to mine coal and build a railway line in Venda may be shelved because of Mr Fanie Botha's premature 'final consolidation' plan announced last week.

The Sunday Express has been reliably informed that Iscor is threatening to pull out of the project because Mr Botha announced that a farm on which it planned to develop a coking coal seam was to be handed to Venda.

Mr Botha's announcement has also angered the President of Venda, Chief Patrick Mphahlele, who now insists on discussing the issue with South Africa's Minister of Foreign Affairs, Mr Pik Botha.

The South African ambassador to Venda, Mr Piet Palm, would say only "The announcement was made by Mr Fanie Botha on July 7. It has since been announced that further discussions will take place on July 21 between the President of Venda, Chief Mphahlele, and Mr Pik Botha."

"In the circumstances I am unable to comment."

The farm involved is said to be Salita, one of two white farms on Venda's western border which Mr Fanie Botha announced would be consolidated into Venda.

Mr Botha said at his Press conference there was "a well-developed seam of coking coal in this area."

The Sunday Express understands

ROYALTIES THREAT TO R800 m COAL PLAN

By JEAN LEMAY
Political Reporter

the R800-million project was planned as a joint venture involving Iscor and the Venda and South African Governments.

Iscor's part, says a reliable source close to the Cabinet, would have been to develop the farm's coking coal seam on South African soil as well as coal deposits within Venda itself and to help build a railway line to link the coalmines with the SA rail system.

This would have provided much-needed infrastructure for the development of Venda — which has no railway line.

The project would have employed thousands of Vendas and provided a boost to the small state's precarious economy.

Iscor is said to have threatened to pull out of the whole scheme because, instead of mining the valuable deposit for its own profit, it

would be obliged to pay substantial royalties to Venda.

Yesterday Mr F P Coetzee, general manager of Iscor, said "I don't think we will be opening a mine anywhere in the area for at least another five or six years. We have been looking at the alternatives and will decide where to start mining operations when the time comes."

"It is true that there are valuable coking coal deposits throughout the area."

Iscor is said to have undertaken to help Venda exploit its own coal reserves on the understanding that it would wholly own the mine on South African soil.

In addition, there was said to be "some uncertainty" about the future political stability of Venda.

It has been known for some years that Iscor has lodged an application to mine coking coal at Masisi, in north-east Venda.

It was estimated in 1977 that this mine would cost R100-million to develop, would employ 3 000 to 4 000 and would take between 600 000 and 1-million tonnes of coal a year from an estimated reserve of 100-million tonnes.

Later, coking coal was also discovered at Makhado, western Venda.

This is said to be closely connected with the coking coal seam on Salita farm.

It was reported in 1978 that Iscor had spent more than R2-million on prospecting in the area.



THE South African Broadcasting Corporation (SABC) employees housed in the luxury Diepkloof Extension area have nobody but themselves to blame if they stay in cramped conditions

Mr Hennie Cloete a spokesman for the cor-

SABC homes 'misused'

poration yesterday told The SOWETAN that one house each had been provided for married couples and single males staying in one house were allocated a bedroom each

(260/87)
21/7/82
According to a newspaper report last week employees were dissatisfied that they were overcrowded in three-bedroomed houses and that in

Sowetan
some cases married men were having to share rooms with single men That had nothing to do with the SABC. Mr Cloete said

We have provided these people with modest homes and if they misuse them the SABC cannot be taken to task

He went on to say the SABC had not received any complaints about the houses

ARGUS 21/7/82
Escom rejects
ANC claims

Argus Correspondent
JOHANNESBURG — An
Escom spokesman has
laughed off claims by the
military wing of the ban-
ned African National
Congress that they were
responsible for the fire
that swept through the
Koeberg nuclear power
station.

The claims were broad-
cast over the Radio Ethio-
pia transmitters last
night.

The spokesman said
there was "no hint" of
sabotage at the power
station and said the fire
was caused by an elec-
trical fault.

WDM (260)
22/7/82

Coloured writer for SABC board

TV Editor

FOR the first time in its history, the SABC has appointed a coloured to its board.

Last night the Minister of Foreign Affairs and Information, Mr P. Botha, announced the appointment of two new members to the SABC Board of Control.

They are Major-General (Ds) J. A. van Zyl, Chaplain-General of the South African Defence Force. The other member is the coloured poet and author, Mr S. V. Petersen.

Their appointments are effective from August 1.

260

Koeberg fire: New call for safety assurances

By ROGER WILLIAMS, Chief Reporter

The control room of the Koeberg nuclear power station

WITH the recent breach of security at the Koeberg nuclear power-station site and now a potentially-hazardous fire in its electrical building, renewed assurances are being sought concerning public safety when the plant — the first of its kind in South Africa — becomes operational in a few months.

The R1 801-million N-station, sited a lot closer to metropolitan Cape Town than many academics and other concerned people feel it should be, is scheduled to start feeding power into the national grid early next year.

Professor Arnold Abramovitz, acting chairman of the body of concerned citizens known as Koeberg Alert, said yesterday in a reference to the recent security breach and now the fire at Koeberg:

"The public will want more than bland assurances that these things will not happen after the reactor has gone 'critical', when they could have incalculable health and safety consequences.

"The public will particularly want to be reassured that information on events of this kind will not be hushed up, but will in fact be volun-

teered in full — including a candid assessment of their implications for the safe operation of the plant."

Professor Abramovitz said it should be noted that Escom, when asked in July 1979 whether a log would be kept of all incidents arising from the operation of the reactors at Koeberg, had replied that such a log would be kept "as a matter of routine" and that Cape Town City Council and the public would have access to the log on request. "It is to be hoped," he added, "that these assurances will be faithfully implemented. Only this way can damaging rumour-mongering be obviated."

While assurances were being given by Escom yesterday that the weekend fire damage at Koeberg was not as great as initially thought, questions were also being asked whether the fire was a result of a malfunction of supposedly "fail-safe" equipment at the plant, whether the "human element" was involved and why Escom had waited a day before making a statement on the fire. These and other questions are be-

ing asked against the background of mishaps at N-stations overseas, particularly the major accident which severely damaged Pennsylvania's Three Mile Island nuclear power-plant three years ago.

And with the recent revelation that that seemingly-inviolable seat of the British Realm, Buckingham Palace, was broken into on several occasions by a casual intruder, who ended up having a cosy 10-minute chat with Queen Elizabeth, in her bed-chamber, there have also been renewed calls for assurance on the security aspect of Koeberg.

Three men who broke into the construction site at Koeberg in May, apparently after money, were at first said to have used false documents although it was subsequently stated in Parliament that two of them worked for the contractor concerned and had permits to be in the area.

Reference is made to the safety aspects of the Koeberg project in a report prepared by the City Electrical Engineer, Mr D C Palser, which was tabled at a meeting of the City Council's Executive Committee yes-

terday

The report, on a meeting between the Escom Regional Liaison Committee (Koeberg) and Escom representatives refers to the emergency planning procedures developed for the n-station by Escom, as outlined by the power station manager, Mr P M Semark.

"It was stressed," the report says, "that no emergency situation was envisaged which would require immediate evacuation in haste. People in contaminated areas would be evacuated in a controlled manner in small groups."

"Environmental survey vehicles, assisted by SADF helicopters, would be available to map the extent of any contamination."

Mr Palser says in his report that the committee's attention was also drawn to the fact that small amounts of radio-activity were released routinely under controlled conditions during normal operations of a nuclear power station.

"Such planned releases would be checked continuously to ensure that they are well within safe limits set and enforced by the Atomic Energy Board."

In a reference to the Three Mile Island accident the report says the Koeberg design is "significantly different in certain respects" from the American n-station and that "a number of the recommendations flowing from the inquiry into this accident have been incorporated into the Koeberg design, including additional civil works."

"From the way in which the meeting was conducted and from what was said by the various Escom speakers, it is clear that Escom is fully aware of the public's concern regarding safety and is quite prepared to deal with any questions posed in a frank and open manner."

"There is no doubt that the safety and emergency procedures instituted by Escom meet and possibly even surpass internationally accepted standards, including those of the official monitoring body, the Atomic Energy Board."

the politicians will not listen

So South Africa's deep-sea air search and rescue capability lies in a few 25-year-old Shackletons which must soon be destined to go to pasture through fatigue.

Equipment has also changed drastically and, as the months go by, the watchdog role of 35 Squadron in the South Atlantic is being eroded by the selfish attitude of governments which have hamstrung their armaments manufacturers

Human error caused Koeberg fire - claim

ARGUS 23/7/82 260

HUMAN error was responsible for last weekend's fire at the Koeberg nuclear power station, according to two independent and extremely reliable sources, but an

Escom spokesman would not confirm their allegations

where the spanner had been left, causing the bus-bar to melt and explode into flame.

Both sources, who asked not to be identified for their own protection, said the fire, which has delayed the completion of the project, was the result of a short-circuit, caused by a spanner being left lying on a "bus-bar" (two electrical points) by workmen

The Argus put these allegations to Mr G F Hellstrom, Western Cape Regional Manager for Escom

Apparently the 48 volt trip-switch was turned off at the plant when workmen removed electrical panels for an inspection

When asked if he would confirm the allegations, Mr Hellstrom said "Definitely not."

A spanner was left on the bus-bar when the workmen left, and the panels replaced

He said an investigation into the incident was still being conducted, "and at this stage there is no indication of such a thing having happened"

EXPLODE

The electrical current was then turned on again, but not the trip switch, and the result was a short-circuit at the point

A report on the incident would be released shortly

Mr Roger Hulley, the Progressive Federal Party's spokesman on the environment, said Escom should confirm or deny the allegations and called again for a full inquiry into the incident

Showers

WEATHER forecast for the Peninsula, Boland and Overberg for the period ending 6 pm tomorrow.

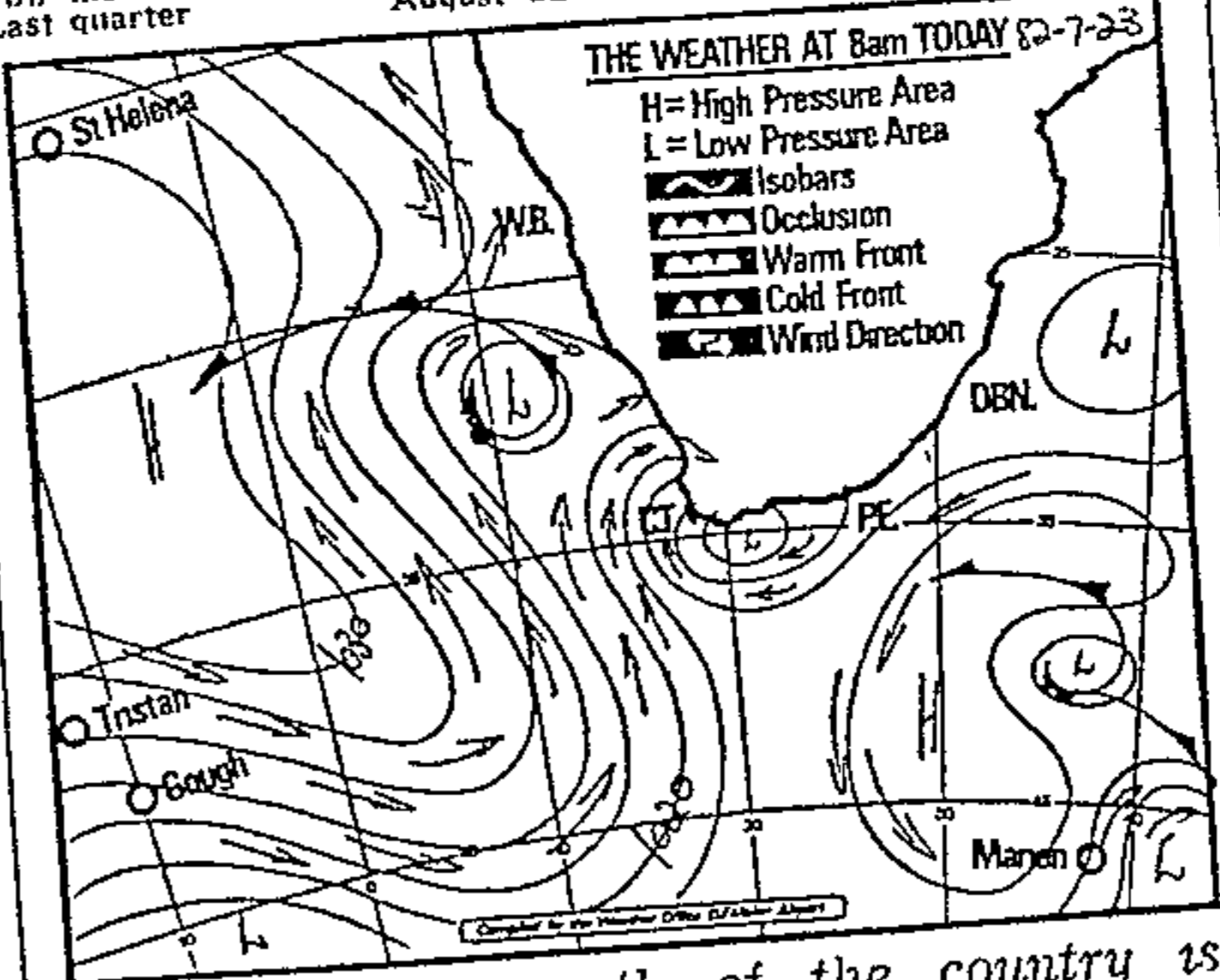
Cloudy and cold with showers Wind Fresh to strong north-westerly becoming south-westerly to southerly overnight

The minimum temperature at D F Malan Airport will be between 7 and 9 deg C

New moon	August 19
First quarter	July 27
THE SUN	
Sets today	1800
Rises tomorrow	0745
THE TIDES	
High water	0506 1730
Today	0552
Tomorrow	1114 2349
Low water	1157
Tomorrow	
WATER TEMPERATURES	
Sea Point	12 deg C
Sea	Closed
Pool	
Mulzenberg	13 deg C
Sea	12 deg C
Pool	14 deg C
TEMPERATURES (0800)	
Newlands	9 deg C
Johannesburg	2 deg C
Kimberley	15 deg C
Durban	0 deg C
Windhoek	8 deg C
Pretoria	1400
Cape Town (yesterday)	11 deg C
Cape Town (today, 0900)	9 deg C

THE MOON	
Full moon	August 5
Last quarter	August 12

For the latest up to the minute detailed weather information for today, phone 46-1261



LOW pressure south of the country is causing the cloudy, rainy weather over the Cape Province. This will persist for the next 24 hours.

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ESCOM admits human error in Koeberg fire

W/E ARGUS

24/7/82 Weekend Argus Reporter

ESCOM officials have acknowledged that human error probably caused last weekend's fire at Koeberg nuclear power station.

A statement from Mr G F Hellstrom, the Escom regional manager, says that "preliminary inquiries point to the fact that a foreign body accidentally may have been left inside the distribution board and caused the fault which in turn led to the fire".

The electrical board in question has "no impact on nuclear safety," according to Mr Hellstrom.

His response follows an Argus report yesterday quoting reliable sources who claimed human error had caused the fire.

SPANNER

Both sources, who asked not to be identified, said the fire was the result of a short-circuit caused by a spanner being left on a "busbar" (two electrical points) by workers.

Escom has been sharply criticised for its handling of the fire which has delayed the project and caused damage initially estimated at several hundred thousand rands.

Mr Roger Hulley, the Progressive Federal Party's spokesman on the environment, has called for a full inquiry into the incident.

He has accused Escom of delaying information to the public. However, Mr Hellstrom has said there had been communication difficulties between Cape Town and Johannesburg.

SIMULATED

During a recent simulated nuclear accident — a licensing requirement — at Koeberg, the station's experts said they had been forced to assume that several highly unlikely things had gone wrong.

These included the loss of an electrical "bus-bar" as well as assuming that a worker had accidentally dropped a spanner through a reactor valve, out of which radioactive steam was escaping.

'Foreign object' may have caused blaze

Municipal Reporter

THE electrical switchboard fire at the Koeberg nuclear power station might have been caused by a foreign object accidentally left inside the distribution board, Escom's Western Cape regional manager, Mr G F Hellström, said yesterday.

Mr Hellström said in a statement that the investigations into the cause of last Sunday's fire were continuing.

A full report would be submitted to the licensing authority and the findings would be made public.

However, preliminary inquiries pointed "to the fact that a foreign body accidentally may have been left inside the distribution board and caused the fault which in turn led to the fire".

No further estimate of the cost of the damage was available but good progress was being made with repairs to the board and the associated cabling.

"We will keep the media informed of any developments."

● An Electricity Supply Commission spokesman earlier denied that the military wing of the African National Congress was responsible for the fire, as the ANC had claimed in a radio broadcast over Radio Ethiopia on Tuesday night.

The spokesman said there was, "not the even the faintest chance" of sabotage causing the fire.

Zulus, Swazis warned of TV, radio 'poison'



By PATRICK LAURENCE
Southern Africa Editor

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KANYAMANZANE — Three thousand members of the Inkatha and Inyandze movements yesterday pledged to resist the cession of Ingwavuma and KaNgwane to Swaziland at a prayer meeting in the KaNgwane capital

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(to be copied from the heading on the Examination Paper)

Paper No

(to be copied from the heading on the Examination Paper)

assimilate the people of Ingwavuma and KaNgwane and would have to call on South Africa to help it keep control

"In the name of law and order, Swaziland will become the playground for South African troops and South African police

"They will practise how to rule by machinegun, because this is the only future the whole of Southern Africa faces as a consequence of this step"

Chief Buthelezi spoke with regret of the role of 83-year-old King Sobhuza of Swaziland in the pending deal

"We have revered King Sobhuza all his life as a repository of African wisdom," he said

"It is sad to see him in the twilight of his years behaving in a way which makes it impossible for us to continue to revere him

"We can no longer sit at his feet, as we have done for so long, because the ground is too littered with the bones of his feasts with the whites"

Referring to Pretoria's decision to strip South African-born Swazis of their South African nationality and to confer Swaziland citizenship on them, Chief Buthelezi said "Swazi ethnicity no more disqualifies them from being South Africans than Boers are disqualified from being South Africans because they are of Dutch extraction"

"The dismantling of the KaNgwane Legislative Assembly by proclamation rather than by legislation is a foretaste of what is to come under an executive president," Chief Buthelezi said

DIDATE MUST enter in number of each question the order in which it has ed), leave columns (2) and

Internal	External
(2)	(3)
Examiners' Initials	

NOTE CAREFULLY

- 1 Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
- 2 Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
- 3 Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used
- 4 Do not write in the left hand margin

WARNING

- 1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
- 2 Candidates are not to communicate with other candidates or with any person except the invigilator
- 3 No part of an answer book is to be torn out
- 4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

people viewing the
 exhibitor who asked
 to be identified said
 saw a member of
 and discuss the
 of his products
 deriding those of
 exhibitors
 One cannot take any
 ion over this matter as
 is no law against
 wing pamphlets or
 cussing business at
 show even if they
 't exhibiting but it is
 ically wrong"

non exhibitors
 But many of the ex
 hibitors said that the
 show is open to all and
 it's just hard luck if non-
 exhibitors are using the
 exhibition to promote
 their own products
 The show, which end-
 ed last Friday, was con-
 sidered a success
 Crowd figures were down
 compared to previous
 shows but visitors prais-
 ed the quality of the ex-
 hibition which they said
 was of an extremely high
 standard

Iscor cuts Pretoria jobs

Industrial Week 27/7/82
 IN A drive to improve per-
 formance Iscor has this
 year reduced 2 319 of the
 original 13 000 Black and
 White posts at its
 Pretoria Works writes
 Lynn Carlisle

A senior Iscor official
 says this has been
 necessary due to the fall-
 ing demand worldwide
 for iron and steel

But he adds that this
 figure does not represent
 the number of workers
 who have been laid off

For 444 staff have been
 retired on pension and
 172 Whites and 84 Blacks
 have been transferred to
 other Iscor plants In ad-

dition 763 White and 626
 Black workers have
 resigned their jobs which
 is the 'normal number,'
 he says

Although Iscor says
 that it will continue to ra-
 tionalise wherever it can
 it is unable to say at this
 stage what further
 decommissioning of old
 plant is expected and
 how many existing posts
 will be taken out this
 year

Motor strikers go back to work

STRIFE torn motor industry resumed production
 week despite a deadlock in talks between motor
 manufacturers and Fosatu's National Automobile and
 Workers' Union at a specially called Industrial
 Council meeting
 Volkswagen's Uitenhagen plant and Ford and
 General Motors PE plants were closed for a week
 by 10 500 Black workers downing tools
 Employers have offered a minimum of R2,15 an hour
 NAAWU originally demanded R3 50 an hour but
 since indicated it is prepared to reduce its
 demands
 Two new wage proposals were put forward as both
 are now formally in dispute and the Council's
 dispute procedure comes into effect

Wine winners

The answer to the Sol-
 ly Kramer's wine of
 the week competition
 of June 15 is
 "Simonsvlei Cabernet
 Sauvignon"

The winner of the
 R25 liquor voucher is
 T A Hamilton, Box
 40284, Cleveland 2022
 The R10 liquor
 voucher has been won
 by J Horrell, Box
 39097, Booysens 2016
 and G H Peters, Box
 370, Parow 7500 wins
 the R5 voucher

See page 31 for
 information about our
 new competition

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28/7/82
TV: SABC
will back
D. Dispatch
Transkei

DURBAN — The SABC would not stand in the way of Transkei if it made an application for a television station as happened in Bophuthatswana

Mr Eric van der Merwe, PRO for the SABC, said the corporation only played a small part in deciding on television applications, and only because the International Telecommunications Union based in Switzerland did not recognise Transkei and Bophuthatswana as independent countries

"The union refuses to grant a frequency allocation on this account and so the applications must be made through the SABC"

He said that the corporation had not so far refused any application. Rather it welcomed the competition that other channels would bring

"Transkei is free to apply if it so chooses" he said, pointing out that a channel situated there would only affect the southern part of Natal, and not the Reef area where SABC will be broadcasting three channels

Mr Theo Matinga, managing director of Transkei Broadcasting Corporation, was not available for comment —
DDC

Good results from CED's campaign

29/7/82 *Ad* *260* Star

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By Stan Kennedy
Outstanding results are being recorded as a result of a campaign by the Corporation for Economic Development for more decentralisation in the National States

INCENTIVES
Since April, when new incentives for industrial development were announced, 19 applications, including six from overseas, have been received

The expected capital development for these is more than R17 million, with employment opportunities for about 3 000

The new incentives are designed to promote private initiative, with Government participation being limited as far as possible, to the rendering of collective goods and services, and the maintenance of a favourable climate for private investment and local development

ADVANTAGES
Incentives vary in size and nature from region to region, depending on their development needs. There are two sets of industrial incentives: those aimed at compensating industrialists for certain long-term disadvantages

and those aimed at alleviating certain short-term financing problems

For long-term cost advantages, incentives include rebates on rail, harbour, road transport and electricity charges, as well as housing loans and rebates for training workers

For short-term financing problems, the incentives are in the form of cash payments. They include a labour incentive, interest and rent subsidies and relocation costs

A CED spokesman said 15 clothing manufacturers had already been established in the National States. There

were five in kwaZulu, one in Lebowa, four in Bophuthatswana, two in Quaca and three in Ciskei

"It appears that the new decentralisation incentives and our new marketing policy are the chief contributors to the renewed interest," he said

TRAINING SCHOOL
To alleviate the problem of untrained workers, the CED is planning a training school for the clothing industry at Isithebe in kwaZulu

The school will be built with the co-operation of commerce and about 800 people will be trained each year

CANDIDATE MUST enter in (1) the number of each question (in the order in which it has been answered), leave columns (2) and

Internal	External
(2)	(3)
7	
Examiners' Initials	

... (reading on the Examination Paper)

... (reading on the Examination Paper)

- WARNING**
- No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed
 - Candidates are not to communicate with other candidates or with any person except the invigilator
 - No part of an answer book is to be torn out
 - All answer books must be handed to the commissioner or to an invigilator before leaving the examination

- ... on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used
- Do not write in the left hand margin

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

ENERGY

Viability of Sasol 4 in question

Industrial Week
260
3/8/82

THE SUCCESS of Sasol 2 and 3 does not necessarily mean that Sasol 4 will also be economically viable, says Terry Le Roux, industrial analyst

"The success used by Sasol for converting coal into liquid fuels is horrendously capital intensive and at present the capital costs are rising at a much faster rate than the price of crude," said Le Roux

The decision of the Government to fund the developments of Sasol 2 and 3 is seen by most international energy executives as a brave, but wise move

The technology was proven, but the economics uncertain. It is now generally accepted that Sasol 2 and 3 will be

profitable because future production costs have to a large extent been determined by spending the capital

It is unlikely that the price of crude oil will ever drop from current levels though they might remain at this level until the world comes out of recession, Le Roux said

"The indications are rather that by the end of this decade the price of oil will be almost double the current price

By Priscilla Whyte

"The Sasol process does not have universal applicability

"The economic success of Sasol 2 and 3 will not necessarily be repeated in other countries," said Le Roux

The important factors that have played a role in ensuring that Sasol 2 and 3 are economically viable according to Le Roux are

• the effective cost of capital for Sasol 2 and 3 is

considerably lower than the commercial rate — it could be as low as 4 %

• Sasol receives a rebate of 3.4c a litre of transport fuels (equivalent to US \$7.30/barrel of gasoline)

• the fuels and petrochemicals from Sasol 2 and 3 will be priced at an oil equivalent international price related to spot prices not the official OPEC price and the spot price varies between \$5 and \$10/barrel

... will

Foskor is getting set for 'vast' expansion

S. Times 8/8/88 260

THE Phosphate Development Corporation (Foskor) plans to increase production of phosphate rock to 6-million tons a year by early 1988 and to assist in putting South Africa back into a leading position as a supplier of phosphoric acid

In 1980, South Africa was ranked No 2 in the world behind America in the supply of phosphoric acid, with a total output of 430 190 tons

However, due to the collapse of the Brazilian market, which takes about 70% of local production, this position was eroded to No 4 last year, with exports of only 229 601 tons

The No 2 spot has been taken over by Morocco, which supplied 548 169 tons of P_2O_5 to world markets last year, slightly less than America's 878 013 tons

Foskor's expansion plan, which will involve "vast" amounts of capital expenditure, represents a bold move, coming at a time when world production is in oversupply and unlikely to recover for some time

Currently, the group has a production capacity of 3.5-million tons of phosphate rock, but is operating at slightly below this level because of depressed local and world markets

About half of this is converted by the three major fertiliser groups, Triomf, Fedmis and Omnia, into fertiliser, animal feeds and detergents

The rest is exported in the form of

By Don Robertson

phosphoric acid through Richards Bay

The decline in the phosphoric-acid market in the past 18 months has, however, left Foskor with additional capacity, and the company is actively looking for markets for its surplus phosphate rock

Last year, it exported about 100 000 tons of phosphate rock with a 39% P_2O_5 content, and hopes to boost this to about 200 000 tons this year

As part of its long-term expansion plans, it is hoped to achieve a better production balance by supplying about a third of its output for the local market, a third for conversion into phosphoric acid for export and the remainder for export in the form of phosphate rock

The expansion will come largely from the group's own pyroxenite mine and will depend to some extent on the development of a new, dry beneficiation process which is being investigated

This process is a world first and should be proved by the end of next year

Another new process for the beneficiation of phosphate from extra-fine

tailings from the nearby Palabora Mining Company has been developed, and, once negotiations are completed, a 500 000-ton-a-year plant will be erected

But, while the company is confident of finding markets for its expanded production towards the end of this decade, the immediate outlook is not that rosy

Nico Knipscheer, marketing manager of Foskor, does not foresee any improvement in the international fertiliser and phosphate rock market until at least 1985

He points out that, at present, American phosphate mines are operating at about 35% of capacity

The export price of phosphate rock is currently \$49 a ton f o b Richards Bay compared with \$55 this time last year, but Mr Knipscheer expects this to come down in the near future

However, as most sales are made in dollars, the decline in the rand has more than offset the drop in price. The internal price is R24,50 a ton for Phalaborwa

Locally, the fertiliser market has grown by about 5% since last year, but there are no indications yet as to the likely demand from the agricultural sector when the planting season begins with the first rains in September or October

PSA artisans in walk-out threat

Cape Times 17/8/82 260

Staff Reporter

THE PUBLIC Servants Association (PSA) is facing a walk-out by disgruntled artisans and technicians who accuse it of "years of fruitless bargaining"

They say that in spite of a grave shortage of skilled people in the public service — estimated at between 30 and 40 percent — their salaries have remained extremely low and uncompetitive

The final straw for many PSA members in the Western Cape is an increase in their monthly subscriptions from R1 50 to R2 50

"We can no longer afford to belong to a representative body which accomplishes nothing," ex-members said yesterday

Broederbond

They alleged that the all-white PSA was controlled by the Broederbond and so did not want to confront the government with higher

salary demands for its members

According to "The Super Afrikaners" by Ivor Wilkins and Hans Strydom, the chief manager of the PSA, Mr R H Landman, is a member of the Broederbond

Mr Landman said yesterday that the government had agreed in principle that the public service should be in a position to compete with the private sector. However, funds were not available to overcome the huge backlog

'Not all groups'

"Not all groups can be granted the new structures simultaneously, but artisans will most probably receive their increases in the course of the year," he said

Sources inside the association conceded, however, that artisans and inspectors of works had had a raw deal and there was dissatisfaction among "lower structure" employees, although the vast ma-

jority remained loyal to the PSA

"There have been a spate of resignations in the Cape, but we believe this has been organized by certain people for their own ends," a PSA official said "Besides, those resigning are only a small proportion of our total 40 000 membership"

Doubled salaries

Mr H P Loots, former Western Cape vice-chairman of the PSA — who has resigned his PSA membership — said many trained artisans and inspectors of works had left the public service to work for more than double their salaries outside

"Some departments are now being propped up by pensioners and below-average workers and the government will soon be forced to contract most of its work out to the private sector

"This is costing the taxpayer more than he would have had to pay for a better salary structure"

(26) 120M
Airways
official 8/8/82
censured

By CHRIS OLCKERS

A SENIOR South African Airways official faces disciplinary action after an internal investigation revealed serious mismanagement at the airlines' main stop-over on its European routes at Ilha do Sal, an SAA spokesman said yesterday.

The investigation by top SAA officials found that airline tickets worth thousands of rand had not been locked according to regulations, that several accounts had not been paid on time and that large sums of money had not been correctly deposited in the prescribed way.

The manager at Ilha do Sal, SAA's main stop-over point on the West Coast of Africa for all its European routes, was immediately recalled to South Africa when the investigation was launched five months ago.

A spokesman said yesterday that SAA and its customers had not suffered monetary loss and an in-depth investigation by senior officials had shown that no money had been embezzled.

"This is strictly an internal matter. Although no loss was suffered we were concerned that set-down procedures and regulations had not been adhered to. Disciplinary action against the official concerned is being considered," the spokesman said.

Soekor head: No oil for SA from Chiavelli

260
CAPE TIMES 19/8/82

Own Correspondent

JOHANNESBURG — The chairman of the quasi-government oil-exploration corporation, Soekor, yesterday apparently flew in the face of the law and a parliamentary statement made in March by the Minister of Mineral and Energy Affairs, by discussing on the radio possible sources of the Republic's oil supplies

Dr Dawid de Villiers said on an SABC programme that there was too much secrecy surrounding the Republic's oil sources

He also said emphatically that the Italian billionaire Dr Marino Chiavelli had never supplied South Africa with a drop of oil

Yesterday he told the Cape Times correspondent that he was "not responsible" for what he had said

But he repeated the statement and elaborated on it

Then he said he hoped he was not saying anything contrary to the National Supplies Procurement Act which forbids unauthorized statements on oil

In March the former Minister of Mineral and Energy Affairs, Mr F W de Klerk, told Parliament that any comment on Dr Chiavelli's involvement in South Africa's oil supplies would be against the law

He accused a Progressive Federal Party MP, who raised the subject, of misusing parliamentary privilege to break the law when he asked whether South Africa was one of the politically sensitive countries supplied with Saudi Arabian oil through Dr Chiavelli

The question was asked after a Sunday newspaper reported Dr Chiavelli as saying he had made his billions by acting as a Saudi front-man for oil supplies to politically sensitive countries

Last night the PFP spokesman on energy affairs, Mr John Malcomess, called on the Minister, Mr Pietie du Plessis, to clarify Dr De Villiers's statement

The statement is unprecedented in recent times because the National Supplies Procurement Act stipulates "No person shall publish in any newspaper, periodical, book, or pamphlet or by radio, television or any other means, information in relation to the source, manufacture, transportation, destination, storage, quantity or stock level of any petroleum products acquired or manufactured or being acquired or manufactured for or in the Republic"

In the radio programme Dr De Villiers was asked about the secrecy surrounding South Africa's oil sources

Question "The level of secrecy that's involved in the procurement of oil, many people would say that the level of secrecy is far too high and in itself creates rumours. Isn't the whole thing self-defeating?"

Dr De Villiers "Your last statement is correct. It does create rumours. For instance Chiavelli is continually being mentioned as a person supplying oil to South Africa and he has never supplied oil to South Africa, not at all, I can assure you"

Neither the former nor present Minister of Energy Affairs was available for comment yesterday

Why SAA lost catering job

260 Mail Reporter 1/9/82

BRITISH Airways has shifted its contract for the supply of in-flight meals to Dobbs International, which satisfied standards laid down by BA at a more moderate price, an airline statement said yesterday

The contract held by South African Airways until March when it expired, was put out

to tender to several catering companies after South African Airways announced massive price increases in October last year

"There is no foundation whatsoever in the suggestion that our contract with SAA was cancelled because of unhygienic kitchen conditions," said the BA manager for Southern Africa, Mr J E S Hullah.

Defense

in new contract

Deputy Minister leads attack

Nats slam SABC for backing CP

(260) RDM
2/9/22

By JOHN BATTERSBY
Political Correspondent

BLOEMFONTEIN.

IN AN unprecedented attack, the Government last night accused the SABC of downplaying official announcements and broadcasting "party political propaganda" for the Conservative Party.

Making his debut as Deputy Minister of Information at the National Party's Free State congress, Mr Bar-end du Plessis lashed out at the SABC for providing the CP with a platform to comment on the resignation of Dr Willem de Klerk, former editor of the Transvaler, from Perskor

Mr Du Plessis was referring to the comment by Mr Tom Langley, MP for Waterkloof and a senior member of the CP, that Dr De Klerk's dismissal would lead ultimately to greater Perskor support for the CP.

"What he has got to do with Dr De Klerk's resignation I don't know

"Why the CP was given the platform was inexplicable unless it was the SABC's objective to broadcast party political propaganda for the CP," Mr Du Plessis said

The SABC owed the public an explanation, he said

Mr Langley said last night that Mr Du Plessis' criticism of the SABC in this respect was petty

What he should have criticised was the lack of internal control, in the SABC which had enabled the false death report on Dr Treurnicht to be broadcast in the first place

Mr Du Plessis said that the SABC needed to "examine itself critically" in the light of recent events

He said that the false Radio Highveld report about the alleged shooting of the CP leader, Dr Andries Treurnicht, broadcast on Tuesday, underlined the need for self-examination

The chairman of the SABC board, Professor Wynand Mouton, could not be contacted for comment last night

Meanwhile, it was reliably learnt yesterday that the Government suspects that the Treurnicht shooting fiasco and the SABC platform given to Mr Langley were engineered by CP sympathisers inside the SABC to gain publicity for Dr Treurnicht's party

The Nationalist Press is waging a high-profile campaign to keep the Treurnicht scandal alive and the Prime Minister, Mr P W Botha, has personally entered the controversy to give assurances that the matter will be taken further

Earlier yesterday, the Free State leader of the National Party, Dr Nak van der Merwe, told delegates that the "shooting" of Dr Treurnicht was the most "transparent propaganda" he had yet seen

Commenting on Mr Du Plessis' criticism of the SABC for quoting his views on Dr De Klerk's dismissal, Mr Langley said last night that the firing had been a main point on news broadcasts on television and radio throughout the day

He, as a politician, was as entitled to have his views broadcast as any other politician. If Cabinet Ministers so much as "squeaked" they became news for the SABC, Mr Langley said

Mr Langley also said immediate steps were being taken to protect the Dr Treurnicht following the hoax radio report

Mr Langley said the CP had no idea who was behind the hoax. There had been no similar incidents in the past

Meanwhile a police spokesman said yesterday an official investigation would be held into the broadcast on Radio Highveld that Dr Treurnicht had been shot

The spokesman said possible violations of the Post Office Act would be investigated

By JOHN BATTERSBY
Political Correspondent

THE CHAIRMAN of the SABC Board, Professor Wynand Mouton, is disturbed by the Government attack on the SABC and by suggestions that his position as head of the corporation is in danger, informed sources say

It is reliably understood that Prof Mouton is to seek an early meeting with the Prime Minister, Mr P W Botha, to discuss the matter and gain clarification about his position

Following in the wake of the attack on the SABC by the Deputy Minister of Information, Mr Barend du Plessis, in Bloemfontein this week, two Perskor newspapers quoted sources suggesting that Prof Mouton's position as SABC chief was in danger due to his inability to give clear guidelines to the broadcasting services and to give a definite political direction to the SABC

SABC boss seeks talks with PW

(260) RDM

4/9/82

Yesterday Prof Mouton dismissed these reports as "pure speculation"

"But I have no further comment to make on the matter," he told the Rand Daily Mail

It has also been reliably learned that Mr Du Plessis was acting with the personal sanction of the Prime Minister when he launched a blistering attack on the SABC over the Dr Treurnicht hoax and the granting of television time to a spokesman for the Conservative Party to give his views on the sacking of Dr Willem de Klerk as editor of

the Die Transvaler

The attack on the SABC — and particularly the suggestion that it is leaning towards the Conservative Party — has caused concern in top Nationalist circles and also drew sharp criticism in leading articles of newspapers in the Perskor stable yesterday

There is a widespread feeling that the attack on the SABC was an overreaction which could prove counter-productive to the Nationalist cause

A senior Nationalist source said the attack on the SABC had been authorised at top

level in a moment of anger and emotion following the Treurnicht fiasco and the televised CP comment on Dr De Klerk's dismissal

There has been tension between Prof Mouton and the Prime Minister since it became apparent that Prof Mouton was not prepared to tow a slavishly Nationalist line and strove to give some substance to the theoretical autonomy of the SABC

Prof Mouton, who is also rector of the University of the Orange Free State and a former interim chairman of the Broederbond, acts as

chairman of the SABC Board in a part-time capacity

His attempt to introduce a measure of autonomy into a corporation with a history of heavy partisanship was interpreted as defiance of the party leadership and a refusal to drive out obstructionist elements of the verkrampde SABC administration of Dr Piet Meyer

Prof Mouton has, however, proved his credentials as a dedicated verligte committed to broadening the acceptability of the SABC among the various sections of the community

His commitment to greater SABC independence has brought him into conflict with the Nationalist leadership and led to the campaign waged through the columns of the Nationalist Press last year to pressure him into resigning his position or becoming full-time chairman of the SABC Board

Prof Mouton weathered the storm and continued as chairman in a part-time capacity

THE Government knives are once again out to get rid of the chairman of the SABC, Professor Wynand Mouton, and to seize absolute control over the powerful broadcasting corporation.

Following this week's astounding Government attack on the SABC and its accusation that the corporation was leaning toward the Conservative Party, there has been intensive speculation that Professor Mouton's days are numbered.

And, a senior Government source told the Sunday Times this week: "He must go."

But Professor Mouton has proved a 'doughy' and independent stayee before, and SABC sources said he would be unlikely to capitulate easily.

There is a feeling in some SABC circles that the Government has totally overreacted and that the storm will soon blow over without any casualties. Senior sources in the SABC have expressed their outrage at the Government attack this week and at the suggestion that the Government wants even stricter control over the content of its broadcasts.

"If people feel that we are not giving enough support to the Government already, they must be stupid," said one

Nat knives are out in struggle for control of SABC

source bluntly.

He said the idea that the corporation should be further colonised by the Government to the exclusion of any other views whatsoever would be strongly resisted.

Top sources in the corporation spoke bitterly this week of the "impossible difficulties" under which the Government made them operate.

"If we only quote one opposition opinion, we are suddenly accused of being anti-Government," said one

□ □ □

"They are completely oversensitive." He said the SABC policy had always been to co-operate with the government of the day, but that there should be an attempt at balance as well.

Professor Mouton himself declined to comment on the current row apart from saying he regarded reports that his chairmanship was in jeopardy as

"only speculation".

The current row exploded this week when the new Deputy Minister of Information, Mr Barrend du Plessis, launched a breathtaking attack at the Free State congress of the National Party.

Mr du Plessis, himself a former SABC man, is reported to have made the attack with the authorisation of the Prime Minister, Mr P W Botha.

Certainly, it was not done in any heat of the moment. The text of his remarks was prepared beforehand and copies circulated to the media.

He said the SABC should examine itself critically, a position underlined by this week's false radio broadcast that Conservative Party leader, Dr Andries Treurnicht had been shot dead.

The event was described by Dr Nak van der Merwe, the Nationalists' Free State leader, as the most "transparent propaganda".

Mr du Plessis said the corporation

also owed South Africa an explanation for giving a Conservative Party spokesman an opportunity to comment on the dismissal this week of Dr Wimpie de Klerk as editor of Die Transvaler.

It was inexplicable why the SABC gave the Conservative Party such a platform unless it was the corporation's aim to broadcast political propaganda for the CP.

□ □ □

Opposition spokesmen across the spectrum have rejected the Government's complaints as ludicrous and said it was generally accepted that the SABC was biased in favour of the National Party.

Informed sources say the Government's sensitivity over the SABC is an indication of just how vulnerable it is feeling at the moment.

They say the Government is desperate to stop the erosion of its support and

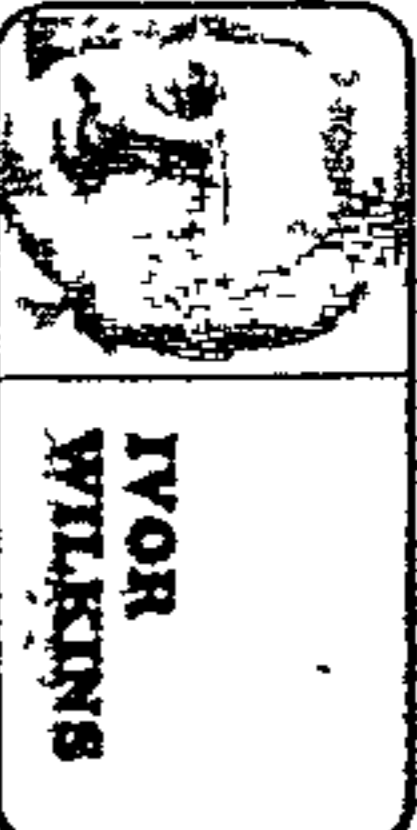
wants to completely monopolise the broadcasting corporation to its own ends and to the exclusion of other opinion.

Especially in its current effort to sell its constitutional proposals, it feels the need to wield the airwaves as an instrument to win support, informed sources said.

Political motives behind the hoax Radio Highveld news broadcast of Dr Andries Treurnicht's "assassination" on Tuesday have been ruled out by police and SABC officials.

"It was a joke in 'bad taste,'" said Northern Transvaal CID chief Brigadier Hendrik du Plessis, who is heading the investigation.

"Possibly somebody trying to pull newscaster Helen Naude's leg." Two aspects are particularly puzzling police, SABC and Post Office authorities in the incident which occurred on the 5.30pm news bulletin relayed



IVOR WILKINS

From an outside-foria showgrou ● How did a telax number b of SABC new officials?"

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Island coup report delayed

BY RICHARD WALKER
New York

THE commission of inquiry struggling to produce a decisive United Nations report on last year's Seychelles raid, has been given another two months to labour over it

Govt move to woo church leaders in secret to try to sell its constitutional proposals

THE Government has met church leaders in secret to try to sell its constitutional proposals.

The meeting at the technical college in Parow last week was addressed by Mr Chris Heunis, Minister of Constitutional Development.

About 100 ministers from various denominations in the northern suburbs of Cape Town were present.

BY BENNIE VAN DELFT

The ministers invited were mainly from the Nederduitse Gereformeerde Kerk, the Hervormde Kerk and the Apostolic Faith Mission. The Press was excluded to

Secret talks on constitution plan

It took Mr Heunis such a long time to reply — without getting to the point — there was hardly any time for further questions.

Mr Alex van Breda, MP for Tygervallei, who chaired the meeting, would only say that the churches had given "certain undertakings". He refused to disclose what these



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zling police, SABC and Post Office au-
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on the 5 30pm news bulletin relayed



J. van WILKINS

From an outside broadcast van at Pre-
toria showgrounds
● How did an "outsider" obtain the
telex number known only to a handful
of SABC newsmen and Post Office
officials?

● Who is "LA" — the only identifying
initials on the telex announcing Dr
Treurnicht's "death" apart from the
letter "S"?

None of those questioned (including
the University of Pretoria's Radio Taks
students) fits the bill

Another unusual aspect is that the
sender of the false news item displayed
an intimate knowledge of SABC
procedure

□ □ □

The item was written in such imper-
cable SABC style that the newsreader's
suspicions were not aroused

The telex message, marked "Urgent,
urgent," was sent to the OB (outside-
broadcast) van after Miss Naude had
started reading the news

She therefore did not have time to
check with her Johannesburg news of-
fice, and read the item in good faith as
an urgent "Flash"

Auckland Park has been shaken to
the foundations by the unprecedented
incident, which Mr Kotze promises will
never happen again

Police investigations are continuing

GOVT MOVE TO WOOD CHURCH

THE Government has met church
leaders in secret to try to sell its
constitutional proposals.

The meeting at the technical college
in Parow last week was addressed by
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About 100 ministers from
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Secret talks on constitution plan

By BENNIE VAN DELFT

It took Mr Heunis such a
long time to reply — without
getting to the point — there
was hardly any time for fur-
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Ministers' main objection
to the constitutional propos-
als was that non-Christian
coloureds and Indians would

point

"Mr Heunis should know
by now that reconciliation
will not be achieved by invit-
ing a few select — only by
inviting everybody"

Mr Alex van Breda, MP for
Tygervallei who chaired the
meeting, would only say that
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DAY SEPTEMBER 8 1982

Armcor drive to sell arms abroad

ARGUS
8/9/82
260
HAY
OK

PRETORIA. — South Africa has put together a top team to sell sophisticated weapons to the world, a spokesman for Armcor said in Pretoria today

South Africa's arms exports are currently worth only R10 -m a year — Sapa

Armcor's team of salesmen are aiming to increase dramatically South Africa's share of the annual R400'000-m arms market

The team will sell missiles, armoured cars and troop-carrying vehicles, warships and telecommunications equipment

TARGETS

And if the buyer wants particular products, Armcor has the expertise available to develop and manufacture items to his specifications.

The sales targets are those countries which have similar conditions to South Africa -- South America, the Middle East, the Far East and other African states

Armcor has adopted a policy of not selling to Communist or anti-South African countries

INTERESTED

Several countries are interested in acquiring South African weapons -- battle tested in Angola and SWA/Namibia. Recently, Peking expressed interest in the G5, a 155mm field gun said to be the best in its category in the world

Factories which have been geared to arms production can also manufacture almost every conceivable item a soldier would need in the field

Union gets Iscor payout
 The Black Allied Workers' Union in Natal recently won an out-of-court settlement against Iscor. The union took legal action against the steel corporation because of deductions for a burial fund and a facilities fund from Bawu members' pay cheques. Iscor paid more than R27 000 back to Bawu.

8/9/82

5. In the light of the 1979 amendments to the Industrial Conciliation Act, could you please indicate if your union has made any application for extensions in scope. If so,
- a) where.....
 - b) to whom
 - c) for what additional area.....
 - d) has this been granted.....
 - e) if so, when.....

Federation of Salaried Staff Associations of South Africa	
Pulp and Paper Industry's Joint Committee	
Rand Water Board Unions Joint Committee	
South African Council of Mining Unions	
South African Federation of Leather Trade Unions	
South African Council of Transport Workers	
South African Federation of Chemical and Allied Workers Union	

4. AFFILIATIONS TO INDUSTRIAL FEDERATIONS CONTINUED:

Iscor payout settles lengthy union dispute

Labour Reporter

ISCOR has paid out more than R27 000 to members of the Black Allied Workers' Union — settling a four-year dispute over compulsory membership of a benefit fund, union sources said

The dispute revolved around a 10c deduction from workers' wages at Iscor's Newcastle plant which was paid into the Ingqazivele Club — a benefit fund which provided recreational and other facilities

Bawu's general secretary, Mr B E Khumalo, said the workers had protested against the formation of the fund, but this had been ignored by Iscor

'The workers complained that they had not benefitted from the fund and that they still had to pay to use the recreational facilities,' he said

The union had taken up the issue, but after it had not received any response from the company it instructed its attorneys to begin legal action, he said

Recently, Iscor forwarded a cheque for R27 930,64 to the attorneys to be paid out to Bawu members

It is understood that the fund has been closed

Iscor's general works manager, Mr C J van Vuuren, confirmed it had been closed and that workers had been paid out their contributions, but denied that the union was responsible

But Bawu's attorneys said yesterday that in their correspondence with Iscor they had said they were acting on behalf of the union and at one stage the company had even challenged the right of Bawu to represent workers

Union leader fired claim

260
11/11/82
C-Times

Labour Reporter

A TRADE union leader who was investigating nuclear safety for workers at the Koeberg power plant has been fired, his union claims.

Mr Brian Williams, Western Cape branch chairman of the Electrical and Allied Trade Union of SA, was dismissed last week after almost a year's service as an electrical inspector with the Nuclear Electrical Contractor (NEC) at Koeberg.

But the NEC site manager, Mr F Rivoire, said Mr Williams was not dismissed but had been retrenched along with a number of other workers. He promised to issue an official statement on Monday.

A union spokesman said yesterday workers at the plant were unhappy with the dismissal because Mr Williams was a "consistent, conscientious and resourceful worker".

He was a dedicated trade unionist and had been involved in investigating safety conditions at the plant on behalf of the workers.

The workers rejected outright the "ridiculous reasons" put forward by management for the dismissal — that he was unproductive and inefficient.

Finance

CANDIDATE MUST enter in (1) the number of each questioned (in the order in which it has answered), leave columns (2) and (3)

Japan cuts Iscor imports by 20 percent

ARGUS 14/9/82

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Internal	External
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TOKYO. — Iscor has accepted a 20 percent cut in its iron ore shipments to Japan for the October-March period of the current fiscal year, Japanese steel mills have announced.

Degree/Diploma/Certificate for which you are registered (e.g. B.A., B.Sc.)

B. Com

Subject ECONOMICS II (to be copied from the heading on the Examination)

Paper No I (to be copied from the heading on the Examination)

The South African company is the first iron ore supplier to accept a Japanese proposal for a cut based on reduced demand for raw materials due to slumping steel production

The steelmakers, announcing the Iscor decision, expressed their "highest appreciation for its cooperative attitude"

The mills will now use this development to win cooperation from other major suppliers

2,2-MILLION
Iskor has agreed with the Japanese steel mills to reduce from 2,75-million tons to 2,2-million the amount of ore it will sell them in the six-month period

Against a contract calling for delivery of 7-million tons annually, the Japanese will be taking 5,5-million tons overall

Meanwhile, in a bid to bring down the high freight costs on Iscor ore, the two sides were said to have decided on an experiment for the two vessels involved, the 167 000-ton Sishen and the 155 000-ton Vanguard, to sail as slowly as economically possible

A new shipping rate will then be discussed next January based on data collected — Reuter

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Koeberg training questioned

19/9/82
C. Times

260

Labour Reporter

THE local branch of the Electrical and Allied Trade Union of SA has questioned the safety training of unskilled workers at the Koeberg power station

The statement follows the alleged sacking of the union's local chairman, Mr Brian Williams, by the French Nuclear Energy Contractor (NEC) Mr Williams was one of several workers investigating the hazards of nuclear exposure for workers at the plant.

The union queried whether the thousands of women doing cleaning work were properly trained in safety procedures in the event of a fault occurring in reactor number one, which would become operational while they were still on the site

A spokesman for the Electricity Supply Commission (Escom) said all Escom staff working at the Koeberg power station went through "appropriate safety courses"

However, the radiation course was restricted to workers who worked in or near nuclear radiation. The spokesman said he could not speak on behalf of contractors at the plant, "but I would imagine that when Escom signs contracts they insist that the contractor complies with certain safety standards".

The spokesman emphasized Escom's concern for industrial safety and said

figures showed their safety record was "far better" than the national average

The NEC site manager, Mr F Rivoire, has declined to comment and workers at the plant say that since Mr Williams's dismissal, notices have been sent around warning them not to divulge any information to "outside or third parties"

The union statement argues that the cost of properly training the thousands of unskilled workers and the fact that it might hold up the programme could count against their being trained

"We are merely asking what training they are getting, whether it is adequate and, if not, why not?"

'Secrecy'

Professor Arnold Abromowitz, acting-chairman of Koeberg Alert, said that if Mr Williams had been dismissed because of attempts to find out more about worker safety at Koeberg, it was another instance of the obsessional need for secrecy found in the nuclear industry.

"As long as the reactor is operational, and particularly when fuel is brought in, there is a hazard for all on the site. The simple question Mr Williams was asking is whether the workers are receiving correct instruction in how to deal with such a situation"

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Koeberg good case for cheaper power

17 AUGUST 1972 260

Municipal Reporter

The erection of the Koeberg nuclear power station on Cape Town's doorstep provides the city with a good case for a favourable Escom electricity tariff, the chairman of the City Council's utilities and works committee, Mr Len Kendal, said this week.

"And a better tariff would make Cape Town far more competitive in its quest for new industries

Mr Kendal, with eight years' experience on the council, has been elected to the new-look executive and given the utilities and works portfolio

He said Cape Town was barred by law from building its own new power stations — which meant it would have to rely more heavily on Escom in future.

LONG DISTANCE

"We have always paid a much higher tariff for power because it comes from the Transvaal and it has been our main stumbling block in attracting industries to the Western Cape

"Now that Koeberg is on our doorstep there is

no reason why we should not benefit from it and obtain our electricity at a preferential tariff"

He sympathised with those people who feared having a nuclear installation so close to the city

RADIATION

"We will do our best to see that it does not have any harmful effect on the city. We will have our own monitors under our control which will ensure that radiation levels will be kept far below acceptable limits"

The council was also represented on Koeberg's safety committee and would keep a sharp eye on developments

He is a great believer in Cape Town's economic potential because of its first-class labour force and healthy infrastructure

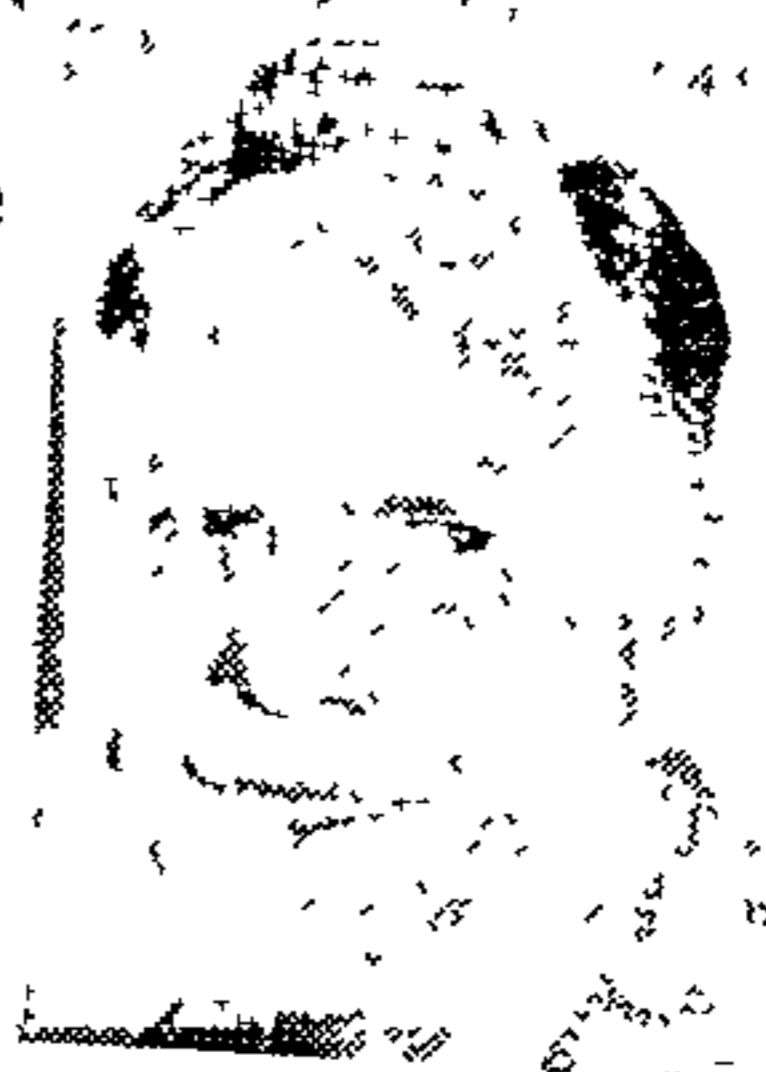
He believes the main reason why Cape Town has suffered less than the Vaal Triangle in the present economic recession is the fact that blacks' wages in the city have risen 100 percent in the past two years, creating a healthy and stable economy

He said the council was committed to revitalising the city's central business district (CBD)

LESS PARKING

One of the effects of this policy would be that less and less parking in the CBD would be available to all-day parkers

In future parking will be provided on the peripheries of the city. Parking in the CBD will be of short duration for the benefit of shoppers and those wanting to conduct business



Mr Len Kendal

ARMAMENTS

FM 17/9/82

Say mister, wanna G6?

260

One cause of Armscor's new export drive is the escalating war on the Angolan border. There must be some irony in that situation. In fact, it has boosted logistical expenditure, leaving less in the military budget to spend on new weapons.

The current total Defence Budget of R2 960m is only 7% up on last year — well below the 15% general increase in prices. Spending on new weapons or capital equipment this year could thus drop by about R200m to R1 560m.

This means some manufacturers of military equipment associated with Armscor are now working below full capacity.

"We have been forced by embargoes to invest a considerable amount in our armaments industry," says Armscor chairman Commandant Piet Marais. "We cannot afford to let it run down now, it is part of the permanent scene in SA as there is little chance of peace in this part of the world

even during the lifetime of our children

"Exporting will help compensate for the down-cycles all businesses feel at times, and will look after the interests of our private sector suppliers which deserve a good return on their investment."

Marais' logic can hardly be faulted. Private sector suppliers will this year produce about 70% or R1 1000m worth of Armscor's weapon sales. If they were to reduce their productive capacity, the Defence Force (SADF) could be caught short in times of real need.

Export sales targets are somewhere between R100m and R200m/year, which would compensate for the cutbacks in orders from the SADF. Until now sales abroad have averaged only about R10m/year as they have not been actively promoted.

Armscor has mounted an international marketing campaign, but will also issue marketing permits to allow its main private

sector contractors to do their own selling to approved customers. Communist and anti-SA prospects are naturally black-listed, and are potentially irresponsible customers.

"Unlike some suppliers, we are not prepared to start wars simply to boost sales," says Marais.

Although Armscor will not dictate the terms of deals made by local producers with their customers, all sales abroad will require export permits. And Armscor will check the quality of the merchandise "to protect the good name of the SA arm industry."

This industry has grown remarkably rapidly. Ten years ago it produced only about 30% of the SADF's then much smaller armaments purchases. Today the figure is close to 90%.

Armaments production is carried out by eight Armscor-controlled companies employing 29 000 people, 700 main private sector contractors and a host of sub-contractors which together employ 80 000. Capital investment by the eight Armscor affiliates alone totals about R1 200m.

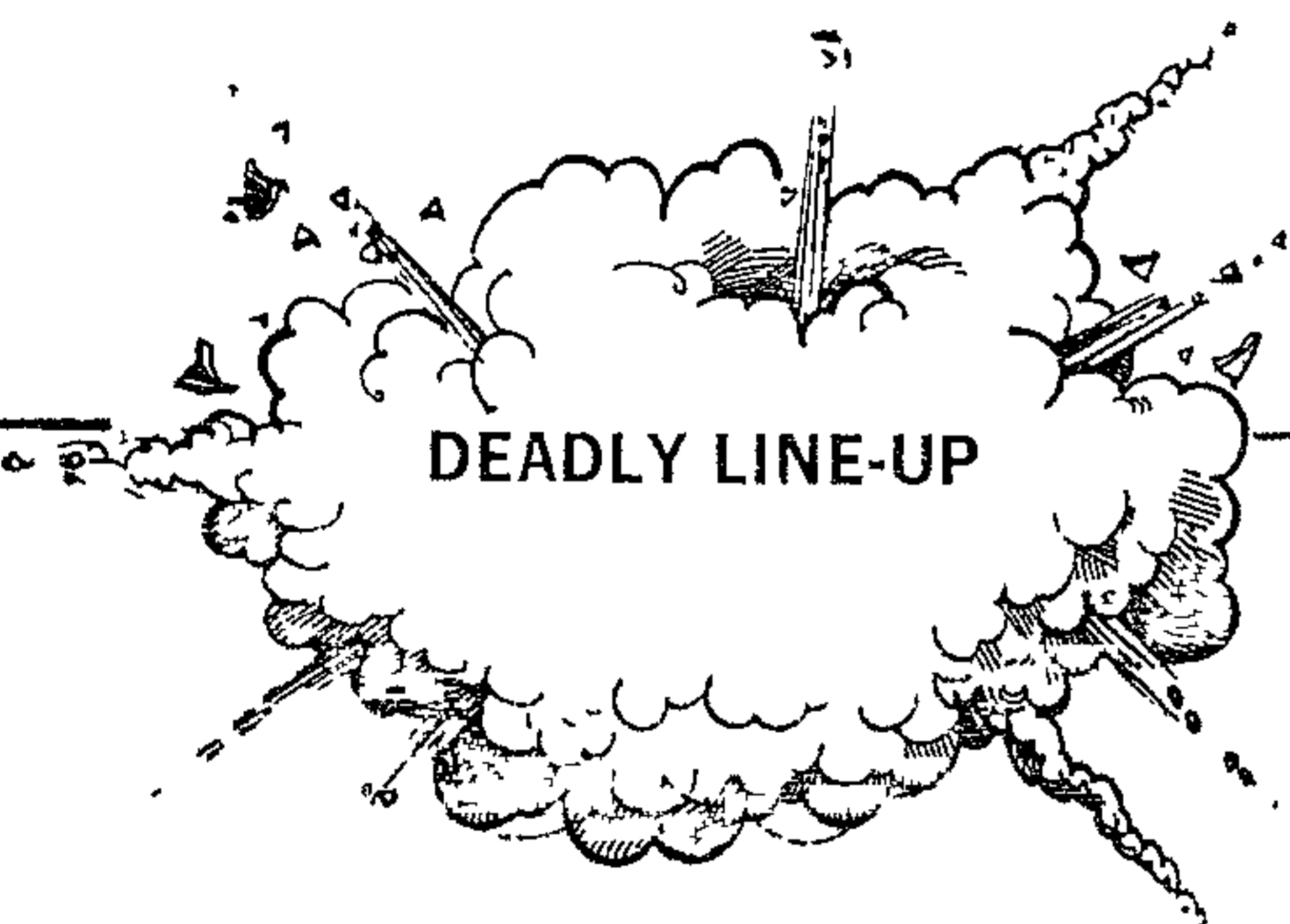
Factories are dispersed throughout the country rather along the style adopted by the German armaments industry during World War 2 to minimise disruption of production in the event of conflict. As another safeguard, many components are made by more than one manufacturer wherever this is economically feasible.

Marais says the industry's success is partly due to the large-scale involvement of the talents and energy offered by the private sector.

"I will not allow an Armscor-owned company to spend one cent on new production facilities if they exist in the private sector," he says. "And the private sector always gets the first option to invest when new projects are mooted."

Development phases

The industry has developed through four distinct phases. In the Sixties, Armscor was little more than a purchasing organisation for the SADF. In the early Seventies, when the possibility of sanctions began to loom, it started to manufacture foreign-designed equipment under licence. This was followed by the development and production of weapons and equipment designed specifically for



DEADLY LINE-UP

Military equipment now made in SA with varying degrees of adaptation to local conditions includes Cactus surface-to-air missiles based on the French Crotale, V-3 air-to-air missiles, Scorpion sea-launched surface-to-surface missiles based on the Israeli Gabriels; more than 150 different varieties of ammunition, strike craft based on Israeli and French fast attack craft designs, radio and telecommunications equipment, the R4 5,56 mm rifle which uses lighter ammu-

nition but is no less effective than the Belgian-designed R1 rifle it replaces. Elephant tanks which use the British Centurion tank hulls; the Samil go-anywhere range of trucks, Eland armoured cars based on the French Panhards, Ratel infantry fighting vehicles, 127 mm artillery rockets based on the Russian Stalin Organs, the G5 155 mm artillery piece and the highly mobile G6 fighting vehicle which carries the G5 gun.

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apidly increasing involvement of private enterprise. As is the case with other arms-producing countries, the move into exports allows this last step and is to justify the investments involved.

The SADF recognised the need for rocket artillery and a very accurate long range gun like the G5 during the SA incursion into Angola in 1975. Some authorities believe the operation may have ended differently had the SADF's World War 2 vintage artillery not been hopelessly outclassed and out-gunned by more up-to-date Russian equipment.

Armcor immediately began searching worldwide for more suitable weaponry (in as little as two years before the mandatory United Nations arms embargo), but found that no system available had a range of more than 100 km. The best were still on the drawing boards with delivery times of eight to 10 years.

Instead, Armcor turned to local development. The outcome, the locally-developed G6 155 mm artillery rockets, are now in service and are said to have a longer range and greater accuracy than the Russian Stalin rockets. They are also said to have greater lethality against personnel, vehicles and buildings because, unlike the Russian rockets which explode on impact, they explode in the air. There is thus a wider distribution of fragments.

To test certain theories on ballistics developed in SA, complex computer calculations were carried out by the US/Canadian company, Space Research (SR). The calculations supported the theories but

... directors in prison for helping SA arms production

A prototype barrel which was made in SA then underwent test-firing, monitored by SR equipment in the West Indies republic of Antigua. The development programme was completed in SA and the weapon is now in production. It is likely to be in operation within the next 12 months.

Marais says that, although it can fire standard Nato 155 mm shells, it has a far greater range (up to 40 km) with shells developed in SA. One reason for the

local product's longer range is its "base bleed" system which generates gas at the back of the projectile to destroy the partial vacuum that impedes its flight.

The US is said to have a 155 mm projectile which can carry a nuclear warhead and the G5 projectile could no doubt be adapted to do the same. But Marais says the present projectiles cannot do so and no developments of this kind are contemplated in terms of government's stated policy.

The effectiveness of the G5 gun, already one of the best in the world, has been immeasurably enhanced by the development of the recently announced G6. The G5 gun mounted on a six-wheeled vehicle

The weapon resembles nothing in the arsenals of the superpowers. Although it is as heavy as a large tank and carries a far bigger gun, this 35 t monster travels at 90 km/h on roads and outruns a tank in southern African

oush country

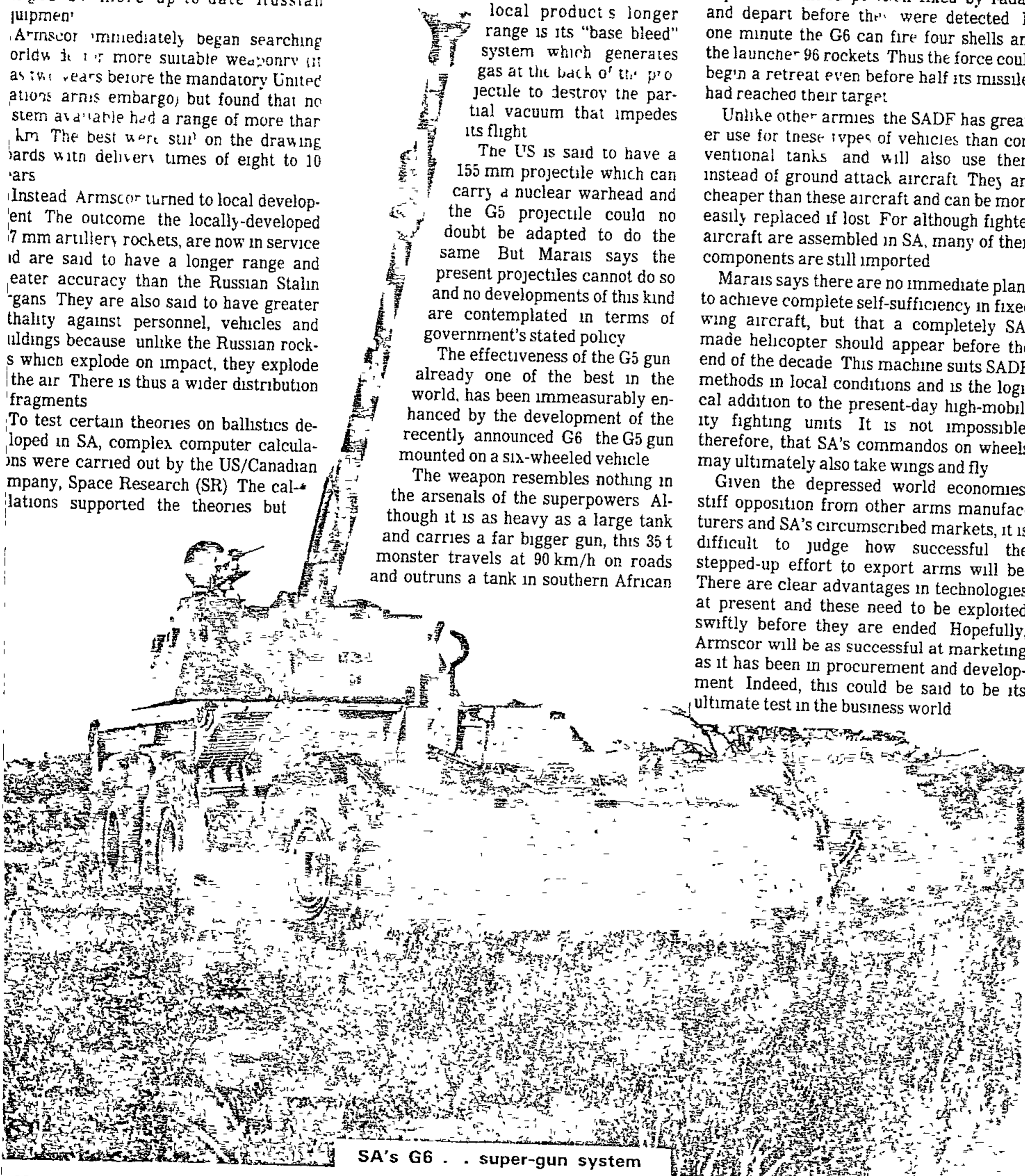
It will fight as part of the SADF's family of high-mobility vehicles which are designed for hit-and-run tactics: a modern commando on wheels.

A typical mission could involve several G6s and 127 mm mobile rocket launchers in a strike against an enemy base hundreds of kilometres from the border. They would be escorted by Ratel and Eland fighting vehicles with logistic support from Samil trucks. They could fire on a target 30 km away from a pre-determined position fixed by radar, and depart before they were detected. In one minute the G6 can fire four shells and the launcher 96 rockets. Thus the force could begin a retreat even before half its missiles had reached their target.

Unlike other armies the SADF has greater use for these types of vehicles than conventional tanks and will also use them instead of ground attack aircraft. They are cheaper than these aircraft and can be more easily replaced if lost. For although fighter aircraft are assembled in SA, many of their components are still imported.

Marais says there are no immediate plans to achieve complete self-sufficiency in fixed wing aircraft, but that a completely SA-made helicopter should appear before the end of the decade. This machine suits SADF methods in local conditions and is the logical addition to the present-day high-mobility fighting units. It is not impossible, therefore, that SA's commandos on wheels may ultimately also take wings and fly.

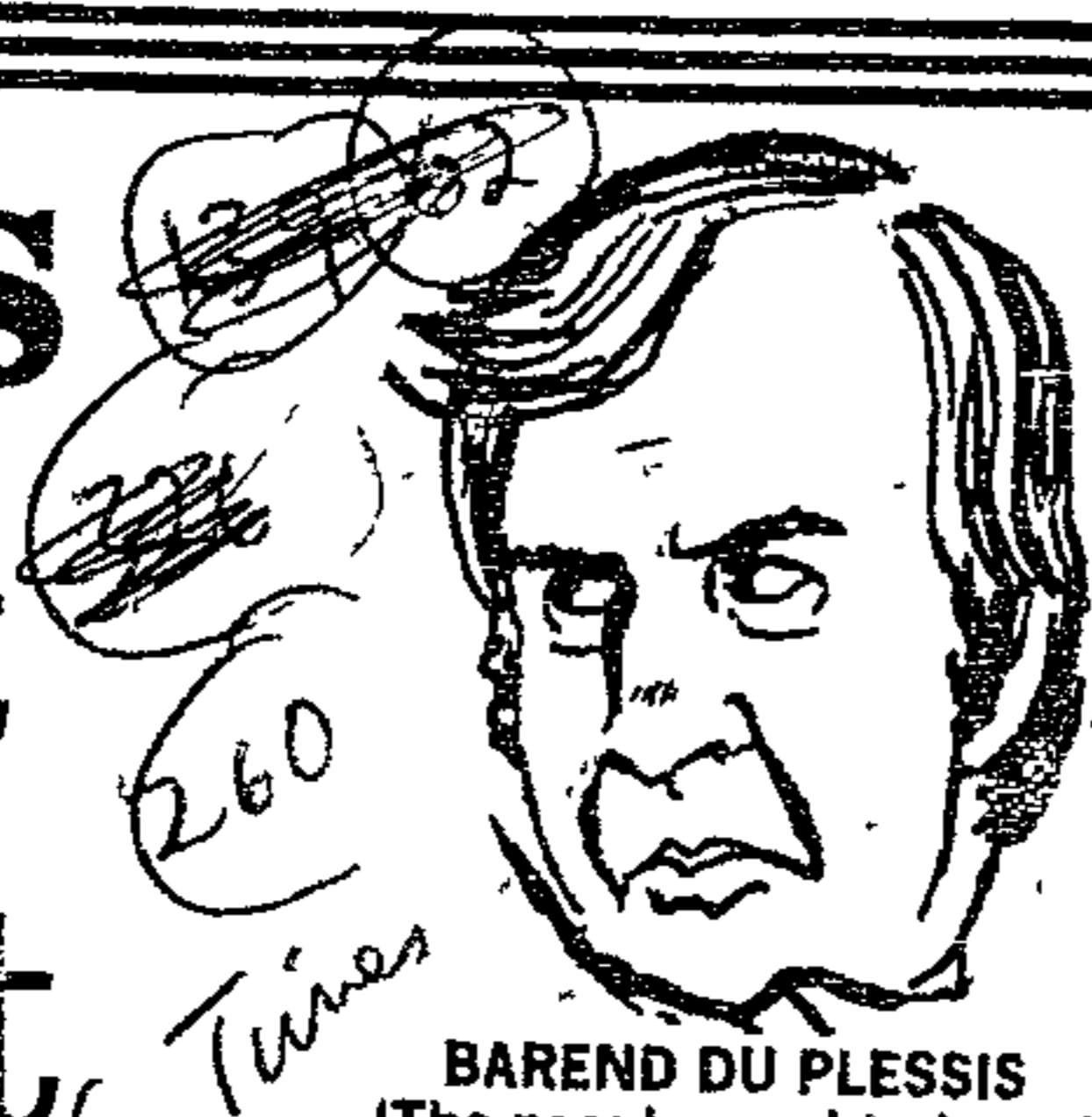
Given the depressed world economies, stiff opposition from other arms manufacturers and SA's circumscribed markets, it is difficult to judge how successful the stepped-up effort to export arms will be. There are clear advantages in technologies at present and these need to be exploited swiftly before they are ended. Hopefully, Armcor will be as successful at marketing as it has been in procurement and development. Indeed, this could be said to be its ultimate test in the business world.



SA's G6 . . super-gun system

Question 7

I was right to hit out at SABC



BAREND DU PLESSIS
'The people need to know'

By JOHN MATISONN
Washington

DEPUTY Minister of Foreign Affairs Mr Barend du Plessis says his tour of White House and State Department media offices this week proved he was right to complain about the SABC.

"My statement in Bloemfontein was by no means a demand from the side of the Government that Ministers should get unlimited time on the air to make speeches and announcements," he said in an interview in Washington

During his week in the United States Mr du Plessis found that every word of President Ronald Reagan was carried on television — "even live on one occasion on all three TV networks"

On subsequent news programmes the issue was digested.

"We have a lot to learn, and we can take a leaf out of the media in the US," he said.

"Those private networks regard it as normal to present and interpret these announcements to the public in such a way that people can understand what they are about.

Implications

"It's not the intention that Ministers should stand there and talk for hours to explain the implications. Communications specialists are much better equipped to do that.

"If an announcement is made that affects John Citizen's life it is correct to expect of a statutory body like the SABC that it get its specialists involved to present and interpret its implications to the public, in such a way that people can understand what it's all about."

'We've a lot to learn from U.S. media' — Barend du Plessis

Mr du Plessis made courtesy calls on Dr Chester Crocker, Assistant Secretary of State for African Affairs, and senior State Department officials, attended a State Department briefing, and looked over the White House media system

"I don't know how we've been able to get along without these systems so long," he said

"We have made substantial progress with installations at the Union Buildings, and it can only be of the greatest benefit to South Africa to establish effective channels of communication between the media and Government."

The daily briefings at the State Department, White House, Pentagon and elsewhere and the regular background and deep background briefings enabled the media to understand the material, he said.

Their procedures made people in government accessible to the media.

Mr du Plessis said he viewed in detail the White House equipment and facilities

He was involved in his second controversy since he became Deputy Minister of Foreign Affairs and Information when he told a conference at Yale University this week that foreign firms should isolate those who misused South African trade unions for political purposes

He called a Press conference in Washington after the incident was reported in the South African Press, and pointed out that he did not expect firms to fire union members

But he wanted them to be aware of the problem, and to speak out so that alleged political activists "feel the cold winds".

Then at least the Government would know it had allies in those firms, he said

CANDIDATE MUST enter in 1) the number of each question asked (in the order in which it has answered), leave columns (2) and (3)

Internal	External
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A lesson from Sasol

There can be few who would now criticise government's decision to sell shares in Sasol to the public in 1979

Investors have no cause for complaint. Those fortunate enough to be allocated shares in the initial, 30-times over-subscribed, R490m issue have, over the past three years, enjoyed a 29,5% return on their investment, plus a 100% capital appreciation. And this has been in the face of an economic slowdown.

They are virtually assured of continuing earnings growth in this strategic industry as volumes rise and efficiencies improve at the recently commissioned Sasol 2 and 3 giants at Secunda.

The man in the street can also have no complaints. When Sasol became a public company, it was required by provisions of the Companies Act to reveal some aspects of its affairs not previously available to public scrutiny.

Government too must be satisfied with its decision to throw open Sasol to private investors. The company is producing its targeted volumes of synthetic fuels as profitably as could be hoped.

Sasol was put in the public eye and the public's right to know was better served, as was Sasol's own need to examine and question its performance.

Its directors now report to thousands of shareholders, here and abroad, who together account for 70% of the equity. Previously they were accountable only to the proxies of government bureaucrats who were understandably less interested in profits than are holders of equity.

Further, the significant foreign interest in Sasol shares is clearly a positive factor in SA's image abroad.

It is not surprising, therefore, that Sasol today projects the image of a typical private sector competitor, out to succeed with management disciplined by the demands of the market.

Among those who might wish for it to have remained a State-governed body are its new competitors in the chemical and fertiliser industry. They are outraged that Sasol, which has hitherto been a supplier to them of basic feedstocks, has, in some cases, decided to manufacture and sell the final products in competition with them.

They charge that Sasol has the unfair advantage of cheap financing originally put up by government. Whatever the merits of this argument, Sasol management can hardly be blamed now for exploiting all the advantages at the company's disposal.

This kind of action has also helped to lessen the tax load for others. Sasol's tax bill in the three years since it went public amounted to R347,5m. In the 20 years prior to that it

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was only R202,5m. Admittedly in this period the company was still perfecting its techniques and SA was paying a lot less for its crude oil imports. But it's still an impressive contribution to the fiscus.

In his latest annual report, Sasol chairman D P de Villiers refers to government's "courage" in taking the decision to place a substantial portion of Sasol's equity in the private sector.

He says: "This bold step and the undertaking given to prospective shareholders that uniform treatment would be given to Sasol and other members of the chemical and petroleum industry which created the necessary investor confidence, largely contributed to the success of Sasol in recent years."

This naturally raises the question of the possibility of private shareholdings in other government and public corporation undertakings such as Iscor, Escom and parts of the SA Post Office and SA Transport Services.

From the information available, some of these organisations appear to be managed well enough, although there is obviously room for improvement in others.

But there is no reason to believe that any would be less efficiently run if it were to acquire a large proportion of private shareholders. Rather the opposite seems to be suggested by the Sasol experience: the message seems to be that private sector involvement increases efficiency and improves performance.

Better use of a nation's resources must be in the interests of society as a whole. It is a self-evident error, committed by collectivists, to argue that only shareholders benefit.

In some cases a change in accounting procedures and a financial restructuring may be required to attract private investors. This could involve some expense, but it would be one-off in its nature and would be made good by the benefits of more efficient performance over time.

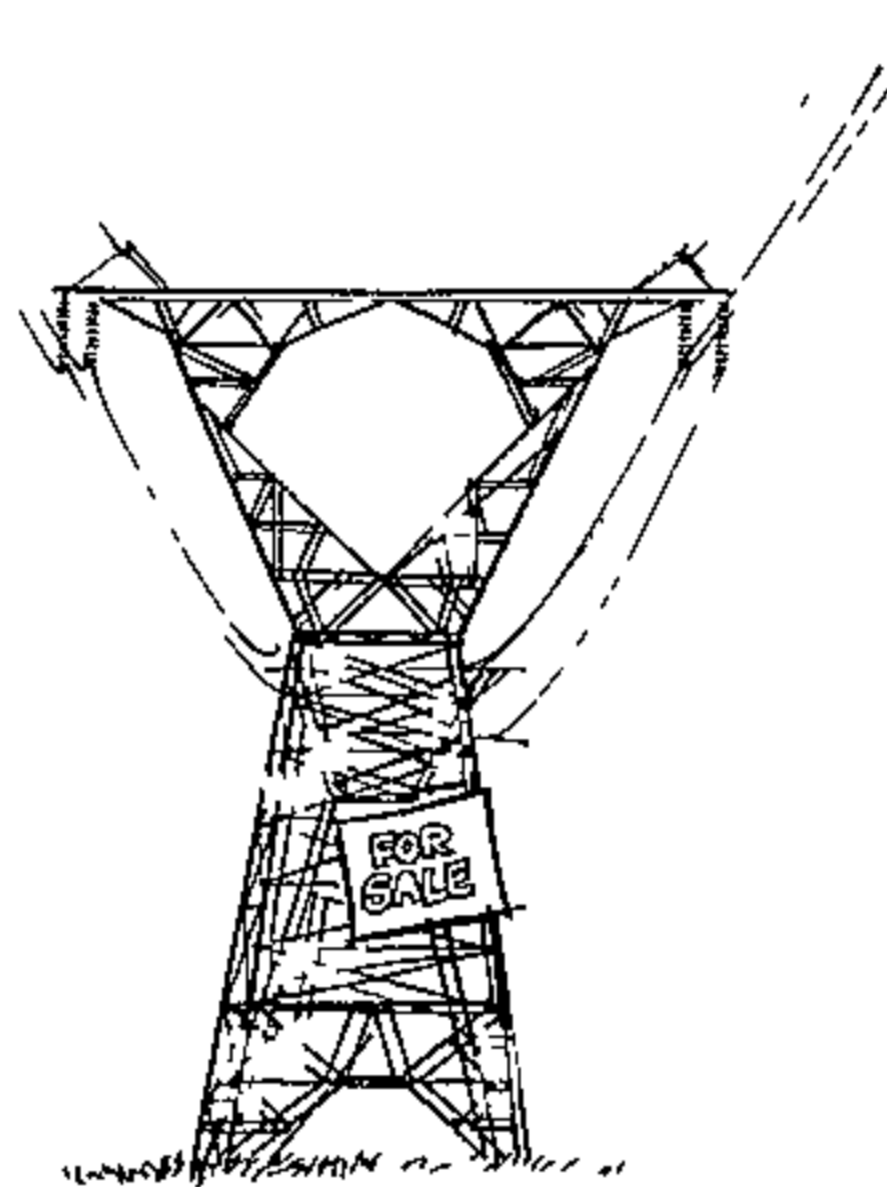
In SA more industries are under State control than is in keeping with its stated economic aims.

Looking down the road as SA's political structure inexorably changes, it is surely in the country's interests to have as great a proportion of resources as possible in private rather than public hands.

The Prime Minister, through his tacit agreement to permit the rand and interest rates to find their own levels in the adjustment process, and through numerous other steps, has shown he knows and believes in the market.

With the Sasol model at hand he should enlarge the market's role by selling off other government interests to the private sector.

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Relief for plastics producers

Sasol will spend R100m on renewing old equipment at Sasol One this year

Sasol MD Joe Stegmann says "The investment is needed partly because this plant is already 30 years old and partly because its operations were hurt when we withdrew resources and key personnel to start up our new facilities at Secunda. The lean period is now over and we are restoring efficiencies to previous levels. Some activities such as coal gasification will be even slightly more efficient than before."

In another change at Sasol One the production of two vital plastics feedstocks, ethylene and propylene gas, will be drastically reduced. Ironically, this could lead to a reduction in plastics prices this year, or will at least arrest the upward spiral.

The plant has been producing these feedstocks on old 'crackers' from expensive, petroleum-based naphtha. And local plastics producers which have been buying at high prices have long been urging their closure.

The resulting shortfalls should not cause too many headaches. Sasol is assisting Sentrachem, its main propylene customer, to build up stocks of polypropylene plastic. If these run short, any number of overseas producers, hard-hit by the world recession, will be more than willing to supply at competitive prices.

Polyethylene plastic, made from ethylene gas, is also freely and cheaply available on world markets. But SA's two

polyethylene producers, Sentrachem and AECL, will have virtually no need to import because Sasol is now producing sufficient ethylene gas through a relatively cheap process from coal at Sasol Two in Secunda.

Yet reduced local production will not mean an increased dependence on overseas suppliers for these plastics. As they are made from crude oil at Sasol One, any production drop will reduce the country's imported crude oil requirements.

The objectives of the capital expenditure at Sasolburg are conservative. Only marginal increases in output over previous best figures are expected, even though there are sufficient reserves at the nearby 5,5 Mt/year Sigma colliery to support greater throughput.

Most of the investment will go on two new boilers to generate steam needed for the coal gasification process.

Oxygen is another input in this process. But facilities to produce this gas will not be expanded because Sasol One's requirements can be supplemented by its oxygen plant at Secunda — the biggest in the world. The oxygen will be conveyed by a pipeline which directly connects the two centres which are 200 km apart.

The line runs alongside two other gas pipelines which have been installed to optimise usage of the company's total production of these materials. One will carry ethylene gas and the other Gascor gas which is provided to industry as a fuel and feedstock through a pipeline network covering the PWV area.

Gascor sales for the first two months of this year are 6% down on the same period last year when total sales were down on the 1980 figures. Stegmann says Gascor sales are a very sensitive indicator of the country's economic activity.

Union Steel Corporation is one new cus-

tomers which could support Gascor sales even if the economy remains stagnant. Its revolutionary new direct reduction plant designed to produce 250 000 t/year of sponge iron will run on vast quantities of Gascor gas (see "Usco breakthrough").

As production of synthetic fuels at Sasol Two and Three increases the country's imported crude oil requirements will fall. This means that conventional fuels production at Sasol's Natref crude oil refinery in its Sasolburg complex will also fall. This is provided for in an agreement between all conventional oil refineries to cut back production by the same proportion as Sasol synfuel output rises.

Stegmann says Natref is the country's most efficient oil refinery; it produces a white fuel yield of about 86% compared with 65%-70% for the others.

Increased synfuel production also means a higher share of the liquid fuel market for Sasol. Part of this increased volume will go through additional Sasol pumps being installed at most filling stations in the Sasol supply region of the Transvaal and OFS, the rest will be blended with brands of other marketers.

"Some years ago we negotiated bulk selling arrangements on a commercial basis with other fuel marketers," says Stegmann. "There are certain quantities which we are obliged to supply, and they are obliged to purchase. We cannot unilaterally disclose these arrangements."

On the question of other alternate fuels, he says "Proposed petrol additives will not solve the country's potential petrol/diesel imbalance and other alternatives raise further problems relating to application and distribution."

"So far synthetic petrol and diesel produced from coal are the only alternative fuels with a demonstrated success."

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Paper No

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Rom 11/16/82

Rise in steel price deals a further blow to economy

By GERALD REILLY
Pretoria Bureau

THE price of steel, which is to be raised from today, will affect the entire economy creating new pressures on a wide variety of prices

The price rise, sources said, would be lower than the inflation rate — about 10% — and follows a 5% price adjustment earlier this year.

Local consumers are being made to pay more for steel because recessionary conditions on world markets have virtually closed them to Iscor steel.

The main impact will be on the cost of building and on prices of cars and household appliances.

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What Iscor was losing on the international

market it was apparently trying to make up on the local market.

The senior economist at the economic research bureau at the University of Stellenbosch, Dr O D J Stuart, said the price rise would be passed on to consumers.

It would affect the building industry, the motor vehicle industry and the household appliances industry especially "white" goods such as refrigerators and stoves.

A senior steel industry executive said South Africa "could hardly even give away its steel on overseas markets."

Iscor is expected to announce a substantial loss in its annual report, due to be released towards the end of October.

The Progressive Federal Party's finance spokesman, Mr Harry Schwarz, said because the international market was virtually closed to South African steel local consumers were being made to pay more to compensate.

"The Government and the country is caught up in a price spiral which, if something is not done fast, will get out of hand."

Rom 11/6/82

Rise in steel price deals a further blow to economy

By GERALD REILLY
Pretoria Bureau

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"The Government and the country is caught up in a price spiral which, if something is not done fast, will get out of hand"



The creation of a chair of pharmacy at the University with a R100 000 donation from the South African F received by the Vice-Chancellor of Wits, Professor chairman, Mr B A Jacobson. Wits is already Technikon, and so far there are already 228 registered the end of next year.

Zambia's ruling party takes over papers

Mall Africa Bureau

LUSAKA — Zambia's ruling United National Independence Party (UNIP) takes over the Lonrho-owned Times of Zambia and Sunday Times of Zambia today, it was announced by the party yesterday

A spokesman said all employees would be retained at all levels with no changes in their present working conditions "The party is confident that these employees will continue to discharge their duties conscientiously

"The party is conscious of

the newspapers' large readership and is committed to continue to serve the newspaper readers efficiently"

The take-over will be effected under the auspices of the Zambia National Holdings, the wholly owned party company

Ripper's home may

London Bureau

LONDON — Victims of the Yorkshire Ripper, Peter Sutcliffe, are preparing to institute bankruptcy proceedings against him

Solicitors acting for his victims — awarded thousands of rands in damages by the courts — are to seek a court registrar's order for the sale of Sutcliffe's R70 000 Bradford home. It is his only asset

The action is being taken in an attempt to force Sutcliffe, who killed 13 women, to release his half share in the house

The house is presently occupied by Sutcliffe's wife, Sonia

"If she intends forced to stand against Peter Sutcliffe, the sale of the house to Bill Tate, who is the mother of the victim, Mrs Jayne, 16

"We will probably be asking her intentions about the house" Mrs McElroy by the courts. She survived Ripper. Long and Miss McElroy received a cent.

Prices -Day Low!



Baby Soft
2 Ply Toilet Rolls

R1,09

4 Rolls of 350 Sheets

Kelloggs
All Bran Flakes

75c

300g

Pot O'Gold

Prince gets honour after Falklands

London Bureau

LONDON — Prince Andrew has been given command of his own Sea King helicopter after completing 400 flying hours, more than 200 of them during the Falklands conflict

Fellow pilots in 820 Squadron described the prince's elevation from second pilot to first pilot as "well deserved"

He earned congratulations from his commanding officer, Lieutenant Commander

missions flown by 820 Squadron from the carrier HMS Invincible

Prince Andrew, 22, will be captain of his own Sea King when he returns from leave on October 18. The squadron is expected to rejoin Invincible

The prince, who has signed on for 12 years, has already risen from midshipman to sub-lieutenant. His cool acceptance of both routine and dangerous missions during the Falklands conflict has

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Angola is reported to be operating about 30 MiG-21 Soviet-built fighter aircraft from bases at Cuvelai and Miondo, about 200km from the SWA/Namibia border

The aircraft are flown by Cuban and Soviet pilots

Defence Force spokesmen in Pretoria would not say last night whether yesterday's incident was being regarded as an escalation of the conflict

"At this stage we are still regarding it as an incident," an SADF source said

SA warning

In East London the Minister of Defence General Magnus Malan last night warned MiG fighter pilots in Angola to "watch their step or we will clobber them"

Asked in an interview what South Africa had been doing in Angolan air space, he said "There is a build-up of arms in the area"

He said it should be recalled that only a month ago South Africa had accused the Cubans of creating missile sites in the area

"Recce flights over the area are quite normal," said General Malan

"If they violate our border we must do something about it. If they don't stop, we must do something about it."

He said the MiG was 'good in the air'

"The result shows that we have the courage the training and the ability," he said

● US 'taking wishes as realities', page 5

Cape Times Funfinder

Looking for weekend entertainment? You will find it in FUNFINDER the new Cape Times supplement that tells you all you need to know about the entertainment scene in one colourful package Look out for it on Friday morning

Mid-week specials — over 100 cars for sale on page 18



CLASSIFIED ADVERTISING OFFICE PAGE 18

Oil find not 'economically viable' now

CAPE TIMES 6/10/82

By GORDON KLING

CRUDE oil has been found off the South African coast in significant quantities for the first time in the 14-year search for the elusive 'black gold' although the find at this stage is not economically viable

In almost simultaneous announcements yesterday the State's exploration undertaking Soekor and the Minister of Energy Affairs, Mr Pietie du Plessis, said the find by the American rig, Sedco K was 136 nautical miles south-west of Mossel Bay

The structure in which it occurred is adjacent to that where the F/A 2 borehole produced a major gas and gas condensate find in December 1980

The extent of the discovery has already prompted Soekor to make plans to accelerate its drilling programme in the area as soon as one more well has been drilled elsewhere

According to Soekor sources, however, "considerably more" than the 900 barrels a day oil-flow tested at the borehole designated E/G 2, would be required before it could be regarded as commercially viable

Mr Du Plessis said early press reports had been wildly exaggerated

But a measure of the excitement generated by the find can be gauged by comparing it with the previous discovery in the area in 1978, with a flow of only six barrels

Making a special announcement at the National Party congress in East London after a telephone message from the chairman of Soekor Mr Dawid de Villiers, Mr Du Plessis said the E/G 2 borehole had produced oil over the entire thickness of a sand-bank stretching from 3297 to 3562 metres below sea-level

"A total length of 85 metres of the most promising of the intersection was tested and the best flow of oil was 900 barrels a day and 32 million cubic feet of gas a day

"The gas consisted of about 70 percent methane and the remainder of carbo-hydrate gases"

Soekor sources yesterday told the Cape Times that further testing would be carried out today

Soekor's description of future plans does not suggest a major strike has been made

Society mortgag

Staff Reporter

ANOTHER rise in home mortgage bond interest rates has been announced by one of the smaller building societies but so far there is no indication that others will follow suit

The Standard Building Society is raising its bond rates by one percent from November

Its rates now spread from 15,2 to 18,25

Gr Baz INFLATION SA NOW IN FL

ologizes to the Queen

Mr Fagan visited Buckingham Palace — and during this week's case shouted "The palace is setting me up"

After accepting the evidence of the psychiatrists that Mr Fagan had a split personality and was a threat to 'a certain person', the judge said hospital treatment was neither a punishment nor a sentence He would be treated as a patient not a criminal

But the judge said that Mr Fagan had to be held in a top security hospital because his Buckingham Palace exploits showed he had the skill to escape

The psychiatrists had said it was impossible to say how long it would take to treat Mr Fagan before he could be released

But his counsel Mr Maurice Nadin, said that Mr Fagan could be a free

and healthy man within months

In a statement written before Monday's verdict, Mr Fagan said "Along with everyone else in the world, I love Her Majesty the Queen I have the deepest respect for her and I will do nothing to embarrass her

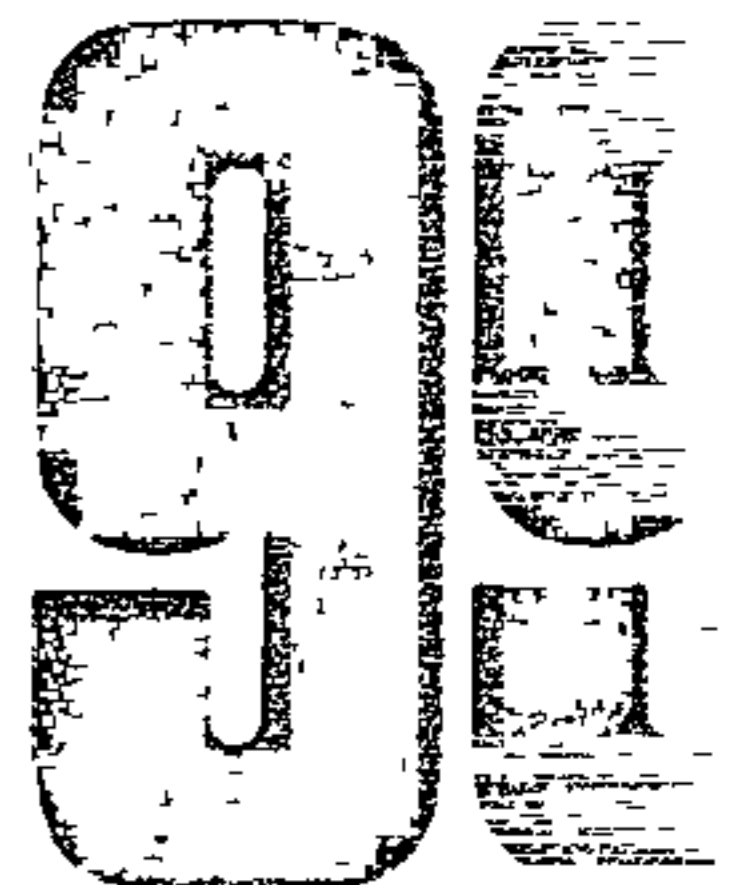
"Your Majesty, please excuse my intrusion into your privacy I didn't real

ize it would become a world topic

"All I wanted to do was to discuss my personal problems, but the way I went about it has embarrassed Your Majesty's family

"You were wonderfully understanding with me and I know you will accept this apology which is written with all sincerity Humbly, Michael"

Pink, blue, gre



2 Weather	23	Aircraft	23	Court Roll	23	Radio	23	The Facts correction service,
6-8 Classified	16-22	Burger	9	Crossword	10	Smalls	16-22	41-3361 (Mon to Fri)
23 Look at today	23	Business	12-15	Editorials	10	Sport	23-24	Cape Times, Box 11,
		Cinema	8	Horoscope	23	Transport	9	Cape Town
		Column	9	On Parade	9	Women's	6-7	(Registered at the GPO
		Comics	17	Racing	15	World Report	4	as a newspaper)

Gr MONEY

ENOUGH evidence, so far unchallenged, has trickled through to show that there are good reasons for the current inquiry into certain aspects of the SABC's programme administration

Even if the allegations turn out to be unfounded, the investigation should be vigorously pursued and the results published. Otherwise rumours and half-truths will continue to circulate, to the harm of the SABC and innocent employees.

Rumblings of discontent at Auckland Park reached a climax when Mr Bennie Human, head of TV1 and a successful writer of television films, resigned from the corporation. He is going farming, but he plans to continue writing for television.

This resignation sparked queries about the SABC's method of choosing TV films. It was suggested that acceptance of Mr Human's material, intended for a service over which he had control, had been at the nominal discretion of one of his subordinates.

Would such a situation not lead inevitably to suspicions that Mr Human's material could enjoy preference over any submitted by others — particularly by contributors outside the magic circle of the SABC?

It was said further that senior officials could make a lot of money — even more than their salaries — out of additional, out-of-hours work for the organisation that gave them full-time employment. The most glaring anomaly occurred where such officials had an open or covert interest in one of firms that produce films for the SABC.

From this welter of allegations one concrete charge has emerged. This is that Mr Michel Steenekamp, head of Afrikaans programmes on TV1, and Mr Friederich Stark, head of Afrikaans magazine programmes, were paid between R50 000 and R60 000 by the South African Lumber Millers' Association for making a film on wood-frame houses broadcast by the SABC in January this year.

Inquiry into SABC clearly necessary

RDM 11/10/82 260

Rand Daily Mail Ombudsman

JAMES McCLURG

Takes a critical look at the media

If you have any complaints against the Mail or suggestions for the Ombudsman to take up write to the Editor P O Box 1138 Jhb



The two men were partners in a film-making company, Karee Films. They had not sought the required SABC permission for going into this enterprise, and the company has been dissolved.

If reports about this film are accurate, there are two separate grounds for criticism. In the first place, no amount of sophistry could justify a system that allows officials to make extra money by contracting to produce material whose acceptance lies, formally at least, in their own hands.

Secondly — though this presumably does not fall within the terms of reference of the present inquiry — it is highly questionable in principle whether SABC-TV should have used, ostensibly as part of normal television entertainment, a film made by outside interests with an obvious axe to grind.

It is true that, as I recall, no attempt was made to disguise the source of the programme. It is also true that in another programme in another language, the merits of frame housing have been fairly debated on television, with an opportunity for opponents to put their point case.

Nevertheless, in my view, if SABC-TV accepted that the subject would make a worthwhile feature, it should have borne the cost itself and not accepted a subvention from a by no means disinterested

quarter

Accusations of favouritism are more or less endemic in broadcasting organisations everywhere. Sometimes they represent little more than vanity and wounded pride. Actors and musicians are at least as prone to these feelings as writers.

But television can involve big money, and a monopoly like SABC-TV can hold something like the power of life or death over professional careers.

No system, however carefully devised and administered, can eliminate errors of judgment. The answer does not lie in more cumbersome bureaucratic procedures, they are out of place in the world of entertainment and ideas.

But there must never be grounds for believing that the system permits self-enrichment or that the only road to the inside track lies inside the SABC.

260 Rem 12/19/92
Iscor: rail break minor

Mail Reporter

AN Iscor spokesman yesterday denied a report in a Johannesburg Sunday newspaper that Iscor would lose millions because one batch of railway lines had been deficient and some had broken after a welding operation.

It said three rails had broken when lifted after a welding operation, and it was suspected about 1 000 rails from the same batch had al-

ready been laid

Mr H Jerling, Public Relations Officer for Iscor, said yesterday the rails all belonged to a single cast.

The cast and all other rails made from it had gone to the SABS for testing. One cast out of 400 was very little of their production and was not a serious problem.

He said this batch of casts was made when their computer was malfunctioning.

DCAI WCA

Greece orders *CAN & TIMES 15/10/82* Arm Scor to ~~264~~ ~~260~~ ~~268~~ close display

ATHENS — Armscor has been ordered by the Greek Government to withdraw immediately from the international arms exhibition in Athens and the South Africans were called out just before midnight to dismantle their stands

An Armscor spokesman told Sapa "Although we have not heard anything directly from the Greek Government, we were requested by the exhibition organizers to assist them with the removal of our exhibits

"We are co-operating with them and remain convinced that our participation was worthwhile and successful"

The Armscor representatives received the expulsion order at about 11pm and were told that they had to begin pulling out immediately

The organizers were insistent that it had to be done straight away, despite the major undertaking the Armscor men faced in removing their giant G5 field gun.

The president of the Greek Institute of Indus-

trial Exhibitions, which organized the Defendory (defence) Expo '82, drove out to the exhibition just before midnight to oversee the exercise

To allow the G5 to be moved out, a large section of fencing round the exhibition had to be removed

The Greek Government said in a statement that it had ordered the closure of the Armscor exhibit because the government was "particularly sensitive over South Africa"

The statement added "South Africa has been internationally condemned for racism and expansionary policies"

The socialist Greek Government has close links with the Third World, and Armscor representatives believed the authorities have been embarrassed by media questions

Earlier yesterday, an Armscor spokesman accused sections of the international and South African press of putting pressure on the Greek government to force the company to withdraw — Sapa

PRICES

More of the same 260 FM 15/10/82

Sometimes it seems that we get the same bad news year in and year out. This week Escom, with its usual tact, sprang a 16,3% average electricity price increase. And Johan Cloete, Barclays Bank's neo-Keynesian economist, called once more for prices and incomes restraints.

So perhaps it is well to remind ourselves that the one is not the answer to the other.

Escom is a legalised monopoly which appears to have the minimum of official supervision over (or perhaps understanding of) its pricing policy. It appears simply to set its prices according to its own estimates of replacement costs (depreciation) and required capacity expansion.

That brings to mind the position at Iscor, set out by Professor Brian Kantor elsewhere in this edition. It convinced the Americans that it received no hidden subsidies to justify low export prices. Its losses were the result of inflated depreciation charges. These were used to convince the SA public, says Kantor, that steel price rises were needed.

Neither the *FM* nor government is in a position to say Escom's estimate of replacement costs and future capacity needs are right or wrong. As far as we know, it could be playing precisely the same game as Iscor.

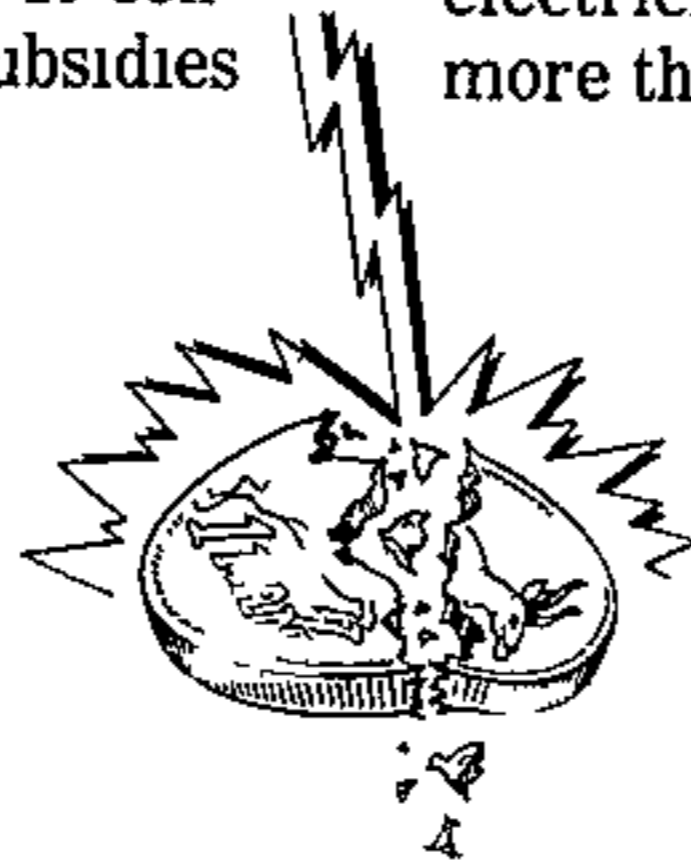
Fact is, for a monopoly to keep on justifying price rises on the basis of rising costs alone is plain bad policy. Cloete's answer is for price guidelines and a monitoring device. Problem is that once the guidelines were lifted, electricity prices would simply surge ahead again. The electrical engineers would quickly recalculate replacement and new capital equipment costs to suit their purpose.

In practice, Cloete's policy has been proven ineffectual not once, but at least a dozen times in various countries over the past 30 years. The alternative method of stabilising prices — demand management through money supply control — is being proven now in the US and Britain.

But that is not to argue that the pricing policy of an electricity monopoly should be left to its own discretion. No more than defence spending should be left to our generals.

Both would claim too many resources and could upset government's fiscal discipline.

Part of the answer could be for Escom to follow in the footsteps of Sasol and offer the private sector a participation in new electrical installations. That won't overcome entirely the problem of monopoly pricing. But it will mean the chaps on Megawatt heights will have to come down and do much more explaining.



Expulsion of SA from arms show 'mere tokenism'

W/E ARGUS 16/10/82

~~254-188~~

260

Argus Correspondent
PRETORIA — The Greek Government's decision to expel Armscor from a prestigious international arms exhibition in Athens this week appears to have been mere tokenism

Armscor executives hosted a Press conference in Pretoria yesterday and were clearly jubilant at South Africa's brief but significant step out from among the pariahs of the arms market into the international big money arena

Commandant Piet Marais, chairman of Armscor, who along with most other Armscor executives left Athens, as planned, on Thursday evening said "On November 7 the National Security Council will be five years old and in that time our arms have been displayed at an international show"

This is five years after an international arms embargo was imposed on South Africa

The invitation to South Africa to display arms at

the show came a fortnight ago from the private Greek enterprise that organises the show, the Defence Industries Directorate

The directorate works closely with the Greek Ministry of Defence and the invitation was extended to an SA Government delegation visiting Greece at the time Commandant Marais said the exhibition opened on Monday to the international technical media

Tuesday to Thursday were reserved for delegates from more than 40 nations attending the show Friday was reserved for Greek school cadets — so by the time S A's "expulsion order" had come through, the countries with the cheque books had done all the viewing necessary

Although the Armscor Executives would not confirm if any firm orders had been placed, their buoyant spirits seemed to indicate confidence of this

"The biggest interest was shown by the Americans who couldn't believe the amount of equipment

we had operational in two years

"The United States said the G6 was in advance of anything they had on their drawing boards or had even thought about," Commandant Marais said, and later mistakenly quoted costs to journalists in dollar terms, which he quickly reverted to rand currency

Fourteen countries represented by 260 arms firms displayed the latest and best in military hardware at the show They included America, Canada, France, Belgium, Switzerland, Finland, Sweden, Italy, Holland, Greece, Argentina, Brazil, S A and Britain

The buyers at the show were primarily delegates from countries in the Far East, Mediterranean, Middle East, South Asia and South America

The buying power of all these trouble hot spots runs into billions of rands each year The armaments trade is worth more than trade in gold and oil combined

Arm Scor: Red faces in Athens

Cape Times 16/10/82

260

ATHENS. — The Greek Government faced an embarrassing internal inquiry after its late action in ordering Arm Scor out of the week-long arms exhibition less than 24 hours before the event closed in Athens yesterday.

Arm Scor was able to mount one of the most prominent exhibits at Defendory Expo '82 for the first four — and most important — days of the prestige showcase, without encountering any problems.

It was only late on Thursday night that Greece's socialist government decided to act against the South Africans.

In Johannesburg, the chairman of Arm Scor, Commandant Piet Marais, has dismissed the Greek Government's banning of Arm Scor as "an empty gesture".

Interviewed at Jan Smuts Airport on his return from Athens, Commandant Marais said the exhibition had already closed officially early on Thursday afternoon and Arm Scor officials had already started covering up their exhibits.

He added that where possible, Arm Scor would try to participate in other international exhibitions of this kind. South Africa's participation in the Athens exhibition had been a tremendous breakthrough.

Athens newspapers today reported that the authorities had been unaware of the South African presence at the exhibition until yesterday.

But the Greek Ministry of Defence should have known about Arm Scor because its defence industry's directorate was involved in staging the exhibition.

When Arm Scor flew in its equipment for the exhibition, government officials carried out usual checking procedures.

And the South African flag was flying above the Arm Scor exhibition.

Greek Government sources said yesterday that the Prime Minister, Mr Andreas Papandreu, would want a report on how the South Africans had managed to escape action for so long.

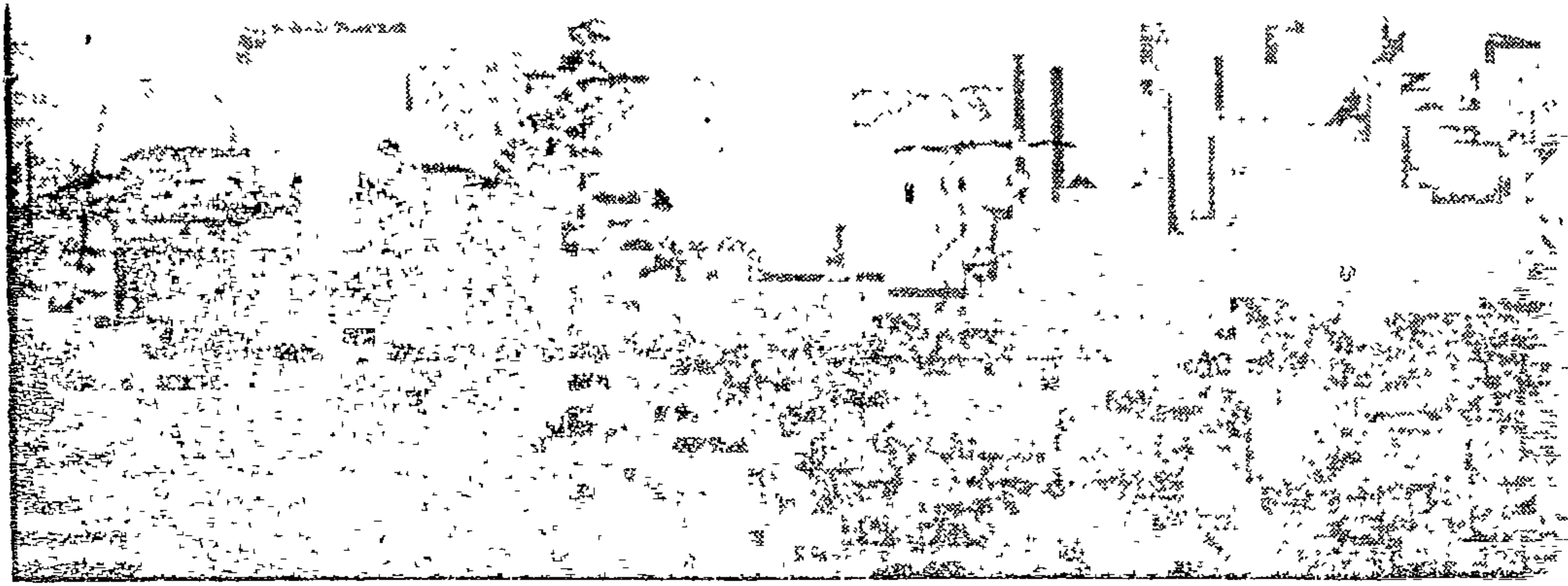
The Greek Government was apparently prompted into action by its policy of maintaining close links with the Third World.

The exhibition attracted more than 260 international arms producers.

'Extend embargo'

The Oslo-based World Campaign Against Military and Nuclear Collaboration with South Africa said yesterday that it had written urging the United Nations Security Council to extend its arms embargo to cover arms sales by South Africa.

The campaign director Mr Abdul Minty, said he had contacted the Greek Foreign Ministry as soon as it became known that Arm Scor was displaying weapons and military equipment in Athens, and had written to the UN — Sapa.



S. Tribune 17-10-82 (260) ISCOR's South Works in Newcastle - two furnac

GROWTH town Newcastle is afflicted by an epidemic of rumour and uncertainty.

And it has grown a lot quieter since Iscor suspended operations of sections of its South Works and cut overtime for nearly all of its 14 000 workers. So quiet, quipped one local, that you can almost hear people biting their nails

Added to the Iscor cutbacks — announced in September — and the general recession has been the completion of the construction of the giant capital-intensive Carbo-Chem factory. The withdrawal of the multi-national contractor, Fluor, and some of its sub-contractors is shaking some 200 high earning, free spending overseas families out of the local economy and putting about 2 000 people of all races back on the over-crowded jobs market

Last week's Sunday Tribune quoted estate agents in the town as seeing a 15-20 percent drop in house prices, and the reappearance for the first time in a long while of houses to rent

Nevertheless some prominent townfolk, including Town Clerk, Len de Wet, believe there has been an over-reaction to these setbacks.

The people of Newcastle, he said, were so accustomed to an above-average growth rate that when they returned to more normal growth they assumed things were very bad

Mr De Wet expressed surprise at the housing situation. Building plans passed this year were projected to be up 27 percent on last year and were running at more than R20-million at the end of August. Power consumption was up by more than 50 percent and the council is proceeding with major projects such as its R1,8-million Olympic swimming pool and R2-million city centre office block despite some trimmings in terms of Government requests for cutbacks

Mr de Wet believes that in terms of the town's 28 000 white population the numbers leaving for one reason or another are not all that significant.

However, there has been a significant rise in black unemployment and banks are experiencing a marked rise in repossessions

Many businesses in the town report a fall-off in trade — ranging from dramatic 50-70 percent drops to a slowing down of growth. It is clear that the ending of overtime by Iscor is taking a considerable amount of money out of the town's tills

While workers told me their overtime earnings had been in the hundreds, general works manager Hans van Vuuren said this was an exaggeration. 10 000-11 000 of his workforce "wouldn't be earning more than R30 a month. About

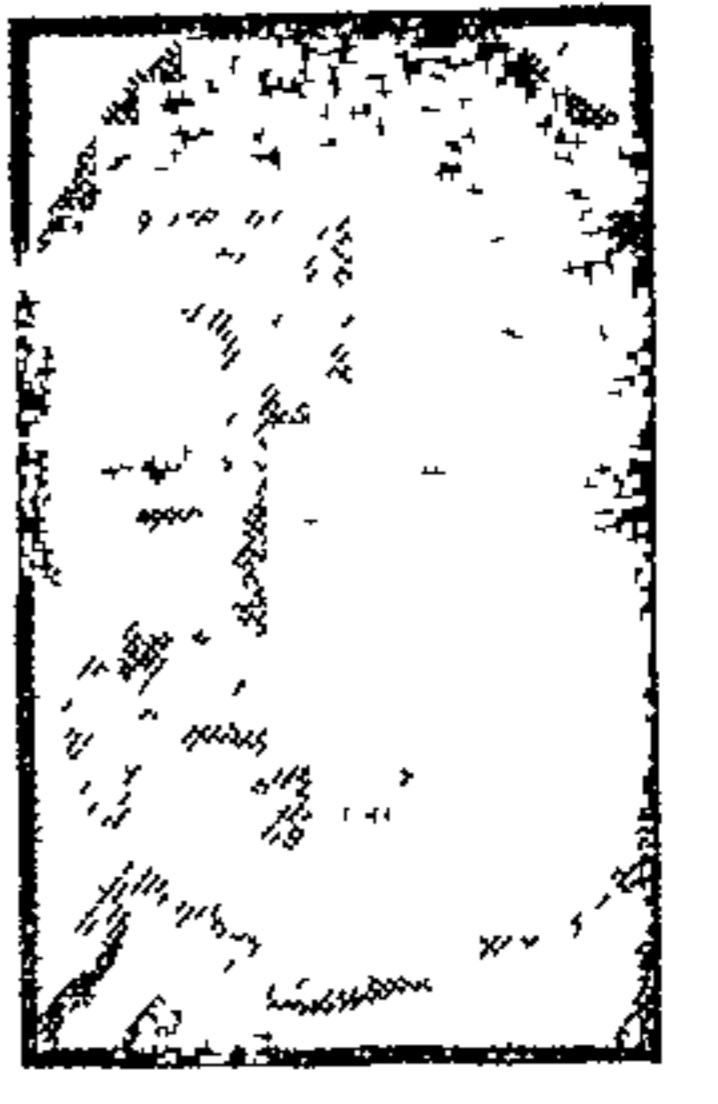
NEWCASTLE HARD HIT HUGE LOSS



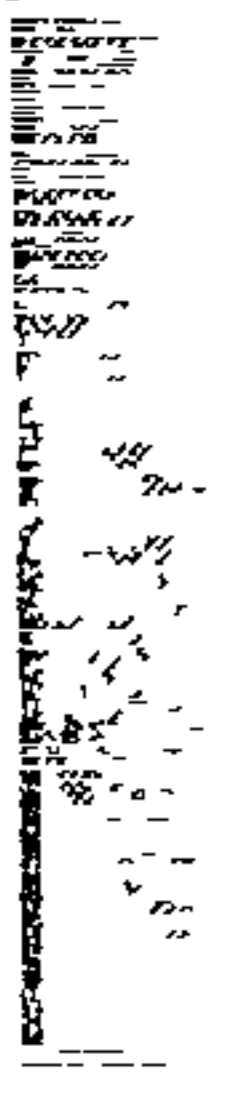
Gordon Dowsett — the town will steady



Town Clerk Len de Wet — the council has proceeded with major projects



David Travers-Jackson — businessmen are jumpy



Furn Frank — perceivable

Report by ANTHONY SWIFT

400-500 families were being displaced from the town as a result of production suspensions.

The consequence for businesses is mixed.

Some report better returns than last year — one shoe shop proprietor asked: "Slump? What slump?" — while another reported 50 percent drop in

takings. Two motor cycle outlets — said to be bedevilled nationally by rising prices and waning bike craze — reported 70-80 percent drops in sales, adding that accessories and spares sales had, however, risen dramatically. "We got a lot of custom from contract workers," said manager Mark Benson "I can't think

of one contractor customer at the moment." Jeweller Premial Makenjee said trade was down by 20 percent and he expected the new year to be very difficult. Quality furniture dealer Franz Ludick thinks Christmas will be a damp squib. He reckoned business was down by 40 percent. "I can't even entice people with bargains."

he so came Iscor purchase employ pens' Co proble small busi the Game store mana

in Newcastle — two furnaces have been closed

CASTLE HIT BY SLUMP

Newcastle's Chamber of Commerce, David Travers-Jackson, said that while the town had gained some independence from Iscor it remained the major employer "It's still a case of when Iscor sneezes the town catches cold," he said. The Iscor cuts, on top of the recession, had landed a double punch and businessmen who were around when Iscor decided not to proceed with its phase 2 in 1974 were "terribly jumpy".

Many businessmen were ready to embark on expansion programmes but were holding back "We are very keen to get a statement of policy out of Iscor and an indication of where it is going in 1983"

Among the strong rumours unsettling the town were that there will be a 25 percent retrenchment by Iscor in January. Another is that the corporation will sell houses of workers who leave the town, further undermining house prices.

Iskor's Mr van Vuuren said he did not think there would be sizeable retrenchments in January and the company was too jealous of its housing facilities for workers to put its houses on the market. If the corporation had to cut back further on production it would have a 4-5-months warning period.

He said he would take the businessmen of the town into his confidence if there was any change in the situation — "but at the moment there is nothing in the wind".

The corporation was planning nothing drastic. It was just seizing the breathing

space of the recession to refurbish some of its plant and increase its efficiency.

Mr van Vuuren said there was no possibility of Iscor permanently closing any plants as had happened overseas, and he believed there would be an upturn, following an anticipated upturn in the US economy, at the end of 1983.

Other rumours were that more than 50 "developments" in the town had been shelved and that major stores were planning to withdraw. However, there appears to be no substance to them.

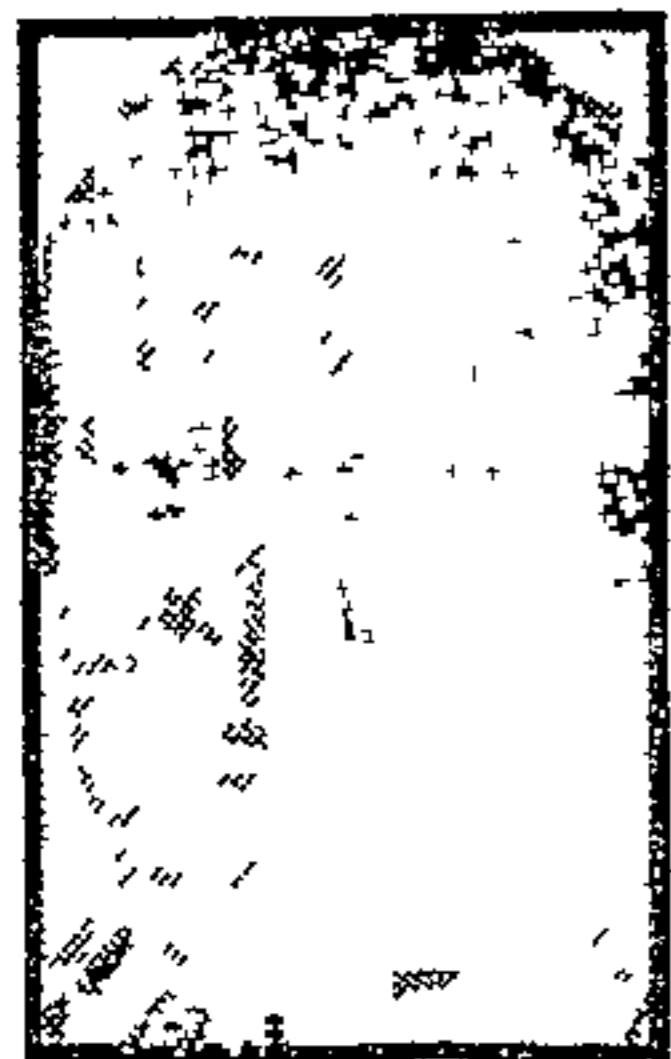
Mr van Vuuren said he believed the uncertainty in the country had led some people to believe the situation to be far more fluid than it really was.

The feeling among prominent businessmen is that people who saw the recession coming and took precautions will ride out the lean months to an anticipated upturn.

Company owner Gordon Dowsett, who is active in central business development, summed it up. "Some people will get hurt but basically the town will steady".

It was perfectly poised and equipped to take advantage of the Government's decentralisation programme when the upturn in the economy came.

"Because of our physical setting — right in the centre, between Richards Bay and the hinterland, I think Newcastle is set for some very very strong growth, despite any setback in the short-term we might have"



David Travers-Jackson — businessmen are jumpy



Furniture dealer Frank Ludick — 40 percent down but able to ride it out for a year



Jeweller Premial Makenjee — a lot of small businesses are worried

of one contractor customer at the moment" Jeweller Premial Makenjee said trade was down by 20 percent and he expected the new year to be very difficult.

Quality furniture dealer Franz Ludack thinks Christmas will be a damp squib. He reckoned business was down by 40 percent. "I can't even entice people with bargains,"

he said "The crunch came in September Iscor suspended the purchasing financing scheme it ran for its employees out of its pension funds"

Compounding the problems of the smaller retail businesses has been the recent arrival in the town of giant Game and Clerks stores. Checkers manager, Louis Korff,

said his store had also been affected by the coincidental arrival of Game and the Iscor cuts. Luxury lines in particular had taken a drop but food sales had grown "I can only think the new stores are bringing customers who don't normally shop here."

But the happy-go-lucky feeling had gone out of spending. President of

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Swiss doors still open to Iscor

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THE Reagan Administration has made no decision on whether it will back a \$1 100-million loan by the International Monetary Fund to South Africa, say sources in Washington. They say the Administration will decide the question on economic not political grounds. The Treasury Secretary, Mr Donald Regan, says the US views the IMF as a non-political financial organisation that assists countries with economic problems. The US fears rejection of SA would open the way for political interference in the IMF by other countries — Reuter

By NEIL BEHRMANN

THE decision by the Swiss National Bank to refuse authorisation of a syndicated 50-million franc loan to Iscor was the result of so-called disciplinary action against Swiss banks.

A Swiss National Bank spokesman said the decision to reject the loan application had "nothing to do with politics".

The brush-off was delivered because there had been publicity about the loan before the Swiss central bank's governing body, headed by Dr Fritz Leutwiler, had time to approve the credit.

On October 1, Union Bank of Switzerland said Iscor was making a minimum 50-million franc private placement at 7.375% maximum three-year notes on the Swiss capital market.

The issue was guaranteed by the SA Government, and Union Bank said it could be increased to 100-million francs depending on demand.

The loan was to replace a 100-million franc note, issue maturing on December 18.

All loans to foreign corporations and countries exceeding 10-million francs (about R4-million) are scrutinised by the Swiss National Bank's governing body.

There was, however, a leak to the effect that the private lending syndicate, led by Union Bank of Switzerland, had made a loan to Iscor.

The central bank decided on disciplinary action to prevent further loan announcements ahead of its approval.

A Union Bank of Switzerland official refused to comment on the central bank's decision and was not prepared to disclose details of the defunct loan.

Other Swiss bankers said, however, that Iscor and other South African institutions could — and would — continue to borrow in the Swiss money and capital markets.

JOHN MULCAHY reports that the questions now being raised are whether the disciplinary action is likely to in-

fluence Iscor's efforts at raising European financing, and whether the motives for rejecting the application went deeper than an effective rap on the knuckles for Union Bank.

It does seem extraordinary that disciplinary action against an errant bank should be in such a form as to penalise the borrower, who at least on available information fulfilled all the required conditions.

Banking sources have dismissed suggestions that South African Government and quasi-Government organisations are borrowed to capacity in Europe, and that the loan rejection on the basis of disciplinary action may have been a red herring.

Neither Iscor's general manager, Mr Floors Kotzee, nor the organisation's group financial manager, Mr G F van der Merwe, was available for comment at the weekend.

One suggestion is that the Swiss central bank is concerned about the predicament of the world steel industry, which has had a considerable impact on Iscor, but this possibility is negated by the fact that the SA Government gave an undertaking to guarantee the loan.

The latest loan was intended to replace another falling due in December, and Iscor will now have to find funds to repay the 100-million francs from other sources.

There is always the option of going to the SA capital market, which Iscor did with success for R50-million two months ago, but the cost is high, with equivalent rates in SA close to double the coupon on the abortive Swiss issue.

After another year of declining fortunes, and the downturn in domestic demand compounding the problems in the steel and iron ore export scene, Iscor is likely

to report either much lower profit for the year to June or a loss.

The annual report is due early in November, and Iscor has pointed to a significant cutback in its business by reducing output at its Vanderbijlpark, Pretoria and Newcastle plants.

Last year's report showed fixed period loans totalling R1 287-million, of which R208-million was due to be repaid by the end of June this year, and another R175-million in the year to June 30, 1983.

A choice:

Low rise

No rise

No job

2601
SLS
21/10/82

Staff Reporters

As the recession bites, South African workers face low pay increases, no pay increases at all or retrenchment

The Minister of Transport Affairs, Mr Hendrik Schoeman, has warned South African Transport Services employees not to expect pay increases for the year ahead if retrenchments are to be avoided

This follows the news that SATS faces a deficit of R500 million this year

Sources in Iscor said there were fears that employees in some sections of the corporation would not receive increases. A spokesman declined to comment on whether there would be general wage increases but said no retrenchments were intended

Mr J P Kotze, managing director of Iscol, warned this week that the steel market had shrunk to such an extent that adjustments were inevitable

SACRIFICES

He said old blast furnaces at the Newcastle works would be closed down and production at the Pretoria works would be curtailed

The Vanderbijlpark works would not be affected, he said.

Iscor staff would have to make sacrifices, Mr Kotze said

Except in special cases, no new staff

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The choice:
Low rise
No rise
No job

▶ from page 1

would be taken on and manpower would be allowed to erode naturally through retirement, death and resignations

At all levels, productivity would be increased. Extensive training programmes to reduce costs had been begun, he said.

A spokesman for the Public Servants Association said a meeting with Mr F W de Klerk, Minister of Internal Affairs, was envisaged next month when the pay issue would be discussed.

EXTENSION

The PSA has asked for increases which take effect next April to be pegged to the consumer price index, but the association has received no reply to this request from the Commission for Administration.

Recent indications have been that public servants can expect pay increases of about 12 percent, which is below the current inflation rate.

The PSA is also pushing for an extension to the system of job differentiation in which categories of public servants receive special pay increases.

The Star reported earlier this week that many firms were expecting to pay white workers an average of 12 percent more in forthcoming increases.

SHORTAGE

Despite the gloomy pay prospects, the Postmaster General, Mr H O Bester, said in Durban this week that South Africa was short of 150 000 skilled workers and that despite the 31 000 apprentices in training, there was still a lot of leeway to be made up.

He said South Africa was known to have one of the lowest productivity ratings among industrialised countries.

ISCOR (260)
Technical hitch

FM 22/10/82

The Union Bank of Switzerland (UBS) will in all probability offer to renew on the Swiss capital market the recently postponed SF50m loan to Iscor. Both UBS and Iscor will act in close co-operation with the Treasury and with the Swiss National Bank and could aim for SF100m.

The timing will depend partly on the views of the authorities and partly on the receptiveness of the market. Iscor has only until the end of November to make a decision. In mid-December Iscor's present SF100m notes fall due for redemption.

The current situation is quite unusual. It is also deeply embarrassing for UBS. It does, however, amount to something of a technical hitch in Iscor's international borrowing plans.

At the end of September, UBS told a news agency reporter that Iscor was raising SF50m on the Swiss market subject to the approval of the Swiss National Bank. It was, up to that point, fairly standard procedure.

A bank, who saw its customer's notes maturing in the near future, would contact that customer and find out if a fresh issue was required to meet the redemption. They then went along to the central bank to ask for permission.

Unfortunately it became standard practice of many banks in Switzerland to take this course and announce the deals in the press. The central bank decided to take action to enforce its rules. It would not be regarded as a rubber stamp, learning first through the press of the loans it had to approve.

It, therefore, apparently decided to send a circular to all banks reminding them of their obligations to seek approval before announcing an issue. To back up the circular it also blocked UBS' proposed issue for Iscor. "The central bank had to pick on a big bank and a big issue. Otherwise it would just have been ignored," said one of the participants in the affair.

But it was Iscor's bad luck to be chosen as the fall guy. "It was most unfortunate," says a senior financial official of another State borrower. "I would have been most unhappy, though, if the bank had not cleared it with the central bank first. It is not up to us to talk to central banks."

One German banker in Johannesburg believed that UBS was not very happy about the incident. "UBS has had its knuckles rapped. It will have to tread very carefully in the future in its relations with some borrowers," he comments.

What is crucial is that the decision by the Swiss National bank is in no way a reflection on SA and its politics or on the credit rating of Iscor. Indeed Iscor has not been in the international note or bond market for some four years.

The present exercise was partly aimed

at keeping its name in the market. In the event Iscor has probably received more exposure than it bargained for.

In Pretoria, Iscor has had a number of offers of funds should the Swiss deal fall through. "I can offer them Swiss francs, German marks and dollars if they want them," said the German banker.

But Iscor would like to maintain its relationship with UBS and the bank, no doubt, would prefer to make amends.

Post Office debut

FM 22/10/82

Signs were that the Post Office would make a successful debut in the capital market this week. The formal name of the borrower is the Department of Posts and Telecommunications and it is seeking R50m through a private placing.

The Post Office plans to become a regular borrower in the market in the long-term and it is also keen to see an active secondary market develop in its paper.

Three loans are on offer: a 25-year issue priced at R79,34% bearing a coupon of 10% to yield 12,75%, a 10-year stock at R82,60%, also with a coupon of 10%, for a yield of 13,10%, and a five-year issue at R87,68%, again with a coupon of 10%, to yield 13,25%.

They are all classified as reissuable loans. The two banks involved are UAL and Volkskas Merchant Bank (VMB).

VMB was also in the preliminary stages of arranging a R5m borrowing for the Municipality of Standerton.

Senbank and UAL organised the raising of R10m for the Umgeni Waterboard. Two loans were made: No 13 priced at par with a coupon of 14,25% for two years and No 14 priced at R94,76% with a coupon of 12,50% and a yield of 13,2% for 25 years.

The board was originally down to borrow

R25m but apparently it managed to raise some project finance which enabled it to cut its capital market requirements.

Of the other, smaller issues, Roodepoort Municipality decided not to come to market and Kempton Park was in the process of raising R3m.

Newcomer

Another newcomer to the market, the National Housing Commission, signalled its arrival in the middle of November by appointing Senbank, UAL and VMB to handle a R50m borrowing. Like SA Transport Services and the Post Office, the Housing Commission will become a regular borrower in the market. The sooner it establishes its name in the market the better.

The secondary market in gilts and semi-gilts was very quiet. The large institutions have taken a lot of stock in the past few days, thanks especially to the success of the Treasury tender. A number of sub-underwriters of the latest Escom issue have also taken unwanted paper.

Rates were a little lower than seven days ago. On Wednesday morning, the key stock, RSA 12,50% 2003, was trading at around 12,27%. But the volumes were low. The Public Debt Commissioners were still sellers of stock and the Reserve Bank was also tapping the market on a small scale.

"Basically, the market is treading water," said one dealer. Another thought the

next major move depended on the direction of the gold price while yet a third believed a trigger could be a fall in short-term interest rates.

'DISCREDITED' VIEW IN EMERGENCY PLAN

Alerts 22/10/82
Science Reporter

ESCOM is using a report on the probabilities of a nuclear accident, described by Koeberg Alert as out-of-date and repeatedly discredited, as part of the basis for its emergency plan in the case of an accident at Koeberg

Attacking the use of the report, known as the Rasmussen Report, an information sheet released by Koeberg Alert, the organisation of doctors, scientists and academics concerned with

the use of nuclear power close to the city, says "Ited time and time again"

"The Atomic Energy Board is fond of quoting the Rasmussen Report (commissioned by the AEC in the United States), which tries to show that the probable consequences of a nuclear reactor accident are much smaller than a whole array of risks to which society is already exposed — for example airline and motor car crashes, chemical explosions, floods, etc

"But the Rasmussen Report has been discred-

The statement said of the report

- It was based on 970 reactor years — on smaller reactors than the 800 M Watt size today

- A technique known as fault tree analysis was used, which made unrealistic assumptions

- Some of the tests were carried out on non-nuclear components,

- It was illogical to compare accidents to other accidents

"For example, you have the choice whether you fly or not and how you drive your motor car. Similarly a car accident cannot kill 6 000 people and after a flood one does not have to evacuate for a life-time as one would in a nuclear disaster"

The Rasmussen Report was quoted from by an Escom official, Mr J Walmsley, chief officer (safety assurance), at a meeting in Cape Town today at which Escom presented its emergency plan.

ESCOM TO ISSUE DISASTER NER GUIDE

ARGUS
22/10/82

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Staff Reporter

THOUSANDS of pamphlets outlining emergency procedures in the case of the worst possible nuclear accident — a reactor core melt-down — will be distributed to people who live within a 16 km radius of the Koeberg nuclear power station next week

At a briefing today, senior Escom officials told representatives of local authorities and the media what safety measures would be undertaken to protect the population from nuclear contamination in the event of a radioactive leak

However, Cape Town's Medical Officer of Health, Dr R J Coogan expressed doubts about the effectiveness of the safety measures Dr Coogan lives 5 km from Koeberg

"Relatively safe"

On the panel were Mr G F Hellstrom, regional manager of Escom in the Western Cape, Mr J Walmsley, chief officer (safety assurance), Mr P M Semark, power station manager (Koeberg), Mr D L Craythorne, assistant secretary, Cape Divisional Council and Mr C A Gospill, head of nuclear services, Western Cape

Mr Walmsley, quoting the Rasmussen Report made to the US Atomic Energy Commission on the probability and consequences of nuclear accidents, said the chances of a radioactive leak were one in every 10 000 years of the life of an average power station

Compared to the number of occupational and non-occupational deaths in a coal power station, nuclear power stations were relatively safe, said Mr Walmsley

Nevertheless, Escom has been compelled to introduce safety regulations

Stable iodine tablets

The first protective action to be taken in the event of an accident will be to notify people within a 16 km radius to take shelter in their houses and to seal ventilation outlets. Stable iodine tablets would be administered by health authorities to minimize the intake of radioactive material into the thyroid gland.

Only in extreme cases would evacuation be recommended

Mr Craythorne said Divisional Council staff would be able to begin emergency actions within an hour of an announcement of a nuclear accident

In case of evacuation, arrangements had been made with City Tramways to provide large numbers of buses, which would take people along evacuation routes to centres where they would be rehoused

Because there were 40 000 people in the evacuation area it would be impossible to evacuate the whole area, but an accident would be likely to affect only a percentage of the area, said Mr Craythorne.

60 km "rule of thumb"

Dr Coogan told the panel that statistics that had been outlined by Mr Walmsley indicating the improbability of a nuclear accident could not simply be applied to every individual power station

A report released in America after the Three Mile accident had recommended as a "rule of thumb" that no nuclear power stations be constructed within a 60 km radius of populated areas

"Evacuation might be possible in the immediate 16 km radius of Koeberg, but completely impossible for the whole of Cape Town," said Dr Coogan

"Related to this is the worry about the meteorology of this area. The meteorological conditions in Table Bay could be described as a maelstrom and it is not impossible that if an accident occurred we would be talking about protective measure within Cape Town itself," he said

Iscor^{Stw}
ordered^{23/10/82}
to close
furnace⁽²⁶⁰⁾

Own Correspondent

PRETORIA — The Pretoria Supreme Court has ordered Iscor to close down a furnace.

The interdict followed an allegation that Iscor had unlawfully copied parts of a furnace designed by Harchris Heat Treatment Ltd in Springs

Harchris, a plant which deals with heat treatment on metals, constructed a furnace called "Top Hat" in 1979 capable of treating a variety of articles. The plant claimed the whole concept was developed during the preceding 22 years. That and requisite characteristics were confidential.

Mr Justice B O'Donovan said: "I find Iscor arrived at the design of the furnace by copying the Harchris furnace and it saved itself a good deal of time, trouble and expense by doing so."

Mr O'Donovan ordered Iscor to stop using the furnace and from selling or disposing of steel treated in the furnace. Iscor was also ordered to pay costs. A damages claim was postponed until it could be fully investigated.

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Iscor gets loan offers

By PAT SIDLEY

ISCOR has had offers to lend it the 50-million francs denied to it last week by the SWISS National Bank.

The central bank refused to sanction the loan which had been arranged by Union Bank of Switzerland. It took disciplinary action against Union Bank which was alleged to have leaked details of the loan.

Iscor's plans are being kept under wraps to avoid "premature press speculation".

Mr G.F. van der Merwe, Iscor's financial manager, said yesterday that it was not up to Iscor to reapply for the loan from the Union Bank, but up to the bank in Switzerland.

"We're holding on for the time being," he said. The loan was intended to

replace a 100-million franc loan falling due in December.

Mr Van der Merwe said the December maturity of the loan could become a problem "if we are unprepared", but Iscor was confident it would not have a problem.

"We have had other offers for the raising of the funds. These are now being considered along with other options by the Department of Finance and the Reserve Bank," he said.

Whether the offers were taken up depended on approval — on both sides — and on the interest rates and maturities.

Mr Van der Merwe said Iscor had not been to the international markets for some time.

"Our debt ratio has come down quite substantially over the past few years and we have positive cash flows.

"It's a matter of timing and taking the correct course of action."

Iscor steels itself for expansion

By Stan Kennedy

Regardless of the near-stagnant conditions in the international iron ore and steel markets, Iscor is to spend R800 million in the next two years on existing and new capital projects.

In a process of consolidation and improvement, Iscor hopes to increase productivity and plant efficiency, reduce operating and production costs, and enhance the quality of raw materials and end-products.

STATUS QUO

Maintaining the status quo at its works and mining centres is included in the programme, and R140 million has been earmarked for this purpose.

In an appraisal of the technical and economic features of Iscor's capital programmes at the Capex conference yesterday, Mr F P Kotzee, Iscor's managing director, said efforts would be made to increase productivity and to use men and materials sparingly so that the corporation would continue to be competitive in the local and overseas markets.

Total steel production in the 29 countries reporting to the International Iron and Steel Institute had dropped by 11,3 percent in the first eight months of this year. In the same period South Africa's production declined by 2,5 percent.

"It could be suicidal to embark on expansion, but we could not carry on with what we have, waiting for more prosperous times and then, when the upswing starts, not be able to feed the hard-won markets with the steel they need and so lose them completely," Kotzee said.

Among the major projects under construction or to be built in the near future were:

- A 600 000-ton-a-year sponge iron plant at Vanderbijlpark using the coal-based direct reduction process.

- Coal briquetting plants at Newcastle and Vanderbijlpark, which would improve the quality of metallurgical coke used in the blast furnaces.

- Modernisation of the metallurgical facilities at Pretoria.

- Installing a plant-waste and overburden system, and a coal handling plant at Grootegeluk coal mine.

- Upgrading blast furnaces at Vanderbijlpark.

- Modernising of improving the continuous casting plant at the Vanderbijlpark oxygen furnaces.

Mr Kotzee said the coal-based direct reduction plant at Vanderbijlpark would cost R190 million and would be the largest of its kind in the world producing highly metallised direct reduced iron. It was confidently expected the plant would achieve a breakthrough for the coal-based process.

At full production, the annual consumption of raw materials would be 1,1 million tons of Sishen iron ore, 540 000 tons of coal and 68 000 tons of dolomite.

The two coal briquetting plants at Vanderbijlpark and Newcastle, with capacities of 4 000 tons a day each, are among the largest of their kind in the world. The combined cost will be R68 million.

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How SA should decentralise

The growth of SA over the past 40 years has led to the creation of vast lumps of assets — representing values of tens of billions of rands — under the control of the State. They are a mixed bag, both in terms of activity and in the means of control. Fresh ones are still being added, Atlantis Diesel Engines being the most obvious example. And new organisations are being created to finance them, the Small Business Development Corporation, for instance. Is not the process out of hand in an avowedly capitalist society?

The success of the Sasol issue to the public provides a substantial argument for returning further pieces of State enterprise to private ownership. Sasol has been a roaring success with investors both at home and

overseas. The participation of the public in 70% of the equity has been seen — and indeed it is — evidence of government awareness that private capital has a pivotal role in the development of strategic technical resources. This we fully back, and we would like to see the process taken further. It is not only wise, but it is also necessary to enlarge the market's role by selling off other government interests to the private sector.

It is true that SA has for many years been a mixed economy. But there are a number of reasons why private participation in what are now State enterprises would be beneficial. One of these is that institutions with large cash flows are constantly seeking new areas of investment

The weight of funds theory has looked increasingly convincing an argument over the past 18 months, as the JSE Actuaries industrial index has driven up in the face of high financing costs and relatively poor prospects for industry, at least until the final quarter of 1983. Investment managers have sometimes suggested that other forms of equity investment, such as property, offer them scope for placing capital into areas that offer long-term growth in investment values. But a shortage of investment opportunities does suggest that too much money could be chasing up too few investments and that amounts to inflation.

But privatisation of State enterprise has wider objectives than the simple mopping up of investment funds. Apart from the

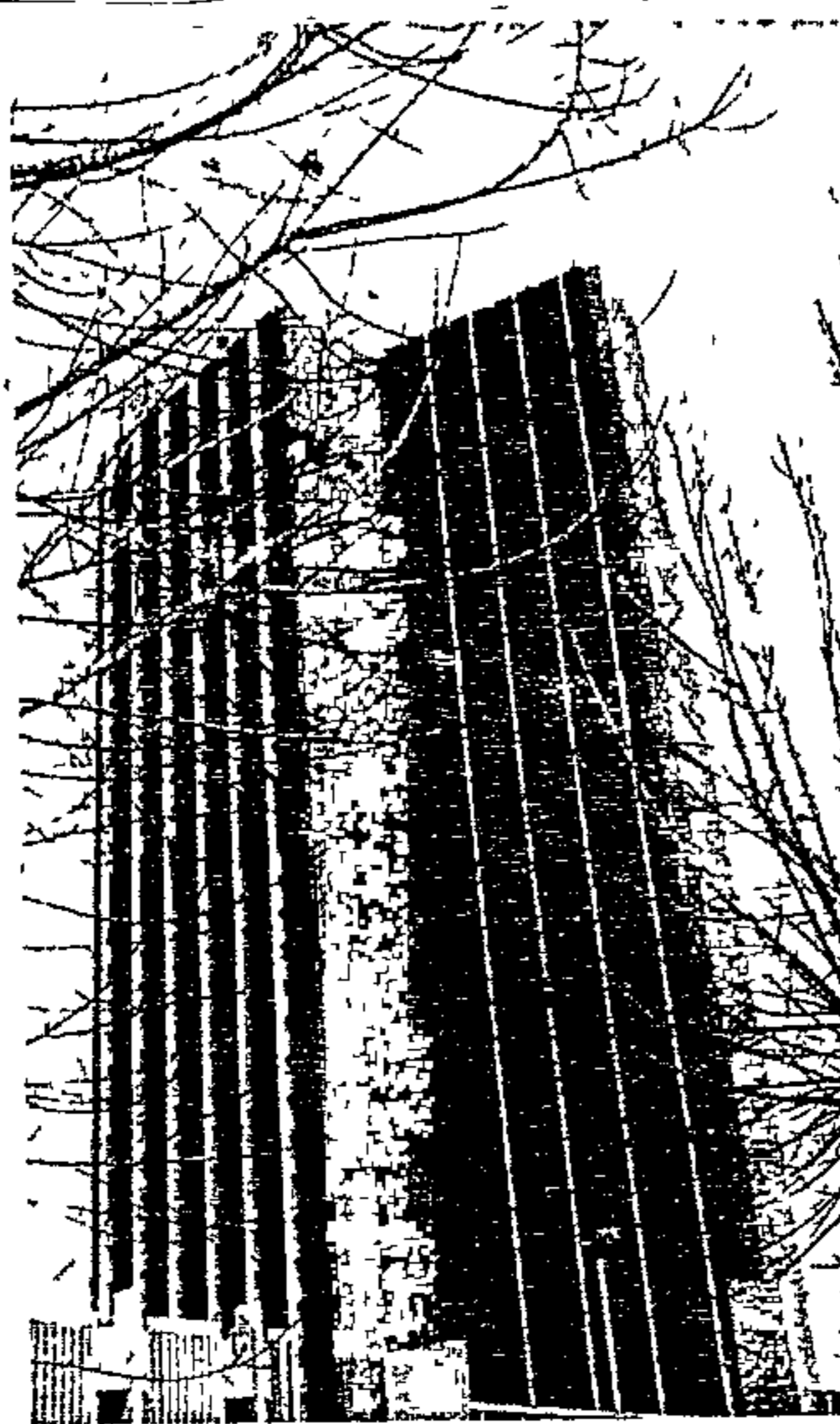
simple acknowledgement that this society is indeed a capitalist one, the major rationale of such a move is to introduce competition as the best means of holding down costs. Sasol has already shown signs of achieving that objective to the point where there have been cries of anguish from private sector chemical companies.

But Sasol is — and to a degree always has been — a competitive organisation. In 1950 Sasol One was "registered in terms of the Companies Act as an ordinary company with a profit motive". The position of Escom, for instance, is totally different. Chairman Jan Smith notes in the latest annual report that under the Electricity Act of 1922 Escom's objective is to provide an abundant supply of electricity at cost "wherever it can be used for the economic advancement of SA". Profit is not the essential motivation of the utility.

A commercial enterprise could have ideas totally at variance with these. Many economists believe that the non-profitable provision of infrastructure by the State is an essential feature of national development. That is open to argument, of course.

But there might be other problems. Escom is, after 60 years of endeavour, a Big Thing. Total assets at the last balance sheet date were R11 billion. The top 10 listed companies in the FM's Top Companies survey this year together had total assets of only R13 billion.

Still, there are ways out of every problem. A State determined to privatise could, for example, simply give one share in an Escom, reconstituted as a company with a share capital, to each SA citizen. After all,



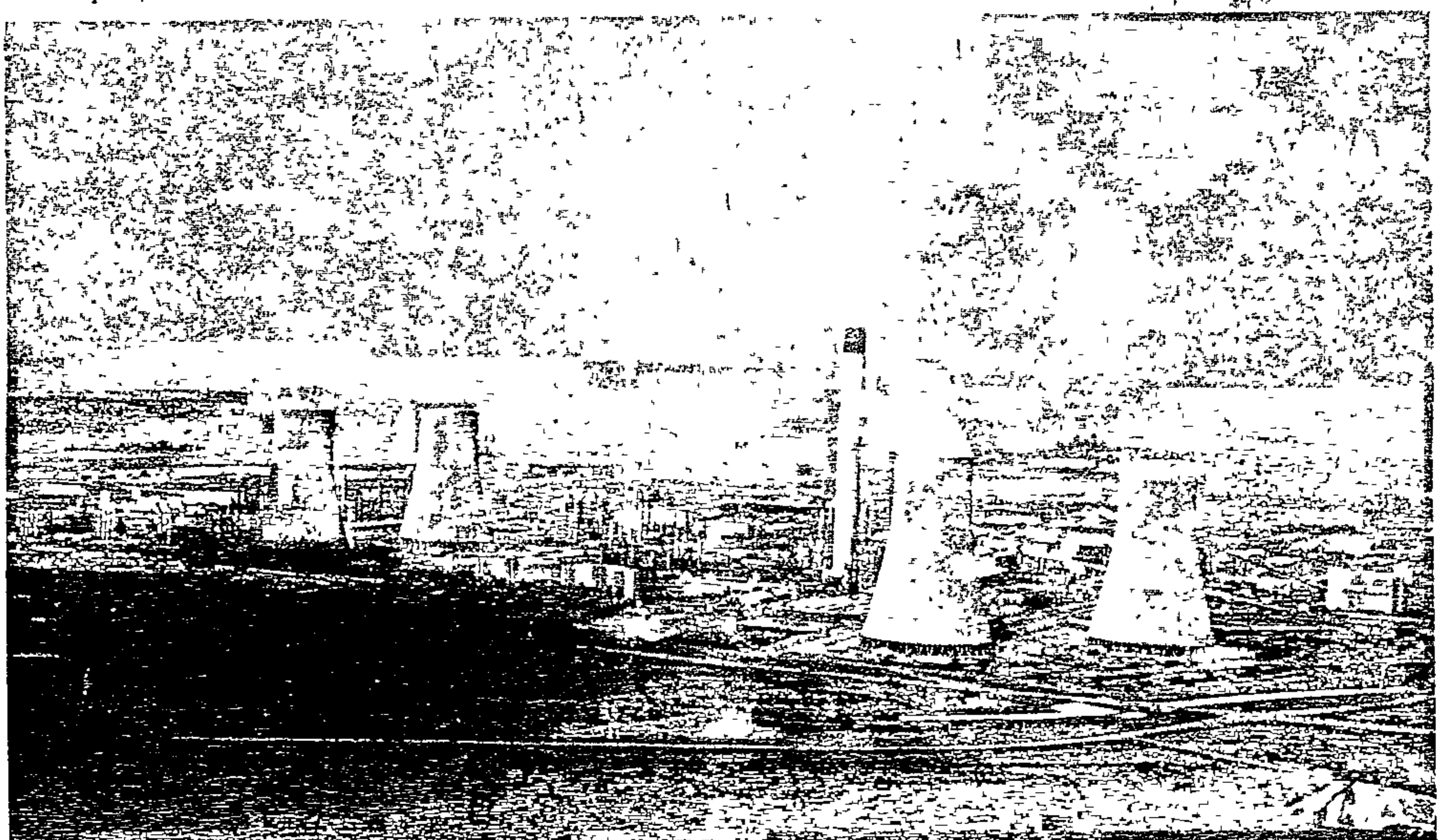
SATV's Auckland Park ... could make a popular sell-off

citizens who are the State, own it already. Such a move would certainly ensure a wide spread of share ownership. Whether this solution is ideal is another matter. Another means would be to convert some existing Escom loans into equity. Locally-registered Escom stock, bond issues and direct placings not held by Escom itself totalled

R4.9-billion at the end of last year. The great part of such loans are held by SA institutions. It is true that to convert such loans into equity would require substantial alteration of the rules on prescribed investment. But institutions might welcome inclusion of Escom equity as a prescribed investment to replace, or be added to, Escom fixed-interest stock.

Intriguing though these ideas are, they do not solve the apparent problem that Escom, and other such enterprises, tend to make losses rather than profits. As we discuss elsewhere in this issue (*Economy*) accounting methods employed by public corporations may encourage that situation. From the accounts as they are presented, there is no doubt that Escom was making a loss on operations last year. It is difficult, from the outside, to know whether this situation could be changed in Escom's case. It would be unfortunate and absurd, for example, to move to the arrangement in Mexico, where you have to have shares in the telephone utility to get a telephone. The result is that the utility's shares are the most actively traded in that market.

One government that has approached privatisation with enthusiasm is Margaret Thatcher's in the UK. Two quotes from Ministers in the UK's Tory government illustrate the philosophy. Lord Cockfield, Secretary for Trade "Privatisation represents by far the most effective means of extending market forces, and in turn of improving efficiency and the allocation of resources". And Nicholas Ridley, Financial Secretary to the British Treasury "The introduction of competition must wherever



Sasol ... paving the way for privatisation

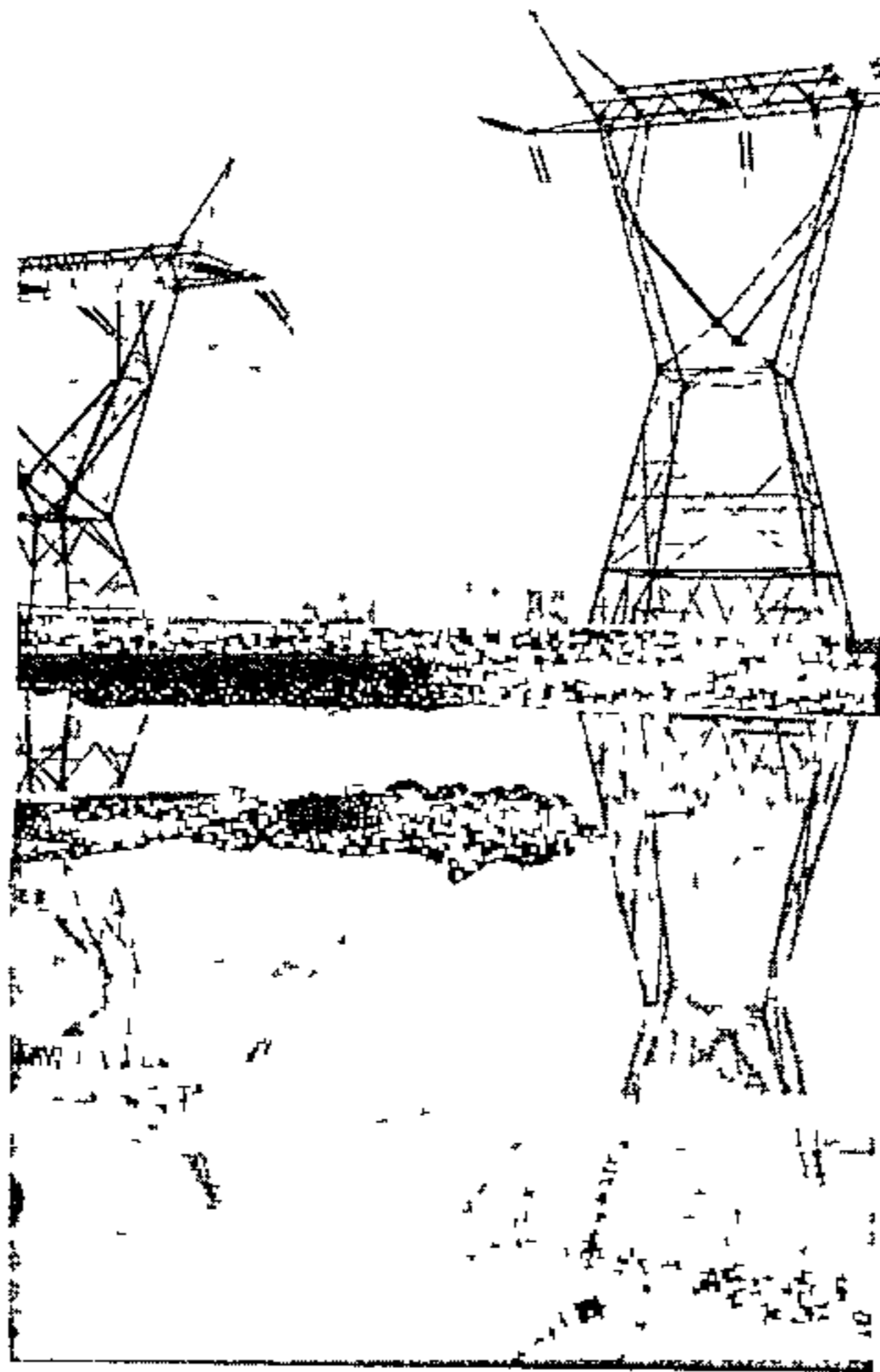
possible be linked to the transfer of ownership to private citizens and away from the State. Real public ownership — that is ownership by the people — must be and is our ultimate goal.”

Implementation of this policy has thus far taken three basic forms. The selling of State assets to the private sector, the contracting out of services, such as refuse removal, formerly undertaken by central government or local authorities, and the abolition of State monopolies (such as telecommunications and electricity generation) to allow private enterprise to compete with the State.

Stock market success

Thus far, sales of assets have had the most visible impact, yielding £1,3 billion for the government between 1979 and the end of March 1982. The sales have also been smashing successes with the London stock market. In one case, for instance, that of Cable & Wireless (overseas telecommunications), 51% was floated off to fetch £182m. The shares were issued at £1,68 each 12 months ago, and now stand at £3,15. They have acquired something of a glamour stock status, partly because of a 40% stake in Mercury (chairman, Sir Michael Edwardes), which is setting up a national telecommunications network using optical fibres laid alongside the railway lines to compete with British Telecom's previous monopoly.

As we have noted, Sasol to some degree already meets the requirement that privatisation should tend towards competitive operation. Without that feature, there must be considerable question whether assets held directly by the public at large, rather than through the medium of the State, would have any particular effect upon anything. Although it is possible to argue that equity capital is, from time to time, cheaper than loan capital, it is by no means always so. None the less, in circumstances of high inflation and interest rates, the financing problems of State corporations by means of loans may in future be serious. To quote Jan Smith again: “The



Escom power . . . a switch to private ownership?

13,1% average increase (in tariffs) effective from January 1982 is indicative of what may be expected, unless conditions change.” Latest announced increases of an average 16,3% from January 1983 bear out this warning.

All these circumstances suggest that it will be wise for authority to move towards public participation — and competition — in a wide variety of endeavours. How should government be selling its assets? What do merchant bankers look for in a juicy issue of shares to the public?

Let us take one example in a little detail, and see how it might look. SABC.

SABC's last income statement showed revenue of R201,5m (derived mainly from licence fees and advertising) against expenditure of R198,6m. The positive balance of R2,9m was transferred to the so-called “gen-

eral fund.”

However, expenditure included a number of items that would not feature in the income statement of a listed public company. They included the write-off of establishment costs of TV2 and TV3 (R42m), and transfers to a redemption fund and a development fund (R50m). Extracting, also, contra-items from the expenditure total, the SABC was showing a profit of R70,9m, to which should be added interest on the sums transferred to redemption and development funds. On that basis pre-tax profit was R80,8m. The next step is, inevitably, something of a guess: a tax rate, after bringing in investment allowances, of 25%. That would leave a very healthy net profit of R60,6m.

The capital base

Turning to the balance sheet, permanent capital and funds appropriated for capital expenditure, together with the total of the redemption and capital funds provide shareholders' funds of R316,9m. So our assumed profit figure offers a net return on shareholders' funds of 19,1%, which is not to be sneezed at.

Inevitably, the foregoing is a simplified arithmetical exercise. Less in doubt must be the prospects for future growth of advertising revenue, which represented 59% of total revenue in 1981. The likelihood is that in current markets, a very successful share issue could be made. But to realise the benefit of such a step there would need to be a concomitant permission for other private sector TV broadcasters. Competition is what steps up efficiency, not private ownership of monopoly.

There are plenty of other areas of State enterprise in which privatisation in that full sense might be beneficial. And in a few cases, there have been signs that the State is loosening reins. Among them have been Iscor's former controlling interests over listed Metkor and Samancor. Interestingly, Iscor's stake in each has been reduced to the 30% level adopted for Sasol. Could it be that this is what is planned for other centrally-owned sectors?

Iscor supplier Indumeni closes coke section

By JOHN MULCAHY

INDUMENI, Amcoal's Iscor-tied colliery in Natal, closed its coking-coal section yesterday — more than 18 months ahead of the envisaged closure date.

The closure comes in the wake of serious difficulties faced by Iscor, which has been forced by the world recession to slash output of iron and steel

At the end of September, Indumeni announced that Iscor had asked it to enter into

discussions about an early closing of the mine

The directors said that because of the adverse conditions in the coal market it might not be possible to continue operations without the coking-coal deliveries to Iscor

In a note accompanying the mine's interim profit statement — taxed profit for the six months to September 30 was unchanged at R341 000 — Indumeni's directors say "negotiations regarding the detailed financial arrangements associated with the closure are currently in progress"

They say the possibility of exporting the remaining coking coal reserves has been examined, but "in view of the quality of this coal, particularly in relation to its high sulphur content, this is not an economic alternative"

The outlook for Indumeni's bituminous reserves is equally discouraging in spite of a provisional export allocation of 300 000 tons of coal a year for 30 years, and of provisional permission to export 150 000 tons of coal a year which was not saleable on the domestic market

There are, however, significant difficulties in selling these qualities of coal at satisfactory prices, either in SA or abroad

"It has become evident that, even if it should prove possible to identify a profitable mining operation producing high-sulphur anthracite or lean coal for export, the Phase IVa export programme under which Indumeni's export allocation was granted is not expected to commence before the late 1980s

"Nevertheless, management will continue to examine the possibility of exploiting these reserves to use the company's provisional export allocations, and a decision on whether to effect final closure of the mine or to place it on a care and maintenance basis will depend on the outcome of these investigations"

In the six months to September 30, Indumeni sold 163 000 tons of coal, the same volume as in the corresponding period last year, turnover was up at R4 799 000 from R4 311 000 and the interim dividend has been left at 20c, covered 1,2 times by earnings of 24c a share

Shareholders will be advised as soon as discussions on financial arrangements with Iscor have been concluded

These arrangements will presumably relate to compensation for the early closure, and because of the possible decision to close the mine Indumeni shareholders will now have to start looking at the capital break-up value of the mine

Dundee
mercury 1/1/82
coal mine
26) closes

Pietermaritzburg Bureau
THE ANGLO American owned Indumeni coking coal mine near Dundee has closed, ending months of speculation in the northern Natal town over the fate of the colliery

A spokesman for Anglo American Corporation said negotiations with Iscor, South Africa's giant iron and steel corporation, were now sufficiently well advanced for a decision to be made to close the mine with effect from yesterday

Iscor had approached the company with a view to closing the mine sooner than previously expected, which was in the second quarter of 1984

About 1 000 mine employees will be affected, but the majority are to be relocated at other Amcoal Mines, the spokesman said

A skeleton staff would stay on to carry out the closure of the colliery

The spokesman said the possibility of exporting the remaining coking coal reserves had been examined but in view of the quality of the coal, particularly in relation to its high sulphur content, this was not an economically viable alternative

Coking colliery closes ahead of time

Furnace fires put out at steel giant

28/11/83
STATS
0927

By David Braun

The severe recession in the steel industry has given rise to further closures and cutbacks of production facilities

Indumeni closed its coking coal colliery yesterday. Highveld Steel and Vanadium Corporation has taken two iron-making furnaces out of production and Iscor has cut back production by a quarter

Highveld Steel said its cutback was a result of the significant reduction in the demand for the group's products. Two of its sub-merged arc iron-making furnaces would be taken out of operation

REVIEW

"The production programme will be reviewed towards the end of the first quarter of 1983 when the hot strip mill is expected to be in full commercial operation," the company said

The reduction is expected to have an adverse effect on profitability

Indumeni announced today that its coking coal colliery was closed at the request of Iscor

yesterday. The colliery was originally due to close in the second quarter of 1984 but the giant iron and steel enterprise asked Indumeni to bring this date forward

The directors said detailed financial arrangements associated with the closure were still being negotiated

NO EXPORTING

"The possibility of exporting the remaining coking coal reserves has been examined but, in view of the quality of this coal, particularly in relation to its high sulphur content, this is not an economically viable alternative," said the directors

Indumeni management will continue its investigation into how it can exploit these reserves and a final decision on whether to close the mine or place it on a care and maintenance basis will depend on this investigation

Iscor announced last month that it was to cut steel production by nearly a quarter. Its new production figures would constitute from 77 percent to 80 percent of the corporation's capacity

The managing director, Mr Floors Kotzee, said every employee would have to be prepared to make certain sacrifices to rectify the situation. Productivity would be increased and non-essential expenditure would be trimmed

"Times are hard but not hopeless. The fact is that we have to deal with problems that South Africa and Iscor have never experienced before," he said

(S) (260) R6m 2/11/82
'No liaison on emergency procedures'

Escom rapped over nuclear safety plan

Mail Correspondent

CAPE TOWN — The Medical Officer of Health in Cape Town, Dr R J Coogan, accused Escom yesterday of going back on its assurances that the city council would be involved in the drawing up of the Koeberg nuclear emergency plan

In an "urgent" report to the amenities and health committee yesterday afternoon, Dr Coogan said Escom had not consulted the council's civil defence and health departments before its public briefing on the plan last month

Dr Coogan said the Cape Divisional Council had "awesome responsibilities" for the immediate danger zone. He was "astounded" by the council's emergency plan to transfer up to 20 000 evacuees in City Tramway buses to the Cape Showgrounds in the city council's area.

"It was the first I had heard of it." The amenities and health committee

authorised Dr Coogan to seek urgent discussions with the Atomic Energy Board on the approval of the proposed safety plan for Koeberg prior to its imminent "coming-on-stream"

In his report Dr Coogan quoted from correspondence and the minutes of meetings between Escom and the council in 1980 in which Escom had assured the council it would play a big part in the emergency plan and was pleased with the council's interest

There had been no formal involvement, however, Dr Coogan said

Dr Coogan questioned Escom's statement in its publication "Living with Nuclear Energy" that no person had yet died from radiation, "not even at Three Mile Island"

Quoting Dr Gordon MacLeod, the Pennsylvania Secretary of Health at the time of the American nuclear accident, Dr Coogan said the neonatal mortality rate within a 10 km radius of Three Mile Island had jumped from 8,6 and 7,6 per

1 000 live births before the accident to 17,2 and 19,3 soon afterwards. The mortality rate then declined to just above the previous levels

Commenting on Escom's instruction to people to shelter in their homes in the event of a radio-active leak, Dr Coogan said he had doubts about the real protection from gamma radiation when one considered the heavy shielding normally required to protect people from radio nuclides of this sort

Escom's other alternative — evacuation — posed many hazards of its own, he said, particularly if a radio-active release had already occurred. It was well-known that circulatory winds blew from the northern coast (the Koeberg site) out to Robben Island and then into Cape Town

Quoting from the Three Mile Island Commission report, Dr Coogan said nuclear plants should be sited in remote places as an added contribution to safety

Jobs tumble in steel and motor plants

By Michael Chester

More than 3 600 jobs have been scrapped by major motor manufacturers as the recession slams the brakes on car and truck sales. Short-time work is widespread.

Few big motor assembly plants in Pretoria and Port Elizabeth have escaped severe production cutbacks.

The full impact of this has yet to be felt by hundreds of smaller companies which rely on feeding motor production lines with components.

In addition steel producers confirm they are forced to plan redundancies and more short-time schedules because of the nosedive in demand on overseas and domestic markets.

Highveld Steel fears more than 1 000 workers at its Witbank plants will have to be retrenched.

Mr Leslie Boyd, managing director, said talks were under way to work out precise redundancy figures. But it looked certain that more than 1 000 of the 6 800 labour force would be hit.

In addition, work

hours in the rolling mills would be cut from 20 shifts a week to 12 or 15 shifts.

The labour force at the Highveld iron-ore mine at Roosenekal in the Eastern Transvaal would also be affected in the cutbacks, Mr Boyd said.

Isacor confirms it is also slashing production from an annual 7.4 million tons to about 5.7 million tons, leaving nearly 25 percent of its capacity idle. Three of its blast furnaces at Newcastle have been closed.

Mr J P Kotzee, Isacor managing director, has launched a programme to cut down heavily on the labour force. He hopes to achieve the reductions by natural labour wastages and transfers rather than actual lay-offs.

Mr George Clark, chairman of Dunswart Iron and Steel Company, reports its working week has been trimmed back, adding "Sooner or later we shall have to think about shutting down some plants."

The stringency of labour reductions in the motor assembly plants has been underlined in a survey by

the National Association of Automobile Manufacturers of South Africa (Naamsa).

It shows the total work force has been shrunk from 50 282 to 46 650 in six months. This means nearly one in 12 jobs has been axed.

"The downturn was signalled in September," said Mr Colin Adcock, president of Naamsa. "And the October sales figures — out in the next two weeks — will show the decline is worsening."

The widening impact of the recession is reflected at Barlow Rand, the biggest and most diverse industrial conglomerate in the country.

Its general engineering and construction divisions have been particularly hard hit. But a spokesman said retrenchments had been held at a minimum by reverting to short-time work where necessary.

Employers have been advised by Dr Henne Reynders, chairman of the National Manpower Commission, to look into short-time rather than retrenchment when jobs are threatened. "Job sharing could prove a highly useful alternative to job cutting when worse comes to worst."

Said Mr Arthur Grobbelaar, general secretary of the Trades Union Council of South Africa: "We haven't touched bottom yet. We fear that a number of companies will announce retrenchments next month before the Christmas holiday begins."

"It will be a nasty Christmas for a lot of workers."

Stats 3/11/82

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18

any, local, or foreign, for an analytical, deep-thinking, opinion-making people in our society. In fact, I think you'll find most people in key positions listen to news on either the English, or Afrikaans services.

He also says the English Service news is absolutely traditional in its standards of judgment. It's a serious form of journalism. We're writing history in the raw, as it happens. Our primary function is to inform.

Mr Robson regards the SABC as being objective politically. There's no advantage in distorting news because the result is a loss of credibility. People won't believe what you report any more and so it's a self-defeating exercise.

Since the SABC views itself as an entertainment medium, it has imposed self-censorship and does not generally indulge in gruesome

also think we have a fairly large British expatriate as well as Jewish audience so I'll possibly give more weight to stories about the British royal family and stories from the Middle East.

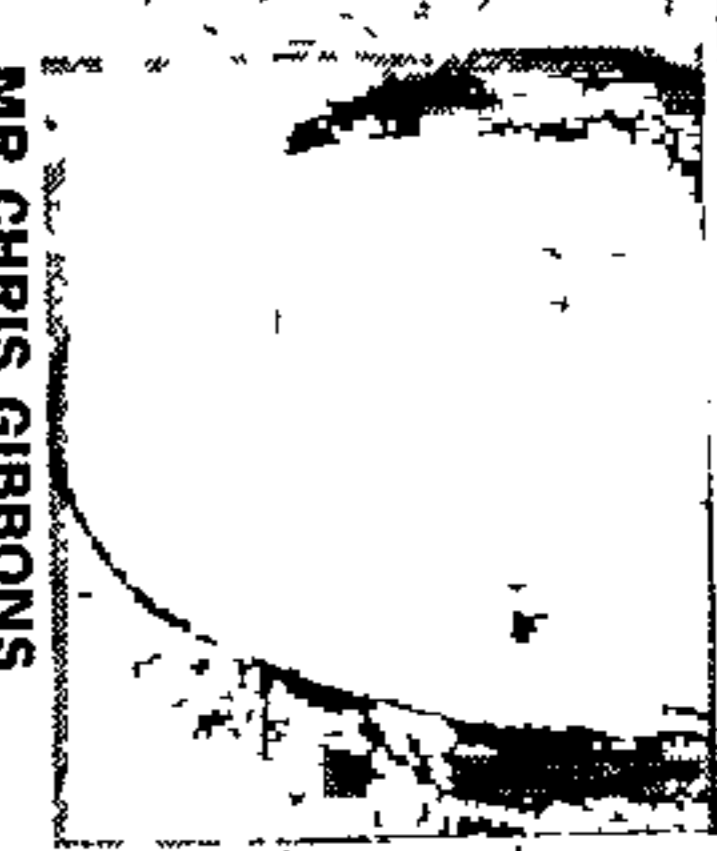
Mr Gibbons believes that news selection ideally should be based on use of the four P's: Princes, People, Prices and Politics, in that order. "Theoretically you should lead your bulletin with a piece about the Royal Family, next Laz Taylor and Richard Burton getting back together again, then the rise in GST and the fourth story if it makes it at all should be about what the Prime Minister said in Uppington last night."

He does say, however, that few people have the conviction to follow the four P's and they themselves do not yet adhere strictly to them because the station is "a bit

NB - The above paragraphs are of only the first seven items of the bulletin



MR TIM ROBSON
Senior SABC news editor



MR CHRIS GIBBONS
702 news editor



MR MIKE HANNA
Capital news editor

young still". This order of priority would probably be justified by the feedback 702 receives. "Every time we ran a story about the date Princess Diana was going to give birth, our switchboard was jammed with telephone calls. It's the soft human interest stories people remember."

Mr Robson of the SABC did

not agree that stories about princes were necessarily more interesting than ones about prices. He also felt that four P's type reporting was more suited to radio stations most concerned with listenership figures.

702 news aims to inform rapidly, the longest bulletin being five minutes. The verbal style is therefore short

and to the point. "If you want long, involved, detailed analyses and explanations, you must go to the Press," says Mr Gibbons.

They also like their language to be a lot snappier than what he describes as the "measured tones" of the SABC. "In addition we look for a different voice from the English Service voice which

On rare occasions 604 has been accused of being revolutionary or radical, a reaction which Mr Hanna attributes to listeners' expectations of SABC-type content. "For example, we use the neutral word guerrilla instead of terrorist and so we've been labelled leftist."

They also try to avoid words which they regard as "Government labels". As they feel the word homeland is contentious they try to explain what it is. Thus they would say "The squatters have been sent back to their Government designated homelands". Similarly, the "independent" states like Cis-kei are termed the "Government proclaimed independent states."

In addition 604 avoids racist and sexist overtones in its reporting. Newscasters

Unlike the SABC with its highly specialised news department, at 604 the duty editor writes the news from stories supplied to him by stringers, wire services (UPI, SAPA and Reuter) and from information he himself gathers. He also reads the news on that particular day. However, the news editor can be consulted if necessary. This accords with the trend on foreign news stations. The primary object of this practice is to ensure that the reader is well associated with the news read, while the secondary purpose is, of course, financial.

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before stimulate the economy
a be advised especially in
emergency and private investment.

ONCE it was naively believed that news was an objective record of fact. But of course objectivity is an unattainable ideal and subjectivity is reflected not only in what is reported and the way in which it is reported, but also in what is not reported.

For newspapers, space factors govern to some extent what is published and what is not. Subjective factors largely account for the amount of prominence given to the various news items.

For radio, however, time is the critical factor which means the news which doesn't make it far outweighs that which does. The news selection process therefore becomes all-important.

The radio news department of the SABC receives a staggering two million words of news each day from its own reporters as well as from news agencies such as Sapa, Reuter, Agence France Presse and UPI. Of this only 200 000 words are broadcast daily in 270 news bulletins on the various SABC channels — a grand total of 23 hours and 26 minutes of daily news.

Says Mr Tim Robson, a senior SABC radio news editor: "We write War and Peace every day."

702, in turn, receives upwards of 500 000 words of news each day and broadcasts about 5 000.

With this deluge of information, a vast and often sophisticated sifting process must occur in order to determine what is "news" and what isn't.

Mr Karel van der Merwe, head of SABC Radio News says the station's selection process is governed by the three main objectives of the SABC: to entertain, inform and educate.

Here is the latest news

details or full reporting on drug stores or salacious matters. "We regard ourselves as guests in people's homes or cars," says Mr Vander Merwe, "and so we don't want to be objectionable."

The Radio News department is extremely large, consisting of over 100 people in Johannesburg alone. It is also very highly specialised, with news reporters, editors in areas such as economics, African affairs and sports, plus regional editors, national and international editors, senior editors, the head of radio news, the director of news services and finally the Deputy Director General in charge of news.

This structure allows for a high degree of control over news output.

702 sees its news function as being similar to that of the SABC. The station's news editor, Chris Gibbons, says the aim of 702 news is to inform, but being a music station, the news must also be entertaining. "If it's not entertaining, people will switch it off."

The station tries, says Mr Gibbons, to be objective in so far as it gives the facts, "even if the facts are unpalatable". "We have no political bias, so if a story comes up showing the ANC in a favourable light, we use it, if it's newsworthy. And I don't believe politicians standing up on their back legs and braying is news, because they say the same thing over and over again. If politicians say something new, it becomes news, and if it's news it will get on 702."

702 believes that news for a white, upper class audience should be different from that for a white working class audience. According to market research, the 702 listener is predominantly white, male, 16-34 years of age, falling within the A-B income group (R1400 per month and upwards).

"We assume this person is relatively well informed and reasonably well educated, so

read by *260* *3/11/82*

S A B C

702

MEDIUM WAVE

CAPITAL

RADIO

Three radio stations — the English Service of the SABC, 702 Music Radio and Capital Radio — three different news bulletins at 7am on Wednesday October 20, 1982. LINDA POLONSKY looks at the varying approaches of the three stations towards the presentation of the news.

ENGLISH SERVICE

1. Minister of Internal Affairs, Mr F W de Klerk, says time has come for moderate people in free world to protest against intimidation of companies, organisations and governments who dare to deal with South Africa.
2. Leader of Opposition, Dr Van Zyl Slabbert, says PFP has no patience with organisations or movements which use force to maintain or change status quo.
3. Chief Secretary of HNP, Mr Louis Stofberg, says Government trying to hoodwink country when it says interests of whites will be protected in new constitution.
4. Defence Force spokesman says special committee has investigated question of conscientious objection and its recommendations are being considered by Minister of Defence and Chief of Defence Force.
5. General Secretary of Presbyterian Church in SA, Chris Aiken, says there is whirlpool of interaction between various Christian groups. Presbyterians will have to reconsider their position especially in relation to NGK and World Alliance of Presbyterian Churches.
6. Bophuthatswana Minister of Posts and Telecommunications says his country not unduly worried about its lack of international political recognition.
7. When polling stations in Bophuthatswana general election closed at 9 last night, there were

702 Music Radio

1. Chairman of International Press Institute, Max Snyders, called on SA Government to halt further curbs on Press.
2. Snyders questioned refusal by Dept of Interior to renew work permit of Dutch correspondent.
3. Lebanese President Amin Gemayel asked President Reagan to expand role of multinational peacekeeping force in Lebanon.
4. Newspaper Press Union approved details of new SA Media Council, which will replace existing Press Council.
5. Leader of Opposition, Dr Van Zyl Slabbert, says Defence Force is shield behind which peaceful evolutionary change should take place. Said violence unpredictable and awful instrument to achieve political and social aims.
6. Zimbabwe, Pakistan and Nicaragua won seats on UN Security Council.
7. 20 Poles flew to Sweden last night in old crop-

CAPITAL RADIO

1. Voters in Soweto and Johannesburg boycotted Bophuthatswana general election.
- Report in RDM says only 120 people went to polls yesterday.
- At least same number turned away because not registered as voters. By mid afternoon only 70 people had voted. Report says one reason for apathy may be that Bophuthatswana citizenship forced on people when territory became independent 5 years ago.
- Max Snyders, head of International Press Institute slammed SA government's refusal to renew work permit of Dutch journalist.
3. In United Nations African states trying to block SA's application for huge IMF loan.
4. Lebanon asked US to expand role of peacekeeping force in war-torn Lebanon.
5. Israeli Prime Minister, Menachem Begin, won first test of strength since Beirut massacre for his policy on Palestinian issue.
6. NGK will not seek closer ties with SACC. During debate on issue SACC described as politically vitriolic.
7. US and France have discussed independence for Namibia. France accused US of stalling agreement by linking Namibia's future to withdrawal-

is cultured and authoritative."

702 is careful to avoid emotionally-charged words like terrorist. "I feel this word has been devalued. Besides, today's terrorist may be tomorrow's Prime Minister, and one man's terrorist is another man's freedom fighter. Moreover, in the South African context to use the word terrorist is to pass a value judgment and I don't believe it's the job of a news service to do this." Instead they talk about PLO guerrillas, fighters or members and SWAPO insurgents.

702 reading style is quite different from that of the English Service, where the delivery is unemotional and the pace slow. Since Mr Gibbons doesn't mind his readers becoming involved, he might actually bring a tone of disapproval into his voice if the content calls for it. The pace is also far quicker.

Like the SABC and 702, Capital Radio also feel people listen to their news in order to be informed and entertained. "The ideal therefore is to inform in an entertaining manner," says Capital news editor, Mike Hanna.

The station was conceived originally as a Southern African station, with a particular interest in Natal because of the good signal there. Consequently, if Mr Hanna has two equally newsworthy stories, one from Natal and one from the Cape, he would use the Natal story.

The aim newswise is to be "independent, unpartisan and objective politically."

"Complete objectivity is not an attainable ideal, but we honestly attempt a lack of bias," says Mr Hanna. He attempts to present "free" news, believing that whatever views the newscasters themselves hold are not reflected in the news they write and read. Their function is to inform and explain and not to comment. "If you offer comment or speculation as infor-

would never say "two whites and a black have been killed in an accident" but "three people have been killed in an accident". Since the person's race is irrelevant in this instance, it is not mentioned.

Likewise 604 would not say "the wife of Joe Slovo has been killed" but "well-known academic and writer Ruth First has been killed". Her husband's name might then be mentioned.

A further example of Capital's desire for objectivity is the attempt to present all sides of an issue. For this reason, the station has just introduced a daily news programme from 6 to 6.30pm which places news events in a context, allowing fuller discussion and in-depth reporting on events in the news.

Decisions on which items to feature are based purely on their newsworthiness, notes Mr Hanna. For example, if politicians don't say anything worthwhile, they won't be quoted. However if a statement is made which could influence people's ideas, it would be used.

604 also regards labour coverage as being particularly important since it's an issue which affects everybody, not only the workers.

As a general rule the station is guided by the five P's in its judgment of the relative news value of different items — Princes, People, Prices, Power and Politics — in that order of priority. However this is obviously not followed in all instances.

In most cases local affairs are regarded as more newsworthy than African affairs, and African affairs as more newsworthy than international.

Unlike the other two stations which see themselves as broadcasting to very well defined sectors of the market, Capital Radio aims to provide news for all. Listener-ship is believed to be very mixed, income-wise, though the age group is concentrated between 16 and 35, which is typical for commercial radio.

Both the writing and broadcasting style of Capital is chatty and conversational

260 1707

Stw July 82

Steel slump hits colliery jobs

By Tony Davis,
Labour Reporter

About 2 000 jobs on collieries under Anglo American control have been destroyed because of the drop in the iron and steel markets.

Iscor has had to reduce its iron and steel output substantially because of the impact of the recession locally and on steel-importing foreign trade partners

Iscor's cutbacks are in turn affecting local mining as coal is used in large quantities in steel production

Last weekend Anglo's Indumeni mine in Natal closed because Iscor terminated its contract

Iscor is now making further cuts, this time affecting sections of Anglo coal mines near Witbank

Iscor has already informed the Anglo American Coal Division, Amcoal, it no longer requires coal from the Hope and Main sections of the Springbok Colliery

and the Navigation section of South African Coal Estates

A decision to close the Main and Navigation sections had already been approved, an Anglo spokesman said

The premature closure of collieries and sections will mean many redundancies as Anglo is unlikely to be able to place many of the workers in other operations

The scheduled closing dates for the mines and sections were Indumeni — mid-1984, Hope and Main — mid-1983, and Navigation — late 1985

But these dates are all being brought forward and Iscor is having to negotiate the termination of the contracts with Anglo

Amcoal had planned to open collieries in the next few years, and these would have taken on workers from the collieries slated for closure

Expansion plans, which are still going ahead, are

● At Goedehoop, where primary pro-

duction gets under way early next year

● At New Denmark, which will supply Escom's Tutuka power station. Production also begins early next year

● At New Vaal, which is being planned as an open cast colliery with production scheduled to start in 1984

But now with the termination of several contracts by Iscor, many miners — largely rural blacks — are without jobs

About 1 000 workers at Indumeni: 1 000 at Main and Hope and another 1 000 at Navigation are affected

The Hope section of Springbok will not be closed but several hundred workers are being laid off, according to industry sources

The Anglo spokesman said workers who were not relocated would receive redundancy benefits and be given preference in future recruitment drive.

● Iscor has already heavily cut back production and closed three Newcastle blast furnaces,

Koeberg: Escom backs down

Cape Times
5/11/82
260

Municipal Reporter

ESCOM was willing to liaise more closely with the City Council and its officials over an emergency plan for the Koeberg nuclear power station, Escom's manager for the Western Cape, Mr G F Hellström, said yesterday.

His reassurance, which was relayed to the Mayor, Mr Kosie van Zyl, yesterday, came after this week's criticism by the Medical Officer of Health, Dr R J Coogan, that there had been no technical communication between the two organisations.

Dr Coogan attacked Escom for keeping the council's medical, civil defence and air pollution experts in the dark over the formulation of emergency measures.

Although Escom had been in close contact with the Divisional Council, which was responsible for the immediate danger zone, most of the people likely to be affected in the event of a nuclear accident were in the municipal area.

Mr Hellström said in a statement that Escom was seeking the permission of the Atomic Energy Cor-



Mr Kosie van Zyl

poration to publish an information edition of its emergency plan for public comment as soon as

possible.

He pointed out that Escom had also set up a liaison committee on the plan and four representatives of the council sat on it.

Dr John Sonnenberg, a councillor and Opposition provincial spokesman on health matters, welcomed the willingness to cooperate more closely with the council but emphasised that only one plan for all the Peninsula's local authorities should be drawn up.

Individual contingency plans would only lead to chaos.

He said Escom's new position had probably been the result of the council's bid to have urgent discussions with the Atomic Energy Corporation on the approval of a safety plan before a licence for operating Koeberg was granted.

5/11/82

Era of cheap steel at an end — Iscor

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Financial Staff

The era of "relatively cheap" steel has come to an end, says the chairman of Iscor, Dr T F Muller.

In his latest annual review, Dr Muller says that no matter how ironical it may sound under the current poor market conditions, the price of steel will have to be increased considerably.

"Should this be the case, it will mean that steel will become a more exclusive product, with an attendant decline in the expected growth of the future demand for steel products," he says.

Higher input costs, relatively low export prices and waning markets for some steel products resulted in the giant enterprise making a R22 million loss in the year ended June.

For the first time since 1977 there was a drop in domestic de-

mand for steel and Iscor was obliged to curtail its production capacity deliberately for the first time in its history.

Dr Muller points out that although Iscor's losses are unacceptable, they are not as bad as losses incurred by many other steel producers elsewhere. Production in some countries is down to 40 percent of installed capacity.

Keen competition in overseas markets means export prospects are bleak, while poor domestic demand has made it necessary to cut down further on liquid steel production. This will be done mainly by the decommissioning of iron-making facilities at the old part of the Newcastle works.

Dr Muller says Iscor is fully equipped to utilise more favourable conditions in the next upswing.

Big rise in steel price likely

260
37/1/82

By GERALD REILLY
Pretoria Bureau

THE winding down of South Africa's economy and rising costs were major causes of Iscor's R22-million loss in the 1981-82 financial year

And, according to the annual review by its chairman, Dr Tom Muller, released in Pretoria yesterday, Iscor has had to curtail production for the first time

He warned too that the price of steel might have to be raised considerably

Dr Muller said the demand for steel in most countries was so poor that production in some was down to 40% of installed capacity

In the case of Iscor it was less serious, but he stressed world competition had become much keener, and a large number of steel industries were being subsidised by governments in Europe and the Americas, or had asked for protection

Dr Muller said six steel producers in the United States had alleged that common market countries and South Africa, had exported subsidised steel to the United States. However, when South Africa's case was put to the American authorities it was found no substantial charge could be laid against the corporation

Dr Muller said the view was gaining ground that the price of steel would have to be increased considerably

Referring to current economic conditions in South Africa Dr Muller said a slackening in the business cycle which set in early in the year gradually became worse, with a negligible growth rate which even showed a negative trend. This resulted, for the first time since 1977, in a drop in domestic demand and Iscor had to curtail production for the first time ever

The capacity of the Pretoria works had been reduced from 1 400 000 tons to 900-million tons of liquid steel and because of the expected continued unfavourable economic conditions in local and foreign steel markets, it was decided to make further production cuts

Handwritten notes:
LST...
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Iscor workers to be retrenched

Argus Correspondent through natural wastage. Rumours are flying re-employed after retirement. We feel we should give preference to those workers who are still young and breadwinners, said Mr Prinsloo. But the retrenchment of pensioners will be done on a discretionary basis and those who are doing vital jobs and can not easily be replaced will not lose their jobs.

PRETORIA—Iscor will start to retrench workers early next year. This was confirmed today by the group's personnel manager, Mr Johann Prinsloo, who could not say how many would lose their jobs. Mr Prinsloo said, reducing the labour force had already started through natural wastage. Contracts of some black workers were not being renewed and positions being vacated were not being filled. Some vacancies being filled by transferring workers within the group.

Contracts of some black workers were not being renewed and positions being vacated were not being filled.

REMOURS

Among the first to lose their jobs will be pensioners who have been re-employed after retirement. We feel we should give preference to those workers who are still young and breadwinners, said Mr Prinsloo. But the retrenchment of pensioners will be done on a discretionary basis and those who are doing vital jobs and can not easily be replaced will not lose their jobs.

IsCOR's Creem SOURS

5 Ex news 7/17/82

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3/2/82

ISCOR which spent R1-million on a publicity campaign to "promote an image of prosperity" is to slash nearly 10 000 jobs and millions of rands from overtime pay packs.

In a desperate bid to save South Africa's ailing iron and steel industry, Iscor intends to cut its wage bill by 20% by the end of the year.

In this way the corporation aims at an annual saving of R90-million, the money equivalent of an estimated 15 000 jobs. Overtime cuts will make up a major part of the savings.

The corporation announced earlier this year that it is to replace its outdated and inefficient blast-furnaces in Pretoria with

AILING SA IRON AND STEEL GIANT IS TO SLASH ITS WORKFORCE BY 10 000

BY MARTIN WEITZ

new electric arc furnaces at an estimated cost of R400-million.

But now it is shopping around for a second-hand plant. Because of the drastic cut-back in production a major part of the old plant has been closed down earlier than ori-

ginally planned, making replacement easier.

But senior Iscor spokesmen have emphatically denied rumours that the corporation is negotiating to sell out to private enterprise.

"We are aware of the rumours. They originate from Right-wing political sources seeking to unsettle our labour force," said Mr Wim

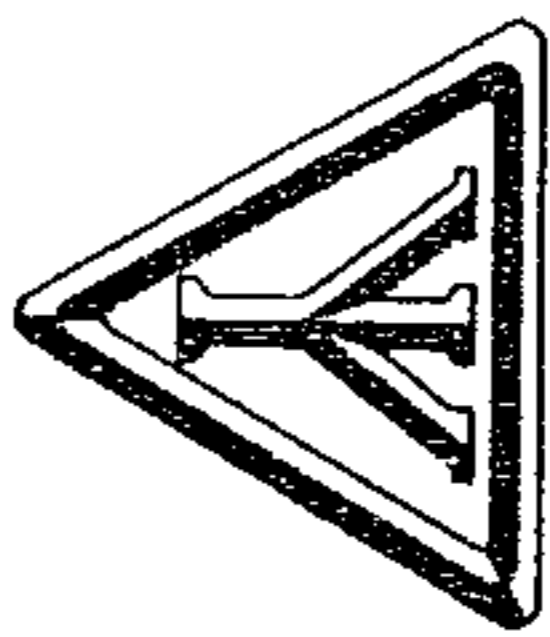
van Wyk, divisional general manager, steel operations. "There have been no such negotiations. In any case the corporation is not a profitable proposition for private investors," he said.

The job cuts are expected to be permanent. More efficient equipment and higher labour productivity will be expected to meet the challenges of future increased production.

In its annual report, to be circulated next week, Iscor announces that it has cut back production this year to 77% of its peak production in 1980 because of the recession. It is seeking to reduce its labour bill by an equivalent percentage.

The corporation emphasises that "very few" of the job cuts will be achieved by

actually firing workers. Instead annual job contracts are not being renewed and posts that fall vacant are not being filled.



In the first six months of this year Iscor reduced its labour force from 70 000 to 65 000 and slashed overtime. By the end of the year the Iscor labour force will be down still further. Iscor sources estimate a loss of 4 000 jobs for whites and 6 000 jobs for blacks. Iscor recently embarked

on a R1-million advertising campaign to promote an image of prosperity. The thousands of Iscor workers in Pretoria, Vanderbijlpark and Newcastle who are losing out heavily on overtime pay, have found little comfort in the full-page, full-colour newspaper advertisements displaying a silver bowl of strawberries and cream with the slogan "Prosperity A by-product of Iscor".

"See, Iscor adds the cream to the crop. With Iscor you are well-off," the ad concludes.

"We are technical people and know nothing about advertising," Mr Van Wyk explained. "The adverts were designed by an advertising agency to attract the attention of the reader."

Steel industry cuts back — and worse is to come

BATTEN DOWN

THE HATCHES

~~260~~ 260 S. Srinivasa 7/11/82

Finance Reporter

SOUTH Africa's steel producers are battenning down the hatches for their toughest year ever

This week's announcement by Highveld Steel that it is mothballing a third of its production capacity coincides with Iscor's decision to cut production for the first time since it was set up in 1928

Iscor lost R22 million in the year to June 1982, compared to a R62.9 million profit the previous year. But there is little doubt that this year's results will be far worse

The decline in steel demand, on both local and foreign markets, has been unexpectedly sudden and steep in the past few months

Iscor forecast earlier this year that domestic demand would total 4,612 million tons in the year to June 1983

But the estimate was cut last month to 4,043 million tons

tons last year to 1,774 million tons in 1982/83, senior Iscor officials concede that the target may not be met

The US steel market is on its knees, and both Iscor and Highveld have reduced shipments to North America. Complants earlier this year

by six US steel producers that South African exports benefited from Government subsidies

have probably discouraged the two companies from marketing as aggressively there as competitors from other countries

Iscor's production this year is likely to be no higher than 5.7 million tons of liquid steel, down

from 7.4 million tons at the height of the 1979-81 boom. It hopes to raise output slightly to 5.9 million tons in 1983/84

Two of four furnaces at the Newcastle plant have been closed

At its Pretoria works, two blast furnaces and three open hearth furnaces have been shut down

Fortunately for Iscor, some of the equipment was due to be taken out of service anyway, as part of its R400 million modernisation programme, which consists mainly of replacing obsolete coke ovens and blast furnaces with electric arc furnaces

Among the main casualties of Iscor's cutbacks has been Natal's coal mining industry. Anglo American's Indumeni mine closed this week, and Rand London's Kempfust mine is to be closed soon

Another two, Anglo American collieries in the Transvaal as well as Vryheid Coronation in Natal have been asked to trim supplies to Iscor

If the steel market is bad, demand for iron ore is worse

According to Iscor's annual report, iron ore shipments rose slightly to 11.9 million tons in the year to June

But there will almost certainly be a reversal this year

About 6 million tons was shipped through Saldanha Bay in the six months to September, more than 1 million tons lower than exports in the same period last year

A DRAMATIC bid to delay the Koeberg nuclear switch-on is being made by Cape Town City Council after an amazing public row between the city and Escom.

The council is seeking an urgent meeting with the Atomic Energy Corporation to request that it withhold Koeberg's operating licence because of a dispute over emergency measures to cope with a nuclear accident.

This follows a week of exchanges, in which an Escom executive said the safety measures were "not the public's concern", and Cape Town's medical officer, Dr R J Coogan, accused Escom of "absolute naivety"

Confusion

Dr Coogan also warned that Escom and Cape local authorities should "learn the lesson of Three Mile Island before it was too late"

"When disaster struck at Three Mile Island there was confusion and panic. In Cape Town there is already confusion," he told the Sunday Times

The giant Koeberg power station, only 40km from the centre of Cape Town, is expected to come on stream in about two months' time

At the centre of the row is Escom's emergency plan to cope with a nuclear disaster at Koeberg

Details of the controversial plan were unveiled recently by Escom, but Cape Town's Dr Coogan, who is highly regarded in medical and local government circles, is angry because the City Council was not consulted in its drafting.

'Tea party'

Acting on a recommendation by Dr Coogan this week, the council is to petition the Atomic Energy Corporation to hold back Koeberg's operating licence until Escom consults the council

Dr Coogan voiced his alarm over the Koeberg safety plan in a detailed "urgent" report to the council



DR R J COOGAN
Drafted an urgent report

In it, he claimed Escom reneged on assurances that the council would be involved in drawing up the safety procedures

He described the one and only meeting between representatives of local authorities and Escom officials —

constituting the Koeberg Liaison Committee — as "a tea party for lay members of local authorities"

Neither he, nor the council's air-pollution and civil defence officials were present

He allied himself with a statement from the Three Mile Island Commission's 1979 report to the President of the United States that in the event of a nuclear accident "insufficient advance planning could be extremely dangerous"

Responding to Dr Coogan's attack, Escom's regional manager, Mr G F Hellstrom, was reported earlier in the week as saying the formulation of the Koeberg safety plan was "not the public's concern"

Disagreed

He was not prepared to reply to "emotional outbursts" and said a suggested public forum where conflicting views could be thrashed out would "serve no purpose"

Later, in a bid to defuse the row, he telephoned the Mayor, Mr Kosie van Zyl, and said Escom would in future liaise more closely with the council

In his report, Dr Coogan accused Escom of "absolute naivety" in that their plans affected only people living within a 16km radius of Koeberg

He said it was well-known that the circulatory breezes blow from the northern coast via Robben Island and into the Table Mountain basin right over the central city

In a publication explaining the controversial emergency plan, Escom maintains that the chances of an "incident hazardous to the public" at Koeberg are "very remote"

And in the "unlikely event" of an accident, Escom says sirens would alert people living within a 5km radius of Koeberg, and police or unspecified emergency workers would alert others with loud halers

Astonished

Radio programmes on all channels serving the area would be interrupted and people would be advised what to do.

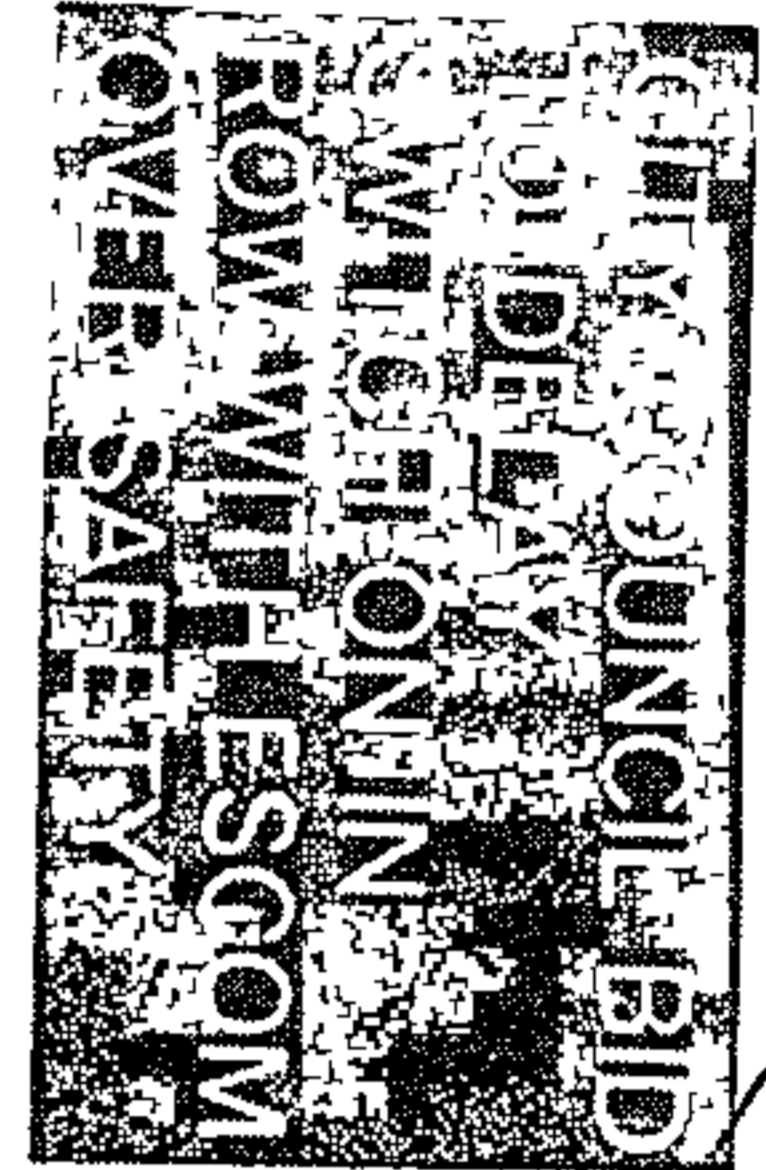
Basic precautions include taking shelter inside closed-up houses to avoid radiation, taking stable iodine tablets and in extreme cases conducting a mass evacuation in a fleet of buses and shared private transport.

Dr Coogan feels this could not be done without involving city officials — health workers, civil defence personnel and traffic police

For example, he said he was "utterly astonished" when he heard Escom's plan involved moving "up to 20 000 evacuees (some already irradiated)" to Goodwood Showgrounds in a fleet of 600 buses.

Storm clouds over Koeberg

By SARAH HETHERINGTON



260

S. Swales 7/11/73

Escom's R800m decision

CONT

Soaring demand for SA's limited water resources is emerging as yet another factor forcing up electricity prices. Plans to more than treble electricity generating capacity to 95 000 MW by 2005 could cost an additional R800m (in today's money) because most future power stations will use dry cooling technology.

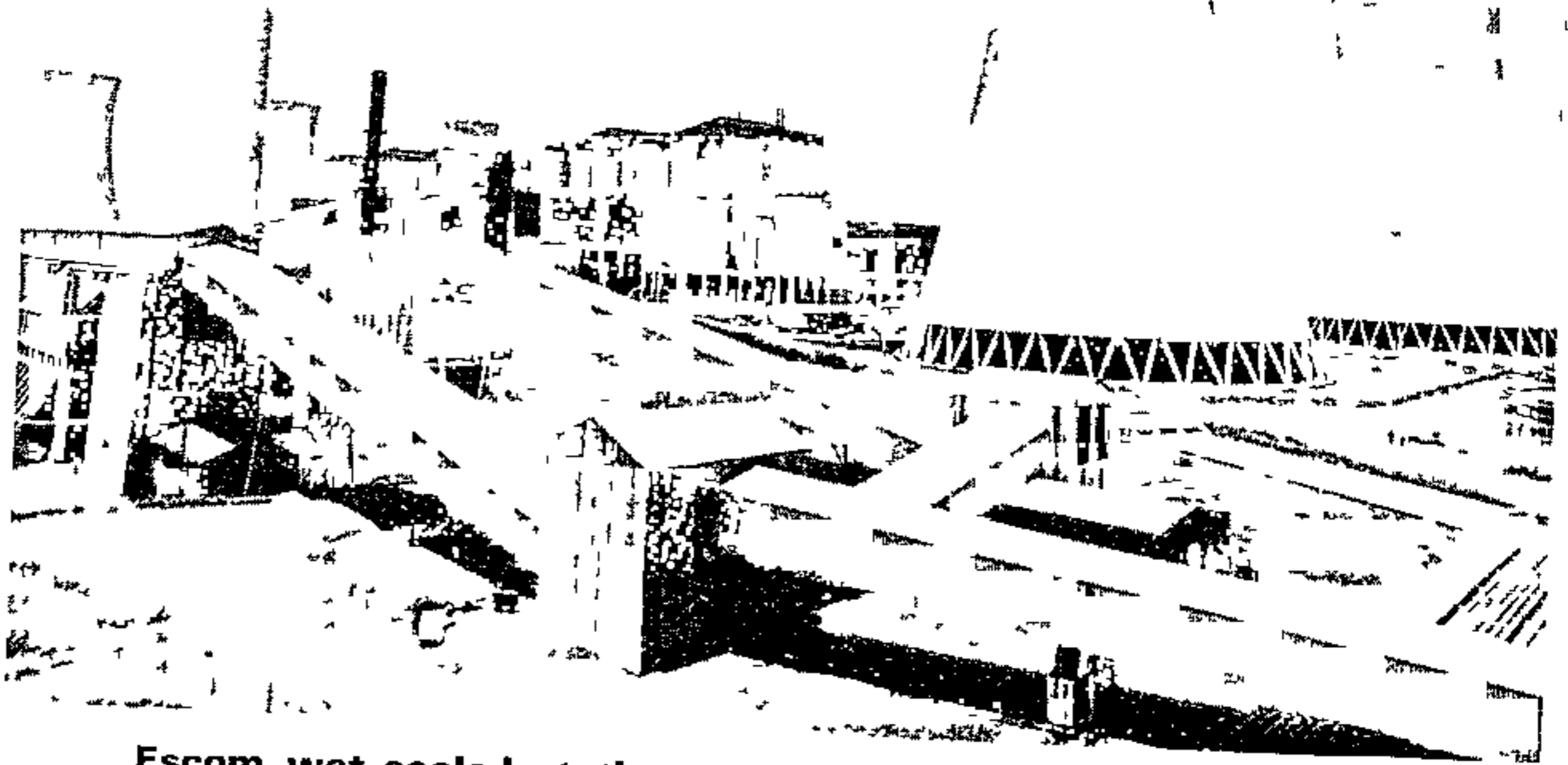
If a dry-cooled station is built to produce 3 600 MW of electricity, its cost will be about 4% higher than the R2 billion-odd for a conventional water-cooled plant.

The dry-cooled stations will also consume about 7% more coal, raising requirements for a typical 3 600 MW station such as Duvha by about 850 000 t/year, worth R10,2m/year at the present average price of R12/t. Duvha, to be fully commissioned by 1984, burns more than 11 Mt of coal annually.

These are the cost penalties of a world lead which Escom is taking in adopting dry cooling technology in its power stations, which are already among the largest coal-fired electricity generators in the world.

Matimba, now being constructed at Ellisras in the north-western Transvaal, will be by far the world's largest dry-cooled station. Each of its six 620 MW generating sets will be nearly twice the size of the single 350 MW unit operated at Wyodak power station in the US. Next major project to use this technology in SA will be Khutala in the eastern Transvaal. Tenders for its six 620 MW dry-cooled generating sets are now being adjudicated by Escom.

In wet-cooled stations, circulating water is pumped through a condenser, where its temperature is increased in condensing the exhaust steam from the turbine. The water is then sprayed over a wide surface in the cooling tower where it transfers heat to the air. Evaporation of the circulating water in the tower accounts for 70% of the total cooling. It also results in an evaporative water loss of about 1,8l/kWh generated.



Escom wet-cooled station ... too thirsty for most places

Dry-cooling systems can be either of the direct or indirect condensing type. In the direct system, the exhaust steam from the turbine is condensed by air flowing past the heat exchanger elements which contain the steam and the resulting condensate. In the indirect system, steam is condensed in a condenser beneath the turbine by water which is re-cooled by air flowing past tubular heat exchanger elements located away from the turbine in a cooling tower.

Dave van der Walt, Escom's senior GM, says "Unless there is a compensating factor such as a lower cost per ton of coal, as in the case of Matimba, dry cooling can lead to an increase in the price of electricity."

However, much of the cost will be offset

by economic benefits which should result from a big reduction in the quantity of water required by future stations. The water requirement at a dry-cooled station will be about 75% less than that of a wet-cooled one.

Escom used less than 2% of the total 12,2 billion m³ of water consumed in SA in 1980. But by 2005 its maximum consumption could be 85% of the Upper Vaal river's resources at present rate of use.

"The water would be committed for many years after that date, some of it for over 40 years," says Van der Walt. "Water availability could become a serious constraint to the continued expansion of our future generating capacity."

He adds that in some areas where power

ESCOM'S POWER BONUS

Power station turbine supplier MAN has achieved a coup at Escom's new Matla power station. The turbines are more efficient than expected, enabling Matla to set a SA record for power generation.

It has achieved 3 083 MW from five boilers, instead of the planned 3 000 MW or 600 MW per boiler.

When the station is fully commissioned it will produce an average 608 MW from each boiler, providing bonus power of 48 MW.

The previous record for power gen-

eration in SA was set by Kriel, which produced 2 991 MW from six boilers.

Alex Hamm, Escom's chief mechanical engineer, says the new record was achieved because MAN had designed the turbines for greater efficiency than originally required — partly to avoid incurring severe penalties for under-performance.

The same turbines — with further improvements — are being supplied for Khutala, which also has a nominal capacity of 3 600 MW. At Lethabo, which

starts operating near Sasolburg in 1986, each generating set is now expected to produce 618 MW instead of the planned 600 MW. This will result in an additional 108 MW of power — enough to supply a small town.

MAN has been rewarded with further orders for six turbines at Matimba. Hamm describes MAN's success in contracting to supply a total of 18 big power station turbines to Escom in little more than two years as an "absolute world record."

FM 72-11-82

stations will have to be built in future, costs of water will be high enough to make the increased costs of dry-cooling economically justifiable

Alex Hamm, Escom's senior machnical engineer, estimates that about 75% of future stations will be dry-cooled To minimise additional costs, location of the station — and the availability and cost of its water — will determine which cooling system future stations will use At least 15 major coal-fired stations will have to be built after Khutala in the current expansion programme

"If we continue building wet-cooled plants, we would sooner or later have to import water from remote areas at high cost," says Hamm

There is a drawback to the dry-cooling plants Relatively high ambient temperatures can significantly reduce their efficiencies The Matimba units will generate net outputs of 580 MW-635 MW over the range of temperatures expected For this reason, Escom is considering combination systems of separate dry and wet towers, with the wet towers operated only when temperatures are high

Iscor is to lay off 1 500

By STEVEN FRIEDMAN
Labour Correspondent

ISCOR is to lay off 1 500 workers — almost all of them unskilled black labourers — within the next months and more retrenchments could be due should Iscor's position continue to worsen the corporation announced last night

Iscor's managing director Mr F P Kotzee said in a statement to Sapa that the corporation's Newcastle steelworks and its Sishen iron ore mine would be the worst

affected

The retrenchments follow a campaign by Iscor over the past 10 months to reduce its wage bill by cutting overtime and not replacing workers who left — a move which reduced its work force from 70 000 to 65 000 according to Mr Kotzee

He said owing to the slackness in the local and overseas steel markets Iscor had been forced "to decommission some of its production units

Certain units at the Port of Victoria and Newcastle works had

been closed while Iscor's annual production was cut from 7 400 000 to 5 700 000 tons of liquid steel. In view of this, less iron ore was needed from the Sishen mine, he said

"It has accordingly become necessary to reduce Iscor's employment figures systematically to the required level in terms of the reduced production goals

"If economic conditions should continue to deteriorate, further terminations of service will be inevitable," he said

1 500 to lose jobs

ARGUS/13/11/82
ZED
Argus Correspondent

PRETORIA — About 1 500 Iscor workers are to be laid off in the next month

A statement issued by the corporation's managing director, Mr F P Kotzee, said about 95 percent of those who would lose their jobs were unskilled

Mr Kotzee also warned that further lay offs could be expected if the economy continued to deteriorate

The Newcastle steelworks and Sishen iron-ore mine would be the most severely affected by the lay-offs

In the past 10 months, the labour force had been cut from 70 000 to 65 000, 40 percent of whom were white and 60 percent black

SABC faces church boycott

Mail Correspondent

DURBAN — Black Methodist ministers are boycotting religious broadcasts for SABC radio and television because of the "political bias" of the corporation.

The general secretary of the 2 000 000-strong Methodist Church in South Africa, the Rev Staley Mogoba, said the situation in the SABC was far from satisfactory. Methodist ministers did not feel free to preach as they should.

"Very few want to be associated with the SABC," he said.

And the provincial synod of the 1 600 000-member Anglican Church will be asked in Port Elizabeth this week to debate on a motion calling on Anglican priests to withdraw from SABC religious broadcasts.

The motion, to be put forward by the previously banned Rev David Russell, says the SABC is controlled by those who support apartheid and religious broadcasting is also controlled and censored.

A spokesman for the Catholic Bishops' Conference said yesterday a committee of inquiry had been set up to hear evidence on the implications of withdrawal from SABC religious programmes.

New job lay-off

260

Meaning 12/11/82

Shocks face Natal

Mercury Correspondent

JOHANNESBURG—Newcastle steelworkers will bear the brunt of an Iscor plan to lay off 1 500 men next month as the recession bites into the economy, and last night industrialists feared there would be many more sackings in coming months.

Iscor's managing director, Mr F P Kotzee, said the corporation's Newcastle steelworks and its Sishen iron ore mine would be the worst affected.

The announcement followed a campaign by Iscor over the past few months to reduce its wage bill, cutting overtime and not replacing workers who had left.

The move produced a cutback of 5 000 jobs from 79 000 to 65 000, according to Mr Kotzee, who pointed out that the situation had been discussed with the unions involved.

Mr Kotzee noted that the slackness in domestic and overseas steel markets had forced Iscor to close down some production units.

Units at the Pretoria and Newcastle works had been shut down while Iscor's annual production was cut from 7 400 000 to 5 700 000 tons of liquid steel.

Because of this less iron ore was needed from the Sishen mine, he added

It has accordingly become necessary to reduce Iscor's employment figures systematically to the required level in terms of the reduced production goals

Reduction

Of the 5 000 jobs cut-back, 40 percent were those of whites and the remainder blacks

Because of an economic downturn there were fewer outside opportunities and workers were not leaving the corporation on the same scale

It has now become evident that a more rapid reduction in employment figures cannot be put off any longer

For this reason, about 1 500, of whom some 95 percent are unskilled, will be given notice in the next month

If economic conditions should continue to deteriorate, further terminations of service will be inevitable, Mr Kotzee warned

He said last night there had been a general lowering in demand for steel

South African Transport Services has already announced its intention to cut back on 20 000 jobs and many motor companies have already laid off men and are working shorter shifts in an effort to contain costs

Mr Roland Freakes, executive director of the Natal Chamber of Industries said last night that Natal's economy was experiencing a 'marked recession'

It seems to me that there will be an acceleration in retrenchments and redundancies

GENERAL NEWS

260

Iscor lays off 1500 men

By Tony Davis, Labour Reporter

About 1500 largely unskilled workers are being retrenched at Iscor operations in Newcastle and Sishen, and the steel giant has warned that unless economic conditions improve there could be more layoffs in the coming months.

To date this year Iscor has whittled its worker complement down from 70 000 to 65 000.

Because of the downturn in the industry,

resulting from the recession, Iscor has for many months not replaced workers who leave or embarked on new projects.

Iscor's cutbacks recently affected 200 workers in Anglo-American coal mines. It had to cancel its contracts.

Iscor's managing director, Mr I P Kooze, said last night a more rapid reduction in employees could not be put off any longer.

Iscor had already cut annual production from 7.4 to 5.7 million ton of liquid steel this year, he said. To match the reduced production goals recruitment was stopped, overtime cut and vacancies filled by internal transfers.

About 1500 workers, most of them unskilled, were being given notice next month that their services were being terminated.

These workers come from the Newcastle, Natal and the Sishen, north-western Cape

operations.

If economic conditions continued to deteriorate, further retrenchment would be probable, Mr Kooze said.

An official for the Black Allied Workers Union which has members at Iscor, said that when the Union learned of the layoffs it immediately contacted the corporation.

"We wanted to ensure that members would receive severance pay and a guarantee of re-

engagement vacancies occurred," Mr B E Khumalo said. "Bawa also wanted the Unemployment Insurance Fund to divert money to help provide for these workers."

White employees from Iscor have not been exempt from the lay-off although the vast majority of unskilled personnel are black.

Iscor has also renewed the annual contracts of some black workers.

Business flabbies set to fight the fat

By Stephen McQuillan

Johannesburg

Business flabbies are being asked to unite in pre-office work outs.

The city's flabbies are being asked to unite in pre-office work outs.

With arms stretched out and legs kicking high the desk-bound dandies would feel more at ease with the burdens of business.

That is the opinion of Mr Theard van Heerde, executive director of Johannesburg Publicity Association, who is organising the two keep fit sessions.

If the workouts are successful a regular fitness programme might be introduced — bringing more efficiency in the top echelons of

business despite three-Martin lunches, he says.

Mr van Heerde wants companies to take part in himself, said fitness could improve working capacity by 20 percent.

"I think we ought to make every effort to keep our community fit" he said. "Desks and swivel chairs are serious occupational hazards for executives."

Mr van Heerde also called on companies to take a greater interest in the fitness of their executives.

"Companies should pay for or contribute to gym classes for their employees," he said. "It is better to keep the staff you have fit than have to replace them."

"Many of these people are workaholics

in the office from seven in the morning to seven or eight at night — and they don't get fit. Unfit executives are costing companies a lot of money.

"In Russia it is compulsory for people to take fitness classes. In Taiwan and Japan it is optional."

The two half-hour sessions of free standing exercises will start at 6.45 am next Tuesday and Thursday at the YMCA on the corner of Rissik and Smit streets.

The trainer will be ex air force PT instructor Mr Shane Smit (30), who has offered to continue the classes free, twice a week, if

next week's sessions are successful.

Mr van Heerde said the sessions would be held at the city's fitness centre.

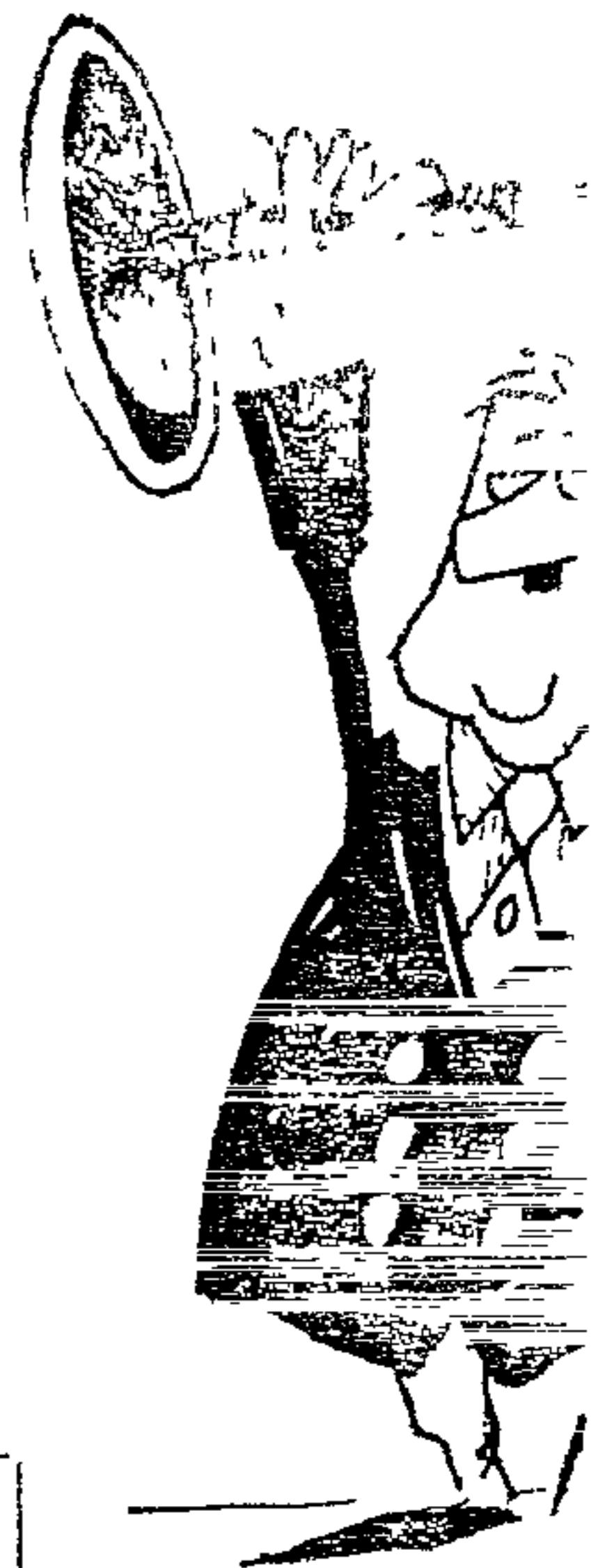
"We hope this will be a way of nudging executives in the right direction."

"We think it will be convenient catching them just before they go to work," he said.

If the sessions were successful he would ask the city council to hold regular keep-fit classes throughout the area.

Fifteen minutes before next week's classes equipment will be available on which executives will be able to check their heart rates.

"But the exercises will not be strenuous," said Mr van Heerde.



WANT TO LOSE WEIGHT?

Que Star

PRAYERS
Joy Anderson

Open your heart to the most personal activity.

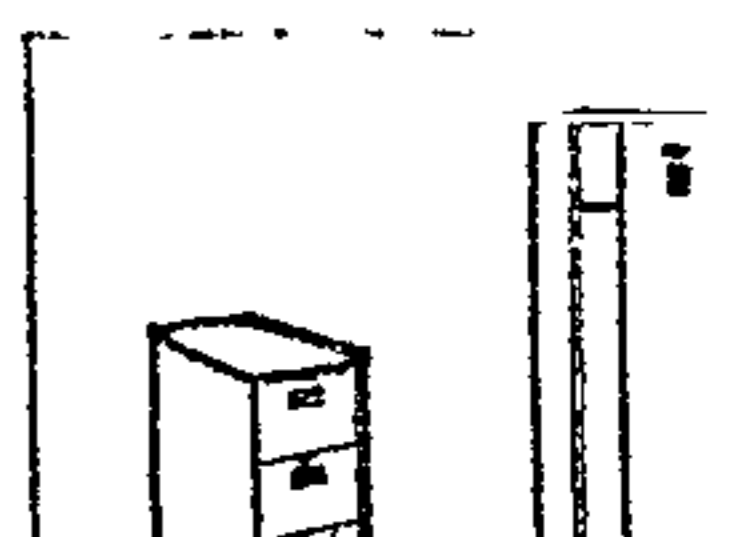
65c

Nuclear power not chosen

Escom yesterday denied the Eastern Cape or chosen for nuclear station.

French industry government to approve contract with South Africa.

"As far as nuclear energy we are not even



'Stump' has reached the boottom' says industrialist

Labour Reporter

THE president of the Federated Chamber of Industries, Mr Rod Ironside, said yesterday it was possible that the economy had reached 'the bottom' and would begin to pick up 'a little later'.

Responding to the announcement of Iscor's plan to retrench 1 500 workers next month, he said it was obvious that Iscor was feeling the pinch and had taken this measure as a last resort.

Worst since World War II? claim

Mercury Correspondent
 PRETORIA—The South African economy is threatened with the most serious unemployment problem since the end of World War II, according to economists.

Retrenchments in increasing numbers are being reported from many sectors of the economy and the trend is expected to accelerate during the next eight or nine months—at least.

Barclays Bank chief economist Dr Johan Cloete said yesterday South Africa had experienced no real recessions since the war.

'We are now faced with a four- or five-quarter decline in the economy with negative growth in two quarters of negative

all, as in the near future the balance will be restored with perhaps a slight adjustment as the economy settles on a lower plateau, he said.

'South Africans tend to talk themselves into situations like this,' he said. 'The economy tends to go through ups and downs.'

Even so, Mr Ironside said, the business practice in the country left much to be desired and when the economic slowdown had been predicted, employers should have taken corrective action over a longer period.

Reacting to fears that retrenched employees might not be taken back again when the situation improved, he said employers would be crazy not to take people back as they had invested time and money in training them.

But few employers were as optimistic as Mr Ironside yesterday.

Iscor's managing director, Mr F P Koltze, said the market had to pick up in the future but it would not be before the end of 1984 and even then it would only be a gradual improvement.

Unemployment problem warning

growth is needed for a recession classification.

Dr Cloete said the clear threat—and it was more than a threat—was the highest unemployment since the end of the war.

A senior economist of the Bureau of Economic Research at the University of Stellenbosch, Dr O D J Stuart, agreed that unemployment could reach percentage peaks next year, greater than anything since 1945.

forecast by most economists and under these conditions greater unemployment was unavoidable.

The general secretary of the Trade Union Council of South Africa, Mr Arthur Grobbelaar, said the country would have to brace itself for the shock of a further escalation in unemployment.

This would last until at least the middle of next year. He appealed to employers to apply the principle, if retrenchments were unavoidable, of last-hired first-fired.

A tragic feature of high unemployment in South Africa he said was that many thousands of black workers had no entitlement to unemployment benefits.

Unemployment at Iscor was discussed again yesterday at a top corporation management meeting. Earlier this week it was announced that 1 500 workers were being laid



All answers
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First Name

Date

Degree you are

Subject (to)

Paper No

(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

off—mostly unskilled, but about 5 percent of them were white skilled workers.

The threat of further lay-offs if the economy continued to slide was acknowledged, an Iscor spokesman said yesterday.

According to the director of the National Automobile Manufacturers' Association of S.A., in January the industry employed 49 683 workers. By the end of September this figure had dropped by more than 2 000 to 47 649.

Another 50 workers, he said, had since been laid off by one of the major manufacturers.

A remarkable feature of the unemployment was that it was mostly whites who were being retrenched.

In January the industry employed 29 912 blacks. By September this had fallen to 28 430.

'We are now moving deeper into recession and it must be expected that the current unfortunate retrenchment trend will accelerate.'

He added, however, that the industry could be expected to explore the options of cutting back on overtime and working more short time before resorting to retrenchment.

Do not write in the left hand margin

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

nbm 19/11/82

Black jobless — the heart of the crisis

MORE than 7 000 workers have lost their jobs in the textile industry this year. The total could reach 10 500 by the end of December.

Iscor's redundancies for 1982 will be about 6 500

That pattern is reflected across the country

Unemployment is reaching critical proportions in South Africa again, and the situation is bound to get worse over the next year or so at least

Mr Harry Oppenheimer warned the Financial Mail investment conference yesterday of "high and rising unemployment with a real risk of industrial disturbances and political instability"

But what are the dimensions of the problem? How far will the jobless total ease as and when the economy moves back into a strong growth phase?

Or is there a risk of structural change, of a shift to permanently higher and (by convention) more menacing levels of unemployment in South Africa throughout the 1980s and beyond?

Is such a change, in fact, taking place?

The statistics, official and unofficial, about the present situation are inadequate as far as the crucial area — that of the blacks — is concerned

According to the Reserve Bank, there were only 18 958 registered unemployed whites, coloureds and Indians in July this year

These figures could well be an underestimate, but in any case the real crisis lies outside these three groups

The Reserve Bank says that in the first months of this year the unemployment rate for blacks was 7,1%

Were that the end of the story, however, the problem would be modest by present international standards

After all, the unemployment rate in Britain is now about 14% with one school-leaver in two unable to find work

The jobless rate is above 10% in the United States and 12% in Canada

Across Europe the level is rising with an estimate that there will be a record 12-million unemployed in the Common Market countries next year

For the Western indus-

Howard Preece



Economic Spotlight

trialised countries as a whole the total number of people out of work could well top 32-million in 1983

Rates are still comparatively low in some countries — less than 2,5% in Japan — but even left-of-centre governments in France, Austria and Sweden are facing mounting difficulties

In the Eastern bloc countries the unemployment situation is sometimes more disguised, but given the pitiful economic record that most of them have the severe strains on living standards are evident

The economies of third world countries are in an appalling state

So, as I say, if black South Africa had an unemployment rate of only 7,1% this country could feel relatively satisfied

Unfortunately, however, matters are more complicated

In the first place, some unemployment has been "solved" by the expedient of excluding the so-called national states — Transkei, Bophuthatswana, Ciskei and Venda — from the statistics for South Africa

But whatever the merits or demerits of the whole policy of grand apartheid may be, there are still tens of thousands of people out of work in these four areas

Any businessman who is worried about unemployment in South Africa is hardly likely to be satisfied by a planner's assurance that those areas are no longer part of the problem

The second point is that the Reserve Bank's statistics are calculated in relation to the "economically active black population"

Thousands of blacks fall outside these figures because their very existence in the urban areas is technically illegal

What then is the "real" level of unemployment?

Publicity has been given to recent claims variously by Dr David Webster and

138 000 to 196 000

SA Breweries turnover in 1975 was R1 160-million with slightly more than 46 000 staff

Last year turnover was up to R3 057-million, but the number of workers had only risen to 56 500

Again, even after stripping inflation from the figures, employment is not rising in these groups in the same proportion as sales

That is good for productivity, of course, although it does show the structural problems of unemployment

Most important of all, perhaps was the 1979 finding of the Government's Economic Development Programme

This argued that if there was an average annual real economic growth rate of only 3,6% for 1978-87, unemployment would be up to 21,9% by the end of the period

With 8% growth in 1980 South Africa is ahead of that game at present

However, the sharp downswing this year, coupled with the prospect of negative growth in 1983 and a slow recovery in 1984, makes a 3,6% rate for the EDP period a possibility.

For all that it is no use, I believe, simply trying to pump money into the economy in a short-term anything-goes bid to bring down unemployment

What is needed is a critical look indeed at all the trappings of apartheid that play so important a role in the employment position — and a whole series of looks of microeconomic policies that might stimulate job creation without provoking a further and ultimately self-defeating general inflationary surge

Professor Jeremy Keenan of the University of the Witwatersrand that total unemployment in South Africa is in the 2 500 000 to 3-million region, or at least 24% of the effective working population

But I have seen nothing substantial enough from either of them to persuade me of the depth of their inquiries

Both seem to be relying on some rough and ready adjustments to the earlier calculations of that far more impressive figure, Mr Charles Simkins of the University of Cape Town

(On the other side, Professor Brian Kantor of the University of Cape Town argued to his own satisfaction last year that there was virtually no "involuntary unemployment" in South Africa, but that engaging eccentricity does not seem to have caught on)

Even Mr Simkins is stuck with the problem of the "informal" sector of the economy — workers who want no official record (or dare not have one) of their operations, and even their existence

On his calculations, however, there were about 2 300 000 unemployed in 1976 — but his definition of "unemployed" includes "underemployed"

Mr Simkins reckoned then that 200 000 new jobs a year would be needed merely to keep pace with the rising number of people on the employment market

But in spite of the hectic boom from late 1978 to early 1982 jobs do not appear to have been created at the pace that might be supposed

Turnover in the Barlows group, for instance, almost trebled between over 1978-81

Inflation played a big part in that, but so did acquisitions

Total employment in the group, however, over the same period was up from

Iscor to retrench at least 1 500 men

260
19/11/82

ISCOR is to lay off another 1 500 workers within the next month and more retrenchments will follow if economic conditions at the steel corporation continue to deteriorate, the Managing Director of Iscor, Mr F P Kotzee, announced this week

The corporation has already laid off about 5 000 workers during the past 10 months as a result of its waning financial situation

In a statement in Pretoria, Mr Kotzee said the Newcastle steelworks and the Sishen iron ore mine would be worst affected by the lay-offs

Ninety-five percent of

the employees being retrenched by Iscor were unskilled labourers, he added

"Owing to the slackness in the domestic and overseas steel markets in consequence of the world-wide recession, Iscor was compelled to decommission some of its production units," the statement said

"For this purpose, employments were dis-

continued, overtime was cut, working times adjusted and vacancies which occurred were filled by means of transfers

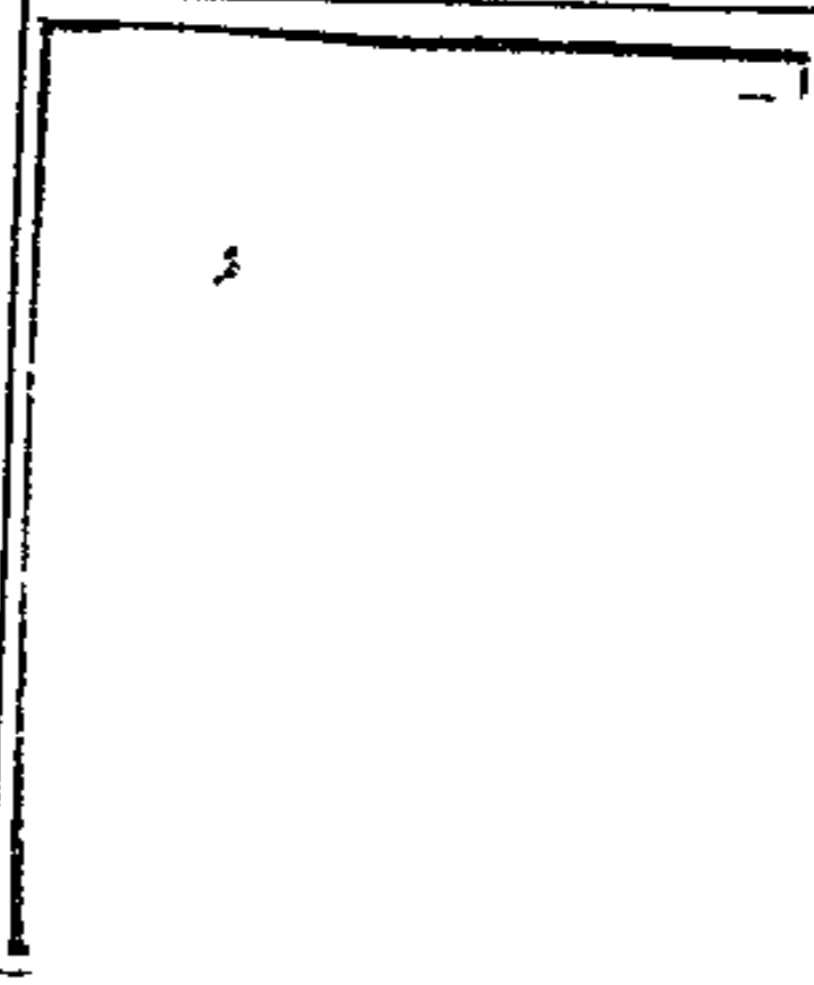
"In this way, the corporation's employment figure has already been lowered over the past 10 months from about 70 000 to 65 000, of which 40 percent were whites and the rest blacks

"It has now become evident that a more rapid reduction in employment figures cannot be put off any longer," it

added.

"If economic conditions should continue to deteriorate, further terminations of service will be inevitable," it said

— Sapa



Many may be obliged to return to homelands or abroad

Dismissed Iscor

workers appeal

to Minister for aid

THOUSANDS of workers made redundant through the closure of the Iscor plant in Newcastle have appealed to the Minister of Manpower, Mr Fanie Botha, for special unemployment benefits.

Many of the workers, both black and white, are also faced with the prospect of being made homeless and being forced to return to their homes in the "homelands" and abroad.

Last week's announcement by the iron and steel giant of widespread labour cutbacks has also caused concern among trade unions.

Other problems the jobless face are

- Disruption of their children's education

- Financial obligations, such as hire purchase agreement bills, mortgage bonds, insurance premiums and so on

They fear they will be unable to support their families.

An official of the multi-racial Boilermakers' Union said nearly a thousand of their white members at Newcastle were immigrants.

"Repatriation, schooling, relocation, repayment of loans were some of the questions raised by members at their meeting recently," the official said.

Mr M J Khumalo, president of the Black Allied Workers' Union

(Bawu), said that so far about 500 of their members had been laid off, or had been served with notices terminating their contracts.

"The workers have accepted the job crisis which has sent unemployment figures into the thousands. One of their only hopes lies in compensation benefits, like severance pay equal to a month's salary."

Workers who were being paid out their pension contributions saw this as a source of further relief. However, he said, "there were no assurances that the retrenched workers would not be forced to return to their respective homelands."

Mr Henry Ferreira, acting general secretary of the all-white Iron and Steel Workers' Union, said they had obtained minimum assurances that their members would be allowed to occupy their company homes for three months at the existing subsidised rents.

Meanwhile Iscor has outlined the benefits it will pay the hourly-paid workers it lays off. They will be paid the equivalent of four weeks wages as an ex gratia payment on November 24.

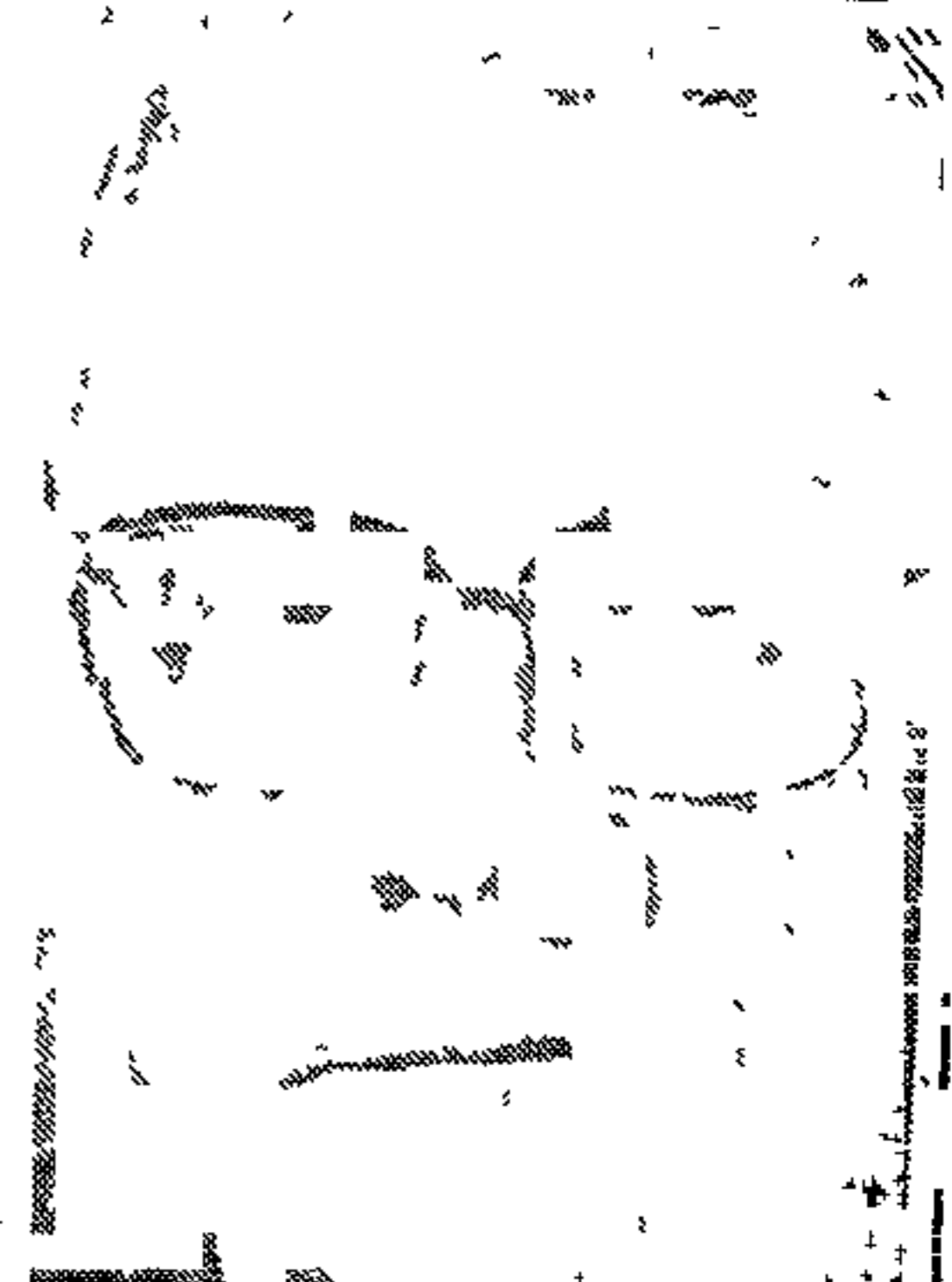
Leave, leave bonuses and long service bonuses will also be paid out pro rata and those with less than 10 years service will be refunded twice their pension contributions.

APPEAL To Fanie Botha

260

Sowetan 23/11/72

Handwritten scribbles and marks.



Drastic cutback as 900 blacks retrenched at Iscor

Pietermaritzburg Bureau
DRASTIC retrenchment measures announced by Iscor last week became a reality for more than 900 black steelworkers who were paid off at the Newcastle works yesterday.

The general works manager at Iscor, Newcastle, Mr C J van Vuuren, said 'just over 900' unskilled labourers collected their pay early yesterday.

The total pay packet had amounted to R1 500 000 which included their last week's pay, severance pay and fringe benefits.

Transport was provided for the laid-off workers to the nearby Madadeni and Osizweni townships and to the homelands.

Sixty percent of the affected workers were 'migrant labourers' from KwaZulu, some of them living as far north as Nongoma and Ulundi down to Nqutu. A few came from Qwa Qwa.

'They left amiably and there was no trouble at all,' Mr van Vuuren said.

He said there had been considerable speculation about massive retrench-

ment which would leave rented houses vacant and the town almost empty.

The impression had been created, he said, that 'thousands' of blacks and whites would be laid off.

'Some of the speculation and reports about numbers of people affected have left management extremely frustrated and employees feeling uncomfortable.'

'We have not terminated anyone's employment due to retrenchment until today. We have, however, not been replacing people that leave.'

Mr van Vuuren said no white employees had been retrenched and that there would be no more dismissals this year. 'It cannot be ruled out at a later stage if the situation worsens but the number will be much smaller.'

'This is probably the most drastic action we have had to take and I don't think it will happen again.'

He attributed the retrenchment to the economic climate and the worldwide slump in demand for steel.

Going to market

The public sector will be seeking to raise almost R2,3 billion in new cash on the capital market between January 1 and December 31 1983, according to preliminary

figures released by the Directorate of Public Finance. This is almost R1 billion more than the total amount scheduled to be raised in 1982, with borrowers probably encouraged by expectations of lower interest rates next year.

An important contribution to the virtual doubling on the 1982 total of R1,3m will be made by the South African Transport Services and the National Housing Commission. Previously, they were funded directly from central government but now draw their loan funds for capital expenditure from the capital market. Together, they plan to raise R350m, almost R150m more than they took out of the market during this year.

Some of the biggest increases in proposed borrowing are planned by homeland governments, seeking to raise R120m, almost R50m more than this year. Bophuthatswana is the biggest borrower, proposing to take out R56m, in addition to its National Development Corporation's R24m. The next largest borrower is Ciskei, which will be looking for R20m.

The government will also be coming to the market to rollover R403m compared to R417m this year, apart from whatever fresh funds it may raise.

The other major borrowers on the preliminary list for next year are

□ Iscor, R100m, which is level with the 1982 figure,

HIGH AND LOWS

Sanlam did not make prescribed investments at low rates of interest, as reported in last week's *FM* (*Economy* — "Sanlam in Gilts")

The relevant paragraph should have said that Sanlam's public sector investments included prescribed investments "made at prevailing *high* rates of interest." The inversion was the result of an error in the original press release from Sanlam.

- Escom, R200m, compared to this year's R160m,
 - Armscor, R100m,
 - Corporation for Economic Development, R100m,
 - Industrial Development Corporation, R64m, compared to R20m in 1982,
 - SWA Administration, R80m,
 - Atomic Energy Corporation, R146m,
 - Water boards, R166m, of which the Rand Water Board will account for R66m,
 - The Land Bank, R150m alongside R300m in redemptions, and
 - Municipalities, a total of R394,6m with almost R30m in redemptions.
- Johannesburg is the biggest borrower, listed for R50m with Cape Town and Pretoria seeking R40m each.

Jobs crisis

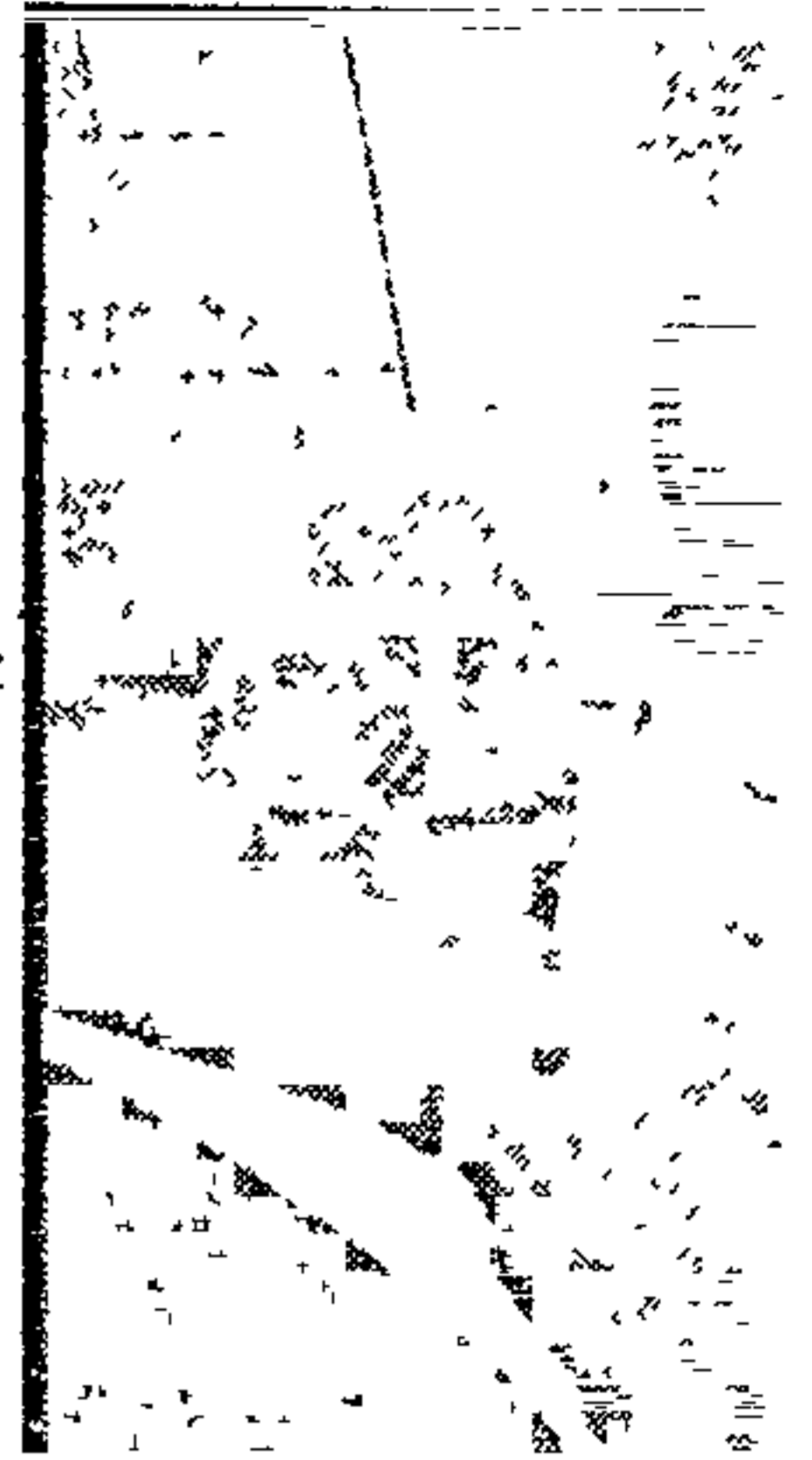
who will be next in



Almon Khuzwayo has sold all but three of his 30 goats in a struggle to survive

THE SAD FACE OF UNEMPLOYMENT

Handwritten notes in circles: "260", "San. Tribune", and "28/11/82".



BETWEEN 700 and 1 000 blacks were retrenched and sent home to their KwaZulu and Transkei villages this week, as the recession bit into what was previously one of the State's most secure job fronts—the giant Iscor steel works at Newcastle.

And while the men in Madaden township were packing their belongings in the hostel and throwing their suitcases on the buses, about 500 of their white colleagues were heaving sighs of relief that they weren't doing the same.

Their jobs, safe for the moment, may go the same way after Christmas.

A prominent Newcastle businessman put it succinctly: "Iscor has employed the unemployable for longer than anyone else would have."

It is a view which is widely held. Even an office secretary in the town, which depends for 95 per cent of its business on the growth created by the steelworks, said: "Around here, Iscor has always been regarded as a welfare agency."

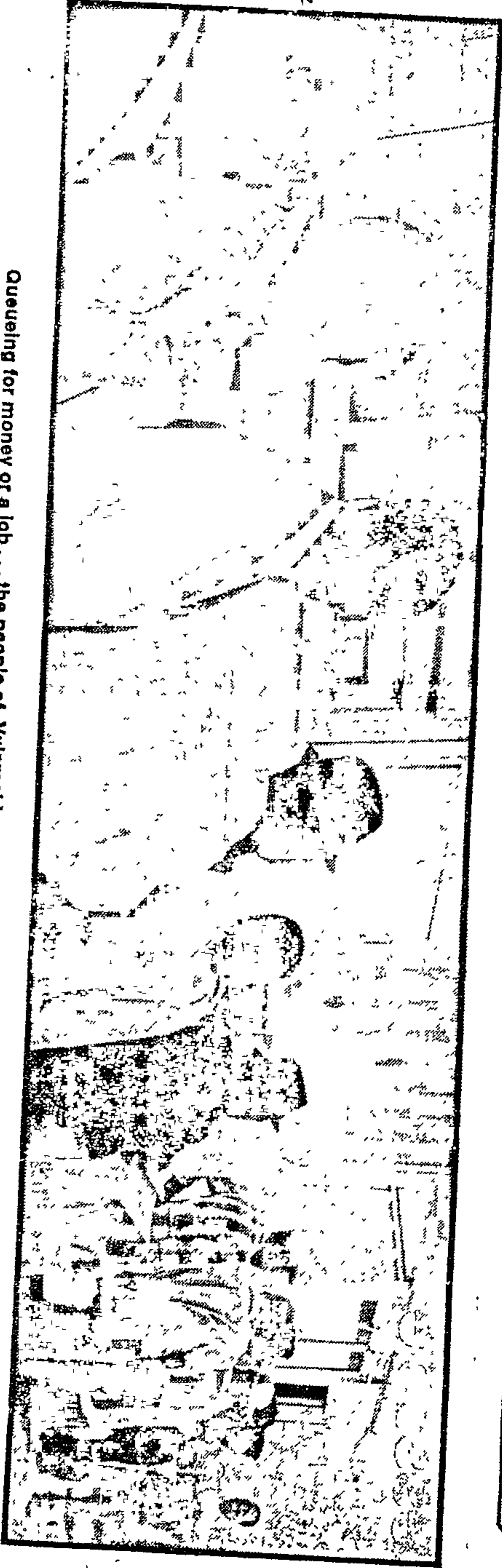
This week the welfare stopped.

The effect can be seen in the palatial Iscor Club. Once a hub of social activity, it is echoing and emptier by the day.

"People can't afford to drink here any more," a strapping fitter who once worked for a Durban bank, told me cheerily over a beer. "The overtime died away more than four months ago. The retrenchments are just the nail in the coffin."

Will we next in the queue for the chance to earn a living?

*un. Inland
28/11/82*



Queuing for money or a job ... the people of Vulamehlo, part of the KwaZulu homeland on the South Coast.

NEW EMPLOYMENT

Escom lowers tariff increase

ARCAS
3/12/82

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~~244~~

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JOHANNESBURG — with essential expansion during a serious recession. An organisation such as Escom found itself in an unenviable position since the generation and supply of electricity was not only a long-term undertaking, but a highly capital-intensive one.

The move is the result of a request by the Government to assist in reducing the inflation rate.

The new tariff will apply from January 1983.

CAMPAIGN

Making the announcement, Escom's chairman, Mr Jan H Smith, said "The move will be accompanied by an even more intensive campaign by Escom to cut costs and increase productivity.

"We are hopeful that these measures, together with a lower inflation rate, will enable us to meet South Africa's demand for electricity at the lowest possible cost.

"We hope that Escom's efforts towards reducing the rate of inflation will help other sectors of the economy to contain rising costs. Escom trusts that this reduction will be passed on to all consumers in full.

CONSUMERS

"We must do our utmost not to overburden consumers but, on the other hand, Escom has to safeguard South Africa's electricity supply, not only in the short term but in the long term as well. This has to be done even in terms of financial stringency.

Mr Smith said there was no easy solution to the problem of coping

Escom was also particularly exposed to inflation, high interest rates, unfavourable exchange rates and other phenomena usually associated with a recession.

RECESSION

"We realise that one of the major causes of the present recession is South Africa's persistently high inflation rate, particularly now that the inflation rate of many of our trading partners has been materially reduced.

"If a lower inflation rate in South Africa can be achieved, the cost of electricity can be contained as well.

"The Commission is anxious to contain tariff increases as much as possible in the interest of its consumers and it is hoped that an upswing in the economy of the country next year would result in an increase in Escom's income so as to avoid further increases in the course of the year," he said.

Mrs Bhutto has

● SCRAPPED!

R300 000

ARMSCOR

MANSION

260
S. Express
5/12/82

Express probe uncovers 'secret' building project

By **MARTIN WELZ** Political Correspondent

ARMSCOR has dropped plans for a R300 000 mansion on a prime Pretoria site for its chairman — only hours after the Sunday Express asked questions about the project.

The site was estimated to be worth a further R200 000.

Arm Scor has tried twice in recent months to persuade the Pretoria City Council to sell a city park for an official residence for its chairman, Commandant P G Marais. The first application — in September — was refused and the second was still pending last week when the Sunday Express started its inquiry.

Then, on Friday afternoon, a message to the Sunday Express from Mr Marais said there was

“not even a suggestion of truth” to allegations that Arm Scor

Was negotiating to buy land in Groenkloof, worth at least R200 000, for an official residence
 Planned to build a house on the site costing R300 000

Had pressed the city council to allow Arm Scor to buy three erven zoned as parkland because, while the Marais couple specifically wanted to live in this suburb, no suitable sites were available.

An Arm Scor public relations officer in Pretoria, a Miss Meintjies, said Mr Marais was in a board meeting and could not speak to me.

She had, however, put the allegations to him in

To Page 3

Armcor mansion plan scrapped

 From Page 2

detail and was conveying his reply

"He suggests you go back to your sources," she added

The Sunday Express established that Armcor's housing subsidiary, Bonaero Park (Pty), first applied to the Pretoria City Council to buy three erven — 83, 84 and 85 — in early September

It was suggested to the council that they be rezoned as residential sites and put up for auction

The three erven are on a hillside and total 4 660m². Prices in Pretoria prestige suburbs suggest that a stand that size would sell for more than R200 000

The application was classified "confidential and not for publication"

At the end of September the city council informed Armcor that the application had been refused but Armcor applied again in November for erf 85

A letter signed by Mr G G Nothnagel, group manager, services, Armcor, said the property was wanted for an

and will definitely be an asset to the environs

"In the light of the above we make a friendly plea for your favourable consideration"

When Armcor was approached for comment on Friday the application was still pending

Half an hour after the call from Miss Meintjies Mr Nothnagel phoned the Sunday Express as the chairman was "in Cape Town"

Mr Nothnagel confirmed that Armcor had applied for the site "We wanted to build ourselves a guest house and a centre for official receptions. We thought we might as well include accommodation for our chairman"

"At first it appeared the council was favourably disposed but when they rejected the application that was the end of the story"

Mr Nothnagel insisted that Armcor did not pursue the matter once the application was rejected and described the suggestion that Armcor was prepared to spend between R300 000 and R500 000 as "absolutely absurd"

He said it was equally absurd to suggest an official residence was required for Mr Marais

"Our chairman is happy in the penthouse Armcor provides for him at the bottom of Groenkloof. He wouldn't leave it anyway"

At the end of the interview Mr Nothnagel warned the Sunday Express to be careful about mentioning the project "for security reasons"

An hour later the Sunday Express called Dr G J Davidtsz, a retired NGK theologian now chairman of Pretoria's management committee, for comment

"Yes, we turned down their application because we decided we did not want to sell parkland. They wanted it for a house for their chairman," he confirmed

Asked if there had been a further application, Dr Davidtsz said it was "off"

"They withdrew their application — I think it was this morning. I have been so busy I can't remember when. In any case it was today I believe they have been helped out elsewhere"

● Commandant P G Marais Groenkloof penthouse

official residence for its chairman

"We have really moved heaven and earth to find a residential erf or house in Groenkloof — without success," Mr Nothnagel wrote

"Mrs Marais has lived in Groenkloof for six years and would very much like to stay there"

"In pursuance of our earlier approach in this regard we have already had draft plans prepared and enclose a copy of these to prove how serious we consider the matter. Construction costs are estimated at about R300 000"

nom

6/12/82

260

Application withdrawn

Mail Reporter

ARMSCOR has withdrawn its application to the management committee of the Pretoria City Council to allow it to build a R300 000 mansion for the Armscor chairman, Commandant P G Marais, on a site in Groenkloof earmarked for a park. Yesterday Dr G J Davidsz, management committee chairman, confirmed that the Armscor application was withdrawn on Friday morning.

A spokesman confirmed the application had been lodged with the Pretoria City Council for a guesthouse, a centre for official receptions and a residence on the property.

hardly presented

By SANDRA SMITH

AN average 10 000 tons of steel a month which was previously exported by Iscor from Port Elizabeth is one of many cargoes rerouted for export via Durban

The divisional general manager of Iscor's steel marketing section, Mr Nolf Olivier, said today Port Elizabeth's harbour had been used previously to export steel overflowing from the Durban port

It was also convenient for ships going to the United States and for cargo from Vanderbijl Park

But the slump in the overseas steel market had led to the decision by Iscor to send all export cargo to Durban, where the company had permanent warehouses

It also cost between R7 and R8 more a ton to use the Port Elizabeth harbour

PE dropped by Iscor as export port

260 262 184
E Post 7/12/82

because of railage costs

The world economic and shipping slump meant that Durban could now accommodate all Iscor freight, Mr Olivier said

About a month ago, Iscor decided not to use Port Elizabeth for about a year, when the economy should improve

A national forwarding company, whose spokesman did not wish to be named, said a small amount of Zimbabwean steel had also been

rerouted to Durban, as well as about 20 000 cases of tobacco a month, asbestos and copper

He said the tobacco had stopped coming through Port Elizabeth in February because railage to Durban was obviously cheaper

Laden rail lines to Durban in the past had meant producers were forced to use other ports, but the recession meant the port was now able to handle the cargo again

While Zimbabwean as-

bestos had been rerouted, Port Elizabeth was still used for local and SWA/Namibian asbestos

He said Port Elizabeth was still "safe" as far as iron ore, wool, fruit and a small amount of general cargo were concerned

Ports like Cape Town, Port Elizabeth and East London could be helped during economic recessions if the SATS tried to compensate in rail tariffs

SATS's public relations chief, Mr Leon Els, said today bodies such as the Midland Chamber of Industries, the PE Chamber of Commerce and the Cotton Board had approached the SATS to discuss a revised tariff structure to Port Elizabeth

SATS worked in terms of distance travelled, and "because of the cost structure" could not make concessions to geographically disadvantaged areas

Power station blows up R250 000 damage

ARGUS 15/12/82
~~56~~ 260 ~~847~~

Argus Correspondent
JOHANNESBURG — A
blast rocked the Eskom
sub-station at Ennerdale
between Vereemging and
Vanderbijlpark early to-
day

The explosion hap-
pened between 2 am and
3 am and extensively da-
maged two power trans-

formers at the station
which serves the col-
oured community in the
area

An officer at police
headquarters in Pretoria
confirmed the two trans-
formers had been blown
up but would not at this
stage confirm an act of
sabotage

POWER CUTS

He said no one was in-
jured and security police-
men and bomb squad ex-
perts were looking for
clues in the area

An Eskom representa-
tive said the blast caused
domestic power cuts to
the Nancefield and Gras-
mere residential areas

He estimated the cost
of the damage at about
R250 000

Power to the affected
areas might be restored
by tonight, he said No in-
dustrial areas were af-
fected by the power cuts

PUBLIC SECTOR-GOVT. - STATE ENTERPRISE
1983

JAN. — DEC.

Koeberg sirens spark new row

Cape Times 12/1/83

By JANE ARBOUS
Municipal Reporter

THE Divisional Council is angry because Escom ordered a R300 000 siren alert system for the Koeberg danger zone and expects the council to foot the bill

Another blow

The Works Committee yesterday refused to pay for the system, but the council might have no choice

In a further blow, Escom has told the council

that it will not help to pay for any special civil defence equipment in spite of an earlier promise to do so

The council is responsible for civil defence in the area surrounding Koeberg. However, it believes it only fair that because Escom has introduced a special hazard (Koeberg) into the area, it should be liable for the additional costs of protective measures

Details of the latest row over Koeberg and the

emergency plan were disclosed in strongly-worded papers at the Works Committee meeting yesterday and the issue will be debated at the full council meeting at the end of the month

In a letter dated October 25, Mr G F Hellstrom, Escom regional manager, said Escom was prepared in principle "to provide financial assistance to establish the required capability to respond to a Koeberg emergency". He asked the council to send him details of the costs

Shock

In consequence, the council went ahead with its planning and did not consider it necessary to make any provision for the expenditure involved in the 1983 capital estimates

To the council's considerable shock, it was informed on December 10 that not only was Escom not going to provide any financial assistance but it was ordering an expensive siren system for which it expected the council to foot the bill

The council secretary, Mr W Vivier, told the Works Committee that the reason for buying the system was to enable Escom to obtain its licence from the Atomic Energy Corporation to load the reactors

The only money available for equipment was a R100 000 grant from the Provincial Administration, with no known prospect of more, he said

"The latest Escom attitude leaves the council facing a dilemma"

The committee accepted his recommendation that Escom be given permission to erect the siren system on council land, but that it meet all costs

'Displeasure'

If there is no financial assistance either from Escom or the Provincial Administration, the council might have to carry the costs by obtaining bridging finance

Mr Vivier recommended that the council convey its "displeasure" at Escom's change in attitude

IsCOR gives ^{15/1/83} ²⁶⁰ helping hand

**African Affairs
Reporter**

THE congestion in schools in Madadeni township, Newcastle, had been reduced considerably following IsCOR's agreement in allowing the community to use some of its hostels as schools, Mr S N Shabalala, the local circuit inspector, said yesterday

He said the local school principals had protested that the schools could not accommodate the high number of pupils wanting to attend

The joint school committees suggested that IsCOR be approached because there were empty hostels

Three members of the KwaZulu Legislative Assembly for the area Dr F T Mdlalose, Mr P O SIKAKANE and Mr H Madonseja made representations to the IsCOR management who agreed that the hostels could be used for school purposes

The matter was then referred to Mr J E Ndlovu, KwaZulu's Secretary for Education, who inspected the buildings and found them suitable He is also making arrangements to provide additional furniture

IsCOR was also renovating the hostels which consisted of five blocks and each block has been converted into 17 classrooms

Newsfile

Accident setback at new Soekor borehole

By GORDON KLING

A MULTI-million-rand accident at Soekor's latest borehole off the Mossel Bay coast has set back development on what is hoped to be South Africa's first commercial oil field

The State-backed oil exploration undertaking yesterday confirmed that "technical problems" had occurred at the well, designated EG3. It declined to elaborate.

It is understood from sources working on the giant Sedco K oil rig, however, that a 215-ton piece of equipment was recently toppled off the well head on to the ocean floor, from where it can-

not easily be removed.

The EG3 borehole is the first step-out well to be drilled on the structure of the EG2 well which last September produced significant amounts of crude oil for the first time in South Africa's 15-year search for oil.

Soekor would not confirm that the problem centered on a guide bloc assembly — a complicated piece of equipment estimated to cost well over R2-million and consisting of a series of hydraulic rams used to manoeuvre pipes into the well — or a blow-out preventer — intended to control pressure released by gas pockets — or both.

It is understood that the damaged apparatus cannot readily be lifted in one piece, but a mechanism which enabled it to be separated into two units was damaged in the accident.

Diving sources said yesterday that Soekor had a video camera at the site of the damage and a repair squad with six tons of equipment had been flown in by a Hercules from Scotland.

They maintained that repairs had been delayed by a Soekor decision to discontinue the contract last year for a South African deep-water emergency back-up system.

LARK TIMES 19/1/83 (260) (2)

ADMINISTERED PRICES

FM 21/1/83

260

Restraining the monopolists

Last year both Escom and SA Transport Services (SATS) reduced tariff increases in response to political pressures. The principle is not a good one but in the absence of greater competition these near monopolists were at least forced to think again.

Perhaps now is the time to set up more permanent and systematic monitoring procedures which take into account the economy as a whole in setting prices of the State corporations.

These corporations are under an obligation to ensure that future capacity exists in relation to likely demand for their essential services. Inevitably, therefore, they will estimate future capacity on the generous side, not always paying close attention to the burden this places on consumers now.

Were they to operate in a competitive market, their prices would reflect a better balance between current and future demand. Nor would they be subjected to political interference which has sometimes in the past not been economically justified.

Usually, in Western economies, licensed monopolists have their prices subjected to the closest scrutiny by independent outsiders. It is nearly always a cumbersome procedure, but it does provide a semblance of the balance

provided in competitive markets.

Price controllers usually consider administered prices in the context of national needs. Therefore, they should never be dominated by civil servants, politicians or consumers.

Government has recognised the need to review the administered price system. On the recommendations of the Economic Advisory Council a study has been started under the leadership of Jan Dreyer, of the Department of Constitutional Development and Planning. One of its functions is to establish guidelines for price control.

But word is that it is being hampered by staff shortages and less than enthusiastic co-operation from some of the large organisations whose workings it must study.

Now is the time for a bold move from Pretoria. It should accept the fact that administered prices of electricity, transport, communications, and steel, all supplied by monopolistic or near-monopolistic State corporations, are too important to be determined on an *ad hoc* basis by politicians or the producers themselves.

It should determine clearly formulated guidelines which enunciate the national priorities affected by these prices.

And it should set up a public sector price review committee, chaired by a businessman and widely representative, to deal with the problem within these guidelines.

Call for

ISCOR ^{CAPL TIMES} 25/1/83

to go ⁴⁶⁰
private

TOWN
ER BOOK



UNIVER
EXAMIN

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

All answer books must be

Number of books handed

Number of this book

Surname *V. J.*

First Name(s) *P. A.*

Date *4/1*

Degree/Diploma/Certificate you are registered (e.g.)

Subject *EC*
(to be copied from the examination Paper)

Paper No
(to be copied from the examination Paper)

Staff Reporter
TOP management of the State-owned Iron and Steel Corporation (Iscor) yesterday called for the handing over of the corporation to the private sector as a long-term project.

Giving evidence before the President's Council economic affairs committee which is investigating measures restricting the effective functioning of a free-market economy, were the corporation's managing director Mr F P Kotze, and the general manager (steel marketing) Mr P A Olivier.

They also criticized the beleaguered South African Transport Services (Sats) for the uneconomic nature of its activities.

Discussing the handing over of Iscor to the private sector they said "the normal reasons given for the privatization of Iscor are only true in a very limited sense".

However, the privatization of the corporation would free Iscor from State interference and would enable it to derive benefits usually reserved for private companies.

The Iscor men requested that because the corporation did not receive the advantages of other State-owned corporations, like advance capital outlay, provisions should be made as soon as possible for its privatization.

"Consequently, we can justifiably ask why the chains cannot be thrown off now and profitability be improved as fast as possible so that (Iscor) becomes a proposition for privatization at the earliest possible date."

Turning to Sats, Iscor said three aspects of the Sats operations were "extremely disruptive" of the free-market system. These were:

- The coupling of the Sats budget to that of the State, and the accompanying "stand-walk" approach to the allocation of capital.

- The "excessive cross-subsidization of rail tariffs as a result of the maintenance of uneconomic services".

- Sats' lack of any profit motive.

	Internal	External
(1)	(2)	(3)
1 (6)	16 1/2 -	
2 (1)	14	
3 (2)	8?	
Examiners' Initials		

NOTE CAREFULLY

- The answers only on marked. The left hand rough work, but no work.
- Enter at the top of each block on this cover you are answering.
- Blue or black ink must be used. The use of a ball point or green ink may be used for emphasis or for diagrams.
- Names must be printed (e.g. graph paper) examination book(s).

Any dishonesty will result in disqualification and to possible exclusion from the University

WARNING

- No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
- Candidates are not to communicate with other candidates or with any person except the invigilator.
- No part of an answer book is to be torn out.
- All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

26/11/83 Iscor to open trial coal mine 260

ISCOR is to open a trial coal mine in the North-Eastern corner of Venda at an estimated cost of R12-million, the giant State steel corporation and the Venda Government announced in a joint statement in Pretoria yesterday

The mine would be situated in an area known as Block E, which lies between the Luvuvhu and Mutale rivers, where exploration work had uncovered a coal seam of between 2,5m and 3m in thickness, the statement said

"The coking quality of this coal is excellent," it added

Iscor said the establishment of a trial mine in the area was considered necessary to determine mining conditions underground and to confirm exploration results, particularly the presence of faults

Beneficiation tests would be conducted in a plant to be erected at the trial mine

"The coal will be dispatched to the works, will be carbonised and tested in the blast furnaces to ascertain exactly what benefits Iscor will derive from the better quality coal

"On the strength of all

these factors, the corporation will be in a position to decide whether the establishment of a full-scale mine in this area is economically justifiable," the statement added

The proposed trial mine would be developed from the surface to a depth of about 250m. The primary development would extend from the surface — where a sub-outcrop of weathered coal occurs — to a main fault striking more or less east-west, Iscor said

"It is contemplated at this stage to despatch 1 000 tons of beneficiated coal per week

"At the expected 50% yield, therefore, 2 000 tons of run-of-mine coal per week will have to be produced," the statement said

Iscor said the establishment of the trial mine would create job opportunities for about 170 people in the area

"Close liaison will continue to be maintained between Iscor and the Venda Government, particularly in respect of the establishment of infrastructure and labour matters," the statement said — Sapa

Iskor to ^{27/11/83} ~~4/5~~
open trial ~~2/5~~
coal mine ²⁶⁰
in Venda

By Hannes Ferguson,
Pretoria Bureau

Iskor is to establish a trial coal mine in the far north-eastern corner of Venda at an estimated cost of R12 million

According to Venda Government sources, exploration work had indicated a promising seam of excellent coking coal between the Luvuvhu and Mutale rivers bordering the Kruger National Park

The trial mine will determine mining conditions underground and establish any possible faults in the seam. Tests will be conducted by the plant to be erected at the trial mine

The coal will be further tested in Iscor's blast furnaces to measure cost and quality benefits to be expected from the high-grade Venda coal. Iscor will then decide on the feasibility of a fullscale mining operation

The trial mine will be developed from surface to a depth of about 250 m

Weekly, about 1 000 tons of processed coal will be obtained from 2000 tons of run-of-mine coal. The mine will create job opportunities for about 170 Venda citizens

24th Jan

Venda ~~(113)~~ growth ~~(24)~~ interest ~~(260)~~ is sparked

27/1/83
By Dirk Nel,
Northern Transvaal
Bureau

Iscor's announcement that an experimental coal mine is to be opened in Venda has aroused great interest in the Northern Transvaal

"After several years of prospecting by Iscor, it is encouraging to know that they consider mining to be viable at this stage," said the town clerk of Louis Trichardt, Mr Corrie van Rooyen

As the town was the nearest major growth point he would be watching developments with great interest, Mr van Rooyen said in an interview

Mr Richard Pennells, chairman of the Soutpansberg District Development Association, said he hoped the mine's opening would lead to greater things. He felt attention now focused on the area could lead to stimulation of the local economy

RAIL LINK

Mr Jack Botes, chairman of the Regional Development Advisory Committee for the Northern Transvaal, said Iscor's announcement had brought a new dimension to Venda's future

"This confirms speculation that Venda has vast reserves of quality coking coal. If greater production results a rail link will become essential," he said

Mr Botes felt a railway line alone would stimulate growth in Venda and the whole Northern Transvaal region

The opening of the mine was a step towards the development of vast iron ore resources just north of Pietersburg

The economic mining of coal nearby was essential to the establishment of a ferro-chrome industry, Mr Botes said

He hinted at further announcements of mining and industrial projects in the region during 1983

ESCOM (260) FM 28/1/83

Foreign money for Maj

The Electricity Supply Commission (Escom) is negotiating a major international financing package of \$550m for the purchase of turbines for the Majuba power station in the eastern Transvaal. Escom is near to finalising the package but nothing has yet been formally signed.

The money is earmarked for the purchase of six 600 MW turbines from the General Electric Company (GEC) of the UK.

One part of the financing is a \$350m export credit supported by Britain's Export Credit Guarantee Department (ECGD). It is to be backed by a 10-year commercial loan of \$200m.

The ECGD-backed credit is for an even longer period, but this is fairly usual for government-backed export credits. The term is for the construction period of each unit plus eight-and-a-half years. The credit could thus stretch over nearly 20 years, depending on the time it takes to construct and install the turbines.

The actual interest rate Escom will be paying for the credit is not being disclosed, but the speculation in the markets is that it is at a fixed rate and must be fairly attractive.

The anticipated \$200m loan is a standard credit syndicated among a number of leading international banks.

The agent bank handling the credit is the UK-based Hill Samuel which has a major subsidiary in SA. It supported GEC in its tender for the construction of the turbines.

The terms of the loan are 0,75% over the London interbank offered rate (Libor) for the first four years, 0,875% for five to eight years, and 1% for nine to 10 years. These terms are in line with those raised for other major international projects.

The international credit markets have been going through a rough patch recently in the wake of the problems experienced by the Latin American countries. At one point late last year international banks virtually stopped lending money for a time after Mexico and a number of other countries started rescheduling their debts.

It is thus a feather in Escom's cap that it was able to keep the negotiations going under the circumstances. The raising of the funds will also be an encouragement to other State borrowers like South African Transport Services which have some large projects in hand.

2 SABCO

men

barred

SYDNEY — Two employees of the South African Broadcasting Corporation have been barred from entering Australia to conduct interviews with prominent Australian cricket players, immigration authorities said yesterday.

The SABC applied for visas for a three-man crew to visit Australia, but only the producer was granted permission to enter the country, authorities said.

A spokesman for the Immigration Department in Canberra said the decision was taken in the context of the Australian Government's opposition to South Africa's racial policies.

A spokesman for the SABC said yesterday the incident had occurred in early December when the crew for director Trevor Quirk was refused entry to Australia.

At the time, Quirk was told he would be permitted to enter but would have to hire a crew in Australia, the spokesman said.

"The incident was not political, it was because of a union ruling," he said.

Iscor scrap move hailed

Financial Editor
ISCOR'S decision to withdraw as a member of Ferrous Scrap Distributors (FSD) meant that free enterprise would reign in the scrap industry, Mr Harry Druker, chairman of the Scrap Metal Merchants Association, said from Johannesburg 'It's the best news we have heard for a long time,' he said

Until now FSD bought 95 percent of the metal scrap from more than 50 scrap merchants

But merchants are still furious about a 15 percent price cut late last year and further cuts in purchases by FSD two weeks ago

Mr Druker said Iscor would buy on the open market and that they might pay coastal merchants a premium to cover transport costs to inland blast furnaces

The original agreement between scrap merchants and FSD was to expire on March 31 but Mr Druker thought that Iscor's withdrawal would mean a total collapse now

Mr Druker thought Iscor and other purchasers would increase their scrap purchases towards the year end. The market is depressed at present

Merchants would get high prices in times of high demand and low prices when there was a metal surplus. This, said Mr Druker, was the best thing that could happen to the industry

The merchants are expected to meet again in

March to discuss the developments in FSD and Iscor

222 260 Mercury 1/2/83

Q. 61. 14 = 15
SABC: body to enquire into complaints
260 ~~Star~~ Hansard 2/2/83
18 Mr D J DALLING asked the Minister of Foreign Affairs and Information

Whether he will give consideration to the establishment of a body independent of the South African Broadcasting Corporation to inquire into complaints made against the said Corporation, if not, why not?

The DEPUTY MINISTER OF FOREIGN AFFAIRS AND INFORMATION:

(a) If the hon. member's question refers to complaints concerning the contents of programmes, or complaints of a general nature related to programme content, the response is as follows

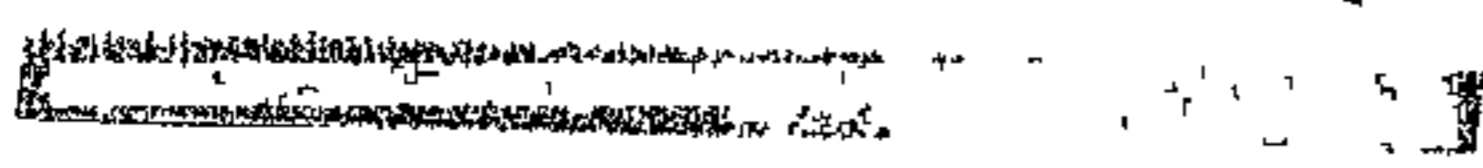
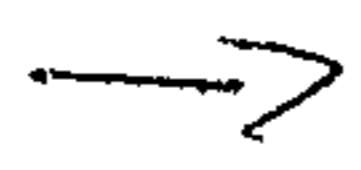
No The Board and the Director-General of the South African Broadcasting Corporation are responsible for the efficient management of the Corporation

(b) If the hon member refers to the allegations and reports of irregularities in the handling of the manufacture, selection and purchase of radio and television programmes, I would refer him to the statement which the Minister of Foreign Affairs and Information issued on 19 September 1982 in response to press enquiries The statement read as follows.

"Rumours that SABC staff have allegedly benefitted from the procedures followed in the manufacture, selection and purchase of radio and television programmes have come to my attention

In order to safeguard the SABC from the harmful effects of such rumours, the SABC has been requested to consider investigating the allegations

The SABC could, in turn, give



the immediate assurance that firm rules and procedures are applied in terms of which expenditure on the manufacture and acquisition of programs is controlled and checked, *inter alia* by internal and external auditors
The SABC nevertheless instituted such an investigation. Future action, if any, will be determined by the findings of the investigation, which is still in progress"

This investigation has not been completed yet

57 (260) Howard Q Col. 39
S.F.F. Association
4/2/83
32

*20 Mr D J N MALCOMESS asked
the Minister of Mineral and Energy Affairs.

Who are the (a) directors and (b) audi-
tors of the S F.F Association?

The MINISTER OF MINERAL AND
ENERGY AFFAIRS

- (a) Dr. D. C Neethling
Mr S J P du Plessis
Mr C. F Scheepers
Mr J A Stegmann
Dr D F Mostert
Mr J L J Bezuidenhout

Chief Director Energy, Department of Mineral
and Energy Affairs (Chairman)
Director-General Department of Mineral and
Energy Affairs
Deputy Director-General Department of Indus-
tries, Commerce and Tourism
Sasol Limited
Sasol Limited
Sasol Limited

Angry mob forces police to make a tactical retreat

240 Crime Reporter

WEARING industrial hardhats and wielding knobkerries, a mob of angry black men and some women routed a party of police who made a dawn raid on Escom's Sonti compound near Dududu yesterday

The six policemen, who did not resort to the use of their firearms, were forced to make a tactical retreat after two of them were felled

But they did manage to arrest a black woman before their attackers also beat a hasty retreat.

At 5 a m W/O T Breytenbach and five black policeman went to the compound at the request of Escom authorities to investigate complaints of trespassing

Resentful of the fact that the women were ordered to leave or be charged with trespass, the men donned their hardhats,

armed themselves with knobkerries and launched a counter-action against the police

In the skirmish that followed, W/O Breytenbach was coshed on the head and was taken unconscious to the Scottburgh Hospital, as was Sgt S Sosibo

A doctor used 15 stitches to close a gash in W/O Breytenbach's scalp. Both men were later discharged

Mercury 9/2/83

260 *Hansard Q61.71-*
 State Oil Fund
 1/2/83 72
 48 Mr D J N MALCOMESS asked the
 Minister of Mineral and Energy Affairs

What amounts were invested with the Public Debt Commissioners by the State Oil Fund as at 31 December 1977, 1978, 1979, 1980, 1981 and 1982, respectively?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

SOF investments with the Public Debt Commissioners fluctuate continuously and do not necessarily show balances at the end of any specific calendar month. The following is a summary of the investments

1977	Lowest	Highest	(R Million) Month-end
January	38,9	56,9	38,9
February	15,7	38,9	15,7
March	15,4	34,7	34,7
April	34,7	60,9	43,8
May	39,3	43,8	39,3
June	39,3	52,8	52,8
July	36,4	52,8	36,4
August	0,1	36,4	21,3
September	9,8	21,3	17,4
October	0,1	17,4	1,5
November	—	1,5	—

December 1977 to September 1980 no investments except for an amount of R4,2 million in September

1980	Lowest	Highest	(R Million) Month-end
October	—	60,4	19,0
November	—	19,0	—
December	—	—	—

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1981	Lowest	Highest	(R Million) Month-end
January	—	56,0	54,7
February	0,5	54,7	49,2
March	0,2	49,2	0,2
April	—	3,6	0,5
May	—	0,2	—

June 1980 to January 1983 no investments except R5,5 million during March 1982

(260) ROM 14/2/83
Question mark over Eksteen

HOPES that the SABC's director-general-designate, Mr Riaan Eksteen, hitherto a diplomat, will be the man to assert the SABC's independence and lead it into an era of open discussion and impartial news coverage strike me as optimistic if not naïve

In fact, all reasonable indications must surely point in the opposite direction

This is not to question Mr Eksteen's character or honesty of purpose. Clearly he has many excellent qualities — though it is to be hoped that they will raise him well above the level of the "friendly and capable official" hailed in one editorial. Putting the SABC to rights will demand Herculean willpower and more than a tinge of ruthlessness

But, to measure Mr Eksteen's likely approach to his assignment, how easily will he be able to drop the habit of obedience to his political masters that he must surely have nurtured during his 18 years in the Department of Foreign Affairs? And if he had any obvious potential for taking a strongly independent line, would Mr Pik Botha have instigated, or

Rand Daily Mail Ombudsman

JAMES McCLURG

takes a critical look at the media

If you have any complaints against the Mail or suggestions for the Ombudsman to take up write to the Editor P O Box 1138 Jhb



even permitted, his appointment?

It is instructive to consider what kind of background and qualifications would normally be thought to equip a man for the extremely difficult task of running a broadcasting service

First and obvious, experience in broadcasting. This Mr Eksteen, through no fault of his, lacks

Presumably no-one suitable could be found in the SABC. Sadly, many observers will endorse the board's conclusions on this point, though it is a melancholy reflection on what the corporation has allowed to happen to its top executive echelon

The appointment of an outsider will scarcely boost staff morale. Here is a notable opportunity for Mr Eksteen to exercise his diplomatic gifts

With the ranks of the SABC

ruled out and little hope of finding the right person in South Africa's narrowly based entertainment industry, where to look next? What about the world of communication and ideas? Perhaps a journalist well versed in political nuances and skilled in the handling of news?

There is some reason to believe that the SABC's board (with Mr Botha in the background if not the foreground) did think along these lines at one stage. The name of Dr Willem de Klerk, former editor of *Die Transvaler*, has been frequently mentioned in the *Afrikaans Press*

It has been reported, though not confirmed, that Mr Ton Vosloo, now editor of *Beeld* and soon to be deputy managing director of *Nasionale Pers*, was offered the post but turned it down

RIAAAN EKSTEEN
no experience

How either of them would have shaped in the job cannot be judged. They would, in any case, have suffered the disadvantage of wearing an instantly identifiable political label

We must now assume that the board could find no suitable person (according to the its lights) with directly relevant experience, and had to widen its search. The third course open to it, as I see it, to look for someone with proven experience of large-scale administration — after all, the SABC is a complex, big and growing concern — and enough imagination, vision and breadth of outlook to encompass all the main aspects of the SABC's task and maintain a firm administrative framework without damping creativity. A tall but not impossible order

Mr Eksteen meets this criterion as little as he meets the others I have mentioned. He has won golden opinions in the career he has hitherto followed, and no doubt deservedly. But that career can have offered only a marginal preparation for the task he now faces.

In these circumstances it is inevitable, if unkind, that the reasons for his appointment will be sought in his nexus with the Government, the Department of Foreign Affairs and Information and Mr Botha personally. From this flows the suspicion that his mandate will be to "co-ordinate" the SABC's outlook and activities with those of Mr Botha's department

I am fortified in this suspicion by the comments of several verligte Afrikaans newspapers. These contrast sharply with the bland benevolence with which some of their colleagues on English-language newspapers have greeted the appointment

While paying warm tribute to "Kudu" Eksteen as a man and public servant, they clearly have the gravest reservations about his new assignment

In the nature of things, these newspapers are generally well informed on matters of this kind. They must be aware, too, that their sour comments will not be well

received by the Government and the National Party. I suggest, therefore, that their reservations deserve to be taken very seriously

Interestingly, the bluntest comment has come from Mr Vosloo of *Beeld*. He warned Mr Eksteen that apart from the public, his keenest critic would be the Government, which would keep a sharp eye on television in particular

"In plain language," said Mr Vosloo, "Kudu will have to deliver the goods"

There may be something in the suggestion that Mr Eksteen will become the SABC's chairman as well as its director-general — a dual role made possible by a recent amendment to the Broadcasting Act

The system of full-time chairmanship is deplorable. This aspect of Dr Piet Meyer's long regime must account partly for the poverty of executive talent in the SABC today. Who wants a career where there is a built-in block at the top?

But, if it is revived, it will at least have the merit of clarity and logic. It will be a final signal that the SABC is to be politicised from the top to bottom

Maybe my forebodings are too gloomy. Maybe Mr Eksteen will surprise us all, not least the Government. If so, I shall be cheering in the front row

Meanwhile it would be churlish not to wish him all good fortune in as tough an assignment as a man could well be asked to take on

Mr Theo E G Cutten, a retired journalist who watches the English in newspapers with a hawk-like eye, has pointed out that the *Mail* seems to be having difficulty distinguishing between the meanings of the simple words "raise", "rise" and "rouse"

First, on Saturday, January 22, the headline over the main front-page story ran "Pollack rouses Bok victory hopes". Mr Cutten believes this should have been "raises"

One of the definitions of "rouse" in the *Shorter Oxford Dictionary* is "to raise or lift up", but I agree that the appropriate word here was "raises" or "arouses"

Five days later, this time in *Flair*, came "The curtain raises on small-time stardom". Here there can be no doubt and no excuse what was meant was "rises"

STOP PRESS
In our November issue we partially quoted Ken Martin, chief editor of the *Star*, as saying: "What we can be is a chatty, youth-oriented newspaper, etc"

This was an unfortunate typographical error, which should have read "What we can be is a chatty, youth-oriented newspaper, etc". — The Asian Media, Hong Kong

blocks of flats during the past ten years if so, (a) from whom was each such block purchased and (b) what was the (i) purchase price and (ii) date of purchase in each case?

The MINISTER OF FOREIGN AFFAIRS AND INFORMATION

Yes, 3 blocks of flats, namely

- (1) TREVI COURT, Tamboerskloof Cape Town
 - (a) From Delfonte (Pty) Limited
 - (b) (i) Purchase Price R900 000
(ii) Date Of Purchase February 1981
- (2) COTSWOLD, Florida Hills, Roodepoort
 - (a) From Cotswold Investments (Pty) Ltd
 - (b) (i) Purchase Price R295 000
(ii) Date of Purchase July 1980
- (3) CALETA FLATS, Windhoek*
 - (a) From Caleta Flats (Pty) Limited
 - (b) (i) Purchase Price: R82 500
(ii) Date of Purchase August 1970

The aforementioned blocks of flats were purchased by the SABC itself. In addition the Pension Fund of the SABC has purchased a considerable number of apartment blocks since 1974 as part of its overall property portfolio. The Pension Fund of the SABC is a juristic person with its own rules. In terms of the pension Funds Act, 24 of 1956, the activities of this Fund are reported to the Registrar of

*Transferred to the SWABC when the latter came into being

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Pension Funds The Minister of Foreign Affairs and Information has no responsibility in respect thereof

are in progress

260 ~~12~~ Hansard Q61, 116-
SABC: purchase of blocks of flats 118
15/2/83

101 Mr S P BARNARD asked the Minister of Foreign Affairs and Information †

Whether the SABC purchased any

(260) SABC: Director-General 16/2/83
Hansard Q. Col. 130-132
12 Mr D J DALLING asked the Minister of Foreign Affairs and Information

Whether prior to the appointment of the Director-General designate of the SABC he or the Deputy Minister of his Department had discussions with any members of the Board of the SABC concerning the said appointment, if so, (a)(i) with whom and (ii) when were such discussions held and (b)(i) what was the

nature of the discussions and (ii) by whom were they initiated?

†The MINISTER OF FOREIGN AFFAIRS AND INFORMATION:

It is self-evident that regular consultations on a wide variety of subjects concerning the SABC take place between the Chairman and members of the Board of the SABC and myself. It would in principle be unheard of to expect me to report on such consultations in this manner. The same applies, where applicable, to the Deputy Minister of Foreign Affairs and Information. However, since the intent of the hon member's question is obvious, I will answer this question. Although the Chairman and the Board are under no obligation to discuss the appointment of the Director-General with me, it would be strange if the Chairman and members of the Board did not sound me out about such an appointment.

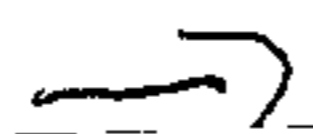
In September 1982 the Chairman took it upon himself to advise me that he and the members of the Board had no certainty as to whom they should appoint as the next Director-General. Given the particular requirements of the position, it was difficult to find suitable candidates. During the ensuing conversation, I mentioned that Mr J A Eksteen of the Department of Foreign Affairs and Information conformed to most of the requirements mentioned by the Chairman but that I would not like him to leave the Department.

By December 1982 the Chairman informed me that they would like to consider the appointment early in 1983 since he was of the opinion that the new Director-General would have to work with the incumbent for a considerable length of time to acquaint himself thoroughly with the manifold activities of the SABC and that Mr Eksteen was one of the candidates to be considered. I replied that although it would entail a loss for the Department, I would not stand in his way. The Board had to proceed and make the appointment the Board deemed most appropriate.

Mr D J. DALLING: Mr Speaker, arising out of the reply of the hon the Minister, I take it that the suggestion that Mr Eksteen

be appointed Director-General came initially from the hon. the Minister or the hon the Deputy Minister?

The MINISTER: Mr. Speaker, that is quite correct. I suggested that



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(2) The Honourable Member is referred to the reply given by the Minister of Foreign Affairs and Information in response to Question No. 18 on 2 February 1983

Mr D J DALLING. Mr Speaker, arising out of the reply of the hon the Minister of Foreign Affairs and Information, does the hon the Minister—or his Deputy Minister or the SABC—have in his possession any interim report from the external auditors drawing attention to possible financial irregularities, unauthorized expenditure, uncovered moneys or expenditure unaccounted for?

The MINISTER Mr Speaker, the chairman of the SABC board discussed interim findings of the auditors with me in December 1982 and told me the board will submit a final report to me the moment the investigation is completed. According to the Chairman of the SABC Board, there was a possibility of some irregularities, but he was not sure, the investigation had to be completed. I cannot give any more information than that.

I do not legally have the power to tell the board how to run the SABC. At the same time I find that there are continually questions being directed at me, to which I reply to the best of my ability. Apparently, on the one hand the hon member wants me to be responsible for the SABC and on the other hand he does not want me to intervene at all.

Mr. D J DALLING Mr. Speaker, apart from the hon the Minister's argumentative comment, may I ask a further question arising out of his reply? When the final report is received, will the hon the Minister endeavour to ensure that that report is made public?

The MINISTER Mr Speaker, I cannot give a reply at this stage as to what action we will take. But, certainly, I have enough faith in the integrity of the board to know that properly run, that any irregularities will be eliminated and that steps will be taken to prevent any irregularities from happening in future should any irregularities be exposed.

Cape Town: broadcasting complex

*28 Mr D J DALLING asked the Minister of Foreign Affairs and Information

Whether the planning for the proposed new broadcasting complex in Cape Town, as referred to in his reply to Question No. 9 on 30 April 1982, has been finalized, if so, (a) where will such complex be situated and (b) when is it anticipated that building operations will commence?

†The MINISTER OF FOREIGN AFFAIRS AND INFORMATION

The planning for the proposed new broadcasting complex in Cape Town has not been finalized yet. Since the acquisition of the Vredehoek site on the slope of Table Mountain, new requirements have arisen which resulted in certain practical problems and cost implications. These compel the SABC to preferably not make use of this site. The need to conserve the natural beauty of the immediate surroundings has also been considered throughout. A search for an alternative site is therefore already under way, which I support wholeheartedly.

Mr. R R HULLEY. Mr Speaker, arising out of the hon the Ministers reply, could he advise the House on what the corporation has decided to do with the very large site on the slopes of Devil's Peak which they acquired for purposes of the broadcasting complex?

The MINISTER Mr Speaker, I cannot, because I do not serve in the administration of the SABC, but should the hon. member wish to table the question, I would certainly refer it to the SABC for a reply.

*27 Mr D J DALLING asked the Minister of Foreign Affairs and Information

260
Howard P. 6/1. 139-141 X
 SABC. Investigation by auditors
 16/2/83

- (1) Whether the investigation by (a) internal and (b) external auditors into certain allegations referred to in his reply to Question No. 18 on 2 February 1983, has been completed, if so, what were the findings in each case,
- (2) whether any steps are being or have been taken in this connection, if so, what steps?

The MINISTER OF FOREIGN AFFAIRS AND INFORMATION

- (1) (a) and (b) The investigation is being conducted by two independent external auditors and not the internal auditors
- The investigation has not yet been completed

will be taken this year pursuant to the findings contained in such report, if so, what action?

THE MINISTER OF COMMUNITY DEVELOPMENT

- (1) and (2) Yes, progress has been made and it is expected that the investigation will possibly be completed during the second half of this year
- (3)(a) and (b) A decision in this regard has not yet been taken
- (4) Falls away

Mr D J DALLING Mr Speaker, arising out of the reply given by the hon the Minister, is he aware of the fact that, in terms of the report of the Human Sciences Research Council, to which there was reaction on the part of the hon the Minister of National Education in May 1981, the Act which has now been investigated for nearly two years by the Department of Community Development is one of the main stumbling blocks to the holding of normal sports in South Africa?

†The MINISTER Mr Speaker, I know what the hon member for Sandton is referring to. However, it has nothing to do with my reply to this question

Sandton: pollution of rivers/streams

*6 Mr D J DALLING asked the Minister of Environment Affairs and Fisheries

Whether his Department took any action during 1982 in regard to the pollution of rivers and streams which flow through Sandton; if so, (a) what action, (b) in respect of which rivers and streams and (c) with what result?

The DEPUTY MINISTER OF ENVIRONMENT AFFAIRS AND FISHERIES.

Yes

- (a) An electronic continuous quality monitoring system was in operation throughout the year. In addition, regular manual sampling was carried out
- (b) Jukskei River, Klein Jukskei River and Sandpruit
- (c) The analytical results of regular monitoring revealed no significant deviation from the normal water quality

Children in reformatories: rail tickets

*7 Mr P R C ROGERS asked the Minister of National Education

- (1) Whether White children who are committed to reformatories are entitled to one free return rail ticket home every year, if not,
- (2) whether he will consider making it available to such children, if not, why not?

The MINISTER OF DEFENCE (for the Minister of National Education)

- (1) Yes
- (2) Falls away

*8 Mr R A F SWART—Co-operation and Development [Withdrawn]

Children in reformatories: rail tickets

*9 Mr P R C ROGERS asked the Minister of Internal Affairs

- (1) Whether (a) Coloured and (b) Indian children who are committed to reformatories are entitled to one free return rail ticket home every year; if not,
- (2) whether he will consider making it

available to such children, if not, why not?

THE MINISTER OF INTERNAL AFFAIRS

- (1) No
- (2) I am prepared to consider proposals about the granting of rail tickets to deserving children of indigent parents. The Department of Internal Affairs is preparing a submission in this regard

Children in reformatories: rail tickets

*10 Mr P R C ROGERS asked the Minister of Co-operation and Development

- (1) Whether Black children who are committed to reformatories are entitled to one free return ticket home every year, if not,
- (2) whether he will consider making it available to such children, if not, why not?

†The DEPUTY MINISTER OF CO-OPERATION

- (1) Yes, provided that it is approved of by the management of the reformatory
- (2) Falls away.

*11 Dr M. S BARNARD asked the Minister of Foreign Affairs and Information

Whether the application by the Government of Ciskei for financial aid for medical facilities, as referred to in his reply to Question No. 4 on 19 May 1982 has been approved, if not, when is a decision expected; if so, (a) when was it approved, (b) what was the amount granted and (c) what were the terms of the agreement?

†The MINISTER OF FOREIGN AFFAIRS AND INFORMATION

No. The Government of Ciskei has indicated that they are busy compiling a comprehensive health plan on the basis of which the priority of projects will be established. On completion thereof the South African Government will again be approached to assist with specific projects. The R S A has also offered technical assistance and advice with the compilation of the plan. Ciskei has not yet indicated whether they will make use of the offer

(a) (b) and (c) fall away
 †The MINISTER OF DEFENCE (for the Minister of National Education)

- (1) Whether he has called for an investigation to be conducted into allegations regarding bribery by pharmaceutical companies of professors at institutions falling under his Department, if so, (a) when, (b) what are the terms of reference of such investigation and (c) by whom is it to be conducted, if not
- (2) whether he intends to initiate such an investigation, if not, why not?

†The MINISTER OF DEFENCE (for the Minister of National Education)

- (1) No
- (2) No, such institutions are autonomous universities which, if necessary can by virtue of their legal powers conduct their own investigation into allegations made against members of their staff

*13 Dr M S BARNARD—Reply standing over

National servicemen: travel benefits/concessions
 *14 Mr S A PITTMAN asked the Minister of Transport Affairs

CAPE TIMES 23/2/83

Cheaper petrol means embargo has failed

~~260~~ 260 Staff Reporter ~~260~~

CHEAPER petrol for South Africa from Monday effectively means that attempts to impose an oil embargo against the Republic have failed

Far from having difficulty in getting supplies, South Africa is now receiving a discount on official government selling prices on some contracts

In addition, South Africa has succeeded in establishing a profitable synthetic fuel programme, capable of insulating the country from a repetition of the world oil crises which have made the price of a barrel of crude oil rocket from about \$3 to more than \$30 in the past decade.

This was the implication of the announcement of reductions in petrol, diesel and paraffin prices delivered yesterday by the Minister of Mineral and Energy Affairs, Mr Pietie du Plessis

Price could fall further

The coastal price of 93 octane petrol — to be reduced to 58,3c a litre — could fall further before it rises again.

Under-recovery by the oil industry has been taken into account in the new price structure which is intended to allow for a remedy by September.

This is because there is little prospect of an early improvement in world oil prices, as the lake of surplus crude is growing. It is highly likely that the rand will continue to appreciate against the dollar, effectively reducing the rand cost of oil further.

Weaker oil prices will mean lower returns for Sasol's oil-from-coal operations. However the project reduces the strain of oil on balance of payments.

The MINISTER OF FOREIGN AFFAIRS AND INFORMATION

(1) Yes

(a) The incident was investigated by officials of the SABC, the South African Police and the Department of Posts and Telecommunications,

(b) Neither the Department of Posts and Telecommunications nor the South African Police nor the internal investigation by the SABC could establish the origin of the telex report sent to the mobile studio of Radio Hertzfeld. It was established, however, that the telex report did not originate in the news office of the SABC,

(2) No, apart from saying that the SABC took immediate steps to prevent a recurrence of the incident

Mr D J DALLING Mr Speaker, arising out of the hon the Deputy Minister's explanation on behalf of the SABC in regard to this incident, would the hon the Deputy Minister agree with me that the comments that he made immediately after the incident were somewhat unfounded and irresponsible?

Broadcasting of report about leader of Conservative Party

*26 Mr F J LE ROUX asked the Minister of Law and Order †

(1) Whether the South African Police investigating or has investigated a complaint against a person or body responsible for the publication of the report, broadcast by the SABC on 31 August 1982, that the leader of the Conservative Party had been murdered, if so, what was the nature of the complaint,

(2) whether a prosecution will be instituted, if so, against whom, if not

(3) whether he will make a statement on the matter?

†The MINISTER OF LAW AND ORDER.

(1) Yes, an alleged contravention of section 94(1)(c) of the Post Office Act, 1958

(2) The question whether or not a prosecution will be instituted, is a matter which rests with the Attorney-General or his representative

(3) No

†Mr F. J. LE ROUX Mr Speaker, arising out of the hon the Minister's reply, I should like to inquire whether he has ascertained from the hon the Minister of Health and Welfare whether he could tell him who has spread the rumour, as he had mentioned it at a public meeting in Bloemfontein in September 1982 at an NP congress?

†The MINISTER Mr Speaker, I am sorry, but I have no knowledge of the matter the hon member is referring to. If he could give me more details, I could perhaps discuss it with him again at a later stage

†Dr F. HARTZENBERG Mr Speaker, further arising out of the reply of the hon the Minister, I want to ask him whether he is aware of the fact that the hon the Minister of Health and Welfare said at the congress in Bloemfontein that he knew who had done this thing, and whether he approached him to establish who it was?

†The MINISTER Mr Speaker, we as Ministers have enough work not to run after one another after every meeting held by each of us

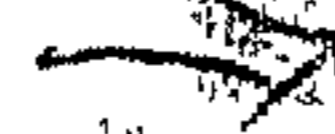
260

Hansard Q. Col. 263-265X
Broadcasting of report about leader of Conservative Party 23/2/83

*25 Mr F J LE ROUX asked the Minister of Foreign Affairs and Information †

(1) Whether the report broadcast on 31 August 1982 that the leader of the Conservative Party had been murdered has been investigated, if so, (a) who conducted the investigation and (b) what was the result thereof,

(2) whether he will make a statement on the matter?



MP calls for probe on Salem oil deal

CAPE TIMES
23/2/83

260

MICHAEL ACOTT
Political Correspondent

HOUSE OF ASSEMBLY. — An Opposition spokesman yesterday called for a parliamentary inquiry into the Salem oil fraud which he said had cost the public \$30,5-million because the government had dealt with "conspirators and crooks".

Mr John Malcomess, Progressive Federal Party spokesman on mineral and energy affairs, said Parliament had no control over strategic oil funds so large that they made the information scandal money look like small change.

A government agency had bought a shipload of stolen oil from a tanker subsequently scuttled, and had paid the rightful owners a vast sum in compensation, without Parliament knowing or being able to redress the situation.

He demanded that a parliamentary select committee investigate the deal, try to recover the lost money and prevent a

recurrence.

He asked the Minister of Finance, Mr Owen Horwood, who negotiated the Salem deal, whether any cabinet minister had been involved and what was being done to recover \$30,5-million paid in compensation.

First discussion

Mr Malcomess raised the issue during the mini-budget debate. This is the first public discussion in South Africa of the 1979 deal which has been reported throughout the world and was the subject of a British court case.

Quoting from Lloyd's Law Reports, Mr Malcomess said the tanker Salem had discharged about

1,5-million barrels of Kuwaiti oil in Durban in 1979.

The Strategic Fuel Fund Association had agreed to buy the cargo and also arranged a \$12,3-million letter of credit so the "crooks" could purchase the tanker.

After discharging its cargo — which at the time belonged to Shell — the Salem was scuttled off West Africa.

The State Fuel Fund had paid the conspirators more than R50-million for the cargo, which it sold to South African oil companies. The fund had in addition paid \$30,5-million to Shell in compensation for its loss.

He said he raised the matter in Parliament because the bodies involved in buying the oil were State bodies using public funds for which the government was accountable to Parliament.

C.T. 23/2/83 (55)
A
From page 260
Between them, the State Oil Fund and the Equalization Fund controlled about R880-million a year produced from levies on fuel sales.
These enormous amounts of public money handled by companies formed for the purpose were not audited by the Auditor-General.

'Stifling' powers

"\$30,5-million has been paid out of these funds because a government concern became a receiver of stolen goods. Yet the first knowledge of this in this country is a court case in England.

"When the facts were published in the South African press, the minister's predecessor used his very wide powers to stifle discussion."

Mr Malcomess asked whether this had been done merely to protect the government and Nationalist cabinet ministers, because the facts were known to the rest of the world.

Iscor tie-up may help hard-hit company

Cullinan holds interim despite earnings drop

By Alec Hogg
Assistant Financial Editor
Steel associated conglomerate Cullinan Holdings has expressed confidence in the future, holding last year's interim dividend at 12c despite a drop from 53c to 0,6c in earnings a share in the six months to end-December.

And although executive chairman Mr Neil Cullinan does not believe that earnings for the year as a whole will reach last year's 97,5c, he says the final dividend payment of 15c a share will be held

Mr Cullinan told The Star today "In 1981 we dropped our dividend from the previous year's 36c to 27c — a level we are sure we can maintain

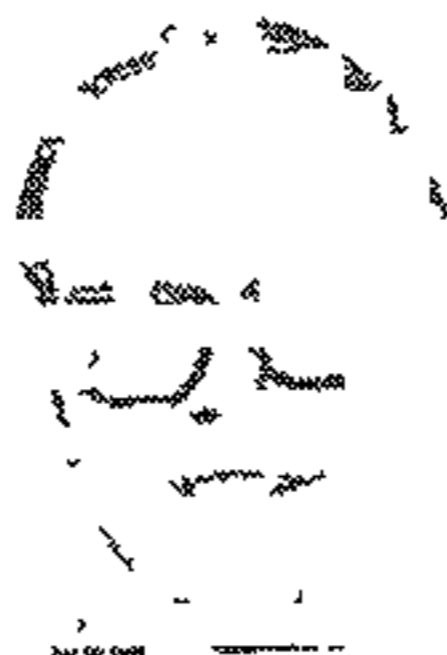
Recovery

"If we are unable to cover this proposed payout by earnings, we will pay out of reserves and this will not really be significant as reserves stand at about R33,5 million at present

"Unless the next financial year (to June 1984) promises no prospect of improvement, the dividend will not be cut then either," he said

The group's philosophy was based on building up reserves in good times to ensure regular dividend payments in bad, he said.

Mr Cullinan expects a recovery in the group's fortunes within the next 12 to 18 months, as economic conditions improve both locally and abroad



Mr Neil Cullinan "We were one of the first companies to feel the effects of the downturn"

He said "The recession is very serious We were one of the first companies to feel the downturn due to our close relationship with the steel sector

"The export market is also important to us as a diversification from our local operations This market fell away strongly almost overnight

"We saw the recession coming but did not expect it to be as severe as it has been"

In the six months to end December Cullinan suffered a sharp reversal with refractories, in particular, feeling the downturn

Turnover in this division fell from R32 million to R23 million, but the future augurs well

Cullinan is to enter a partnership with Iscor and its refractories will be the major input Mr Cullinan said this would reduce the group's debt-equity ratio from last year's 64 percent to "somewhere in the 20s"

After the partnership becomes effective in July, the refractories division of Cullinan (which accounted for 43 percent

of turnover but just 30 percent of operating profit last year) will be deconsolidated

The electrical division, which last year accounted for 43 percent of turnover and 39 percent of profit, had a disappointing six months

Although turnover was maintained, this was at the cost of margins in an increasingly competitive market

The three smaller divisions of Cullinan's operations, property, bricks and mining, performed satisfactorily in the six months

The property division is at the point of tying up two major deals and this, Mr Cullinan said, would have a material effect on the group's earnings for the year as a whole.

Mr Cullinan said that although the second half of the year should be significantly better than the first, he did not expect earnings would exceed the proposed dividend payment of 27c a share

Comment There is little doubt that the market expected disappointing results from Cullinan, with the bid price falling from 380c to 300c in the past two trading days

With the group promising an unchanged dividend, Cullinan yields a prospective 7,5 percent for this year and probably next year at the last sellers' price of 360c



Labour Week ~~Special~~ By STEVE FRIEDMAN

DOM 28/2/83, 260 Industrial council victory

SUPPORTERS of industrial councils seem to have won a major victory now that the Metal and Allied Workers' Union has applied to join the Metal Council

For the past three years, MAWU, with other emerging unions, has resisted joining these cornerstones of the Government-approved bargaining system

It argued that to join the council would be to bargain where it would be weak, rather than in the factories where it was strong

But "seems" may be the operative word MAWU's move doesn't automatically imply greater black worker support for councils

MAWU has not changed its basic view of the council, but two factors have now forced it to apply to join There is almost universal employer resistance to bargaining with it outside the council

And the recession, which has brought unprecedented retrenchments and tougher Government action against migrant workers — most of MAWU's members — has weakened its ability to use factory muscle to force employers to do so

So it believes tactics force it to join the council — perhaps temporarily, until it feels strong enough to move outside it again

That MAWU is applying to join the council while proclaiming that it will continue to bargain outside it and will withdraw if necessary, and while warning workers not to expect great things from the council, confirms this

Its move may usher in a stormy period on the council and it does not necessarily mean greater grass-roots worker support for the council

In previous strike waves, black workers ignored, or rejected, wage deals made at the council and may do so again when the economy improves

Even before its membership application MAWU lacked control over worker action — employer refusal to bargain with it in factories meant it could not develop the muscle to control events and

its scanty resources worsened the problem

There is still gut black worker resentment of councils and MAWU's ability to control worker action may not grow simply because it has joined a council

Much will depend on whether MAWU can, by its presence, effect the kind of changes which will increase the Metal Council's black worker credibility

Only if it does will MAWU's move herald a beginning of an end to the battle over councils

□□□

A MINOR dispute at three OK Bazaars stores in Port Elizabeth has placed labour relations in the major chainstores on a knife-edge

The strike comes at a time of worsening relations between stores and the Commercial, Catering and Allied Workers Union (CCAWUSA) and has already led to a decision by OK to suspend recognition negotiations with the union

The stakes are high Last year CCAWUSA's membership snowballed as its members were involved in a series of strikes at leading stores

Employers agreed to negotiate recognition with the union in an attempt to stabilise relations These talks, which seemed set to lead to black bargaining rights in many major stores, have reached a relatively advanced stage

Now the entire deal could be in jeopardy Employers claim that since the beginning of the year CCAWUSA has been damaging negotiations by adding new issues for discussion whenever agreement seems to be reached

If OK continues to hold off on recognition talks — and this depends on the outcome of the dispute — other stores could do the same

This could lead to all-out conflict between CCAWUSA and employers

In the short term, bearing in mind the recession and the fact that CCAWUSA has still to consolidate its newly-won support, employers hold the whip-hand So there is little mileage for CCAWUSA in confrontation

But in the long-term, stores are vulnerable to walk-outs by key staff and to consumer action and employers need a permanent accommodation with a union

So there is still incentive aplenty for both sides to rescue matters

□□□

RETRENCHING or firing workers is becoming a costly business for some employers

Last week a major steel firm, Dunsward Iron and Steel, paid out more than R30 000 to retrenched migrant workers because they were fired before their contracts expired which, lawyers, believe, may entitle workers to damages

The Durban textile company SA Fabrics, too, shelled out R16 000 to ex-workers on the eve of an industrial court case in which a union planned to allege it was an "unfair labour practice" to retrench workers without consulting a majority union and building in certain safeguards for workers

Recently, the industrial court twice ordered reinstatement of fired workers, and meat giant Vleissentraal agreed to rehire fired workers

All this confirms that unilateral employer decision-making on firings and retrenchments is under intense pressure

It also shows that, because their power has been weakened by lay-offs, better-organised unions are turning to court action to reinforce their demands

Although the scope for this sort of action is clearly limited, they appear to be doing so with some success

□□□

THERE were clear signs last week that major employers are pushing for an unofficial wage "freeze" for at least the next few months

Both Escom and metal employers said as much and they are not alone

Some tough talking lies ahead But this punter is backing two near-certainties There will be negotiated pay rises, but these will be the smallest for some years

Creating an environment for the worker — not just the machine



Many types of industrial work are, by their nature, pretty filthy. Some people work in environments so contaminated they have to wear thick protective clothing even in the sweltering heat of summer. I have visited industrial plants in Britain and here which were so noisy that

workers were often stone deaf. Nowadays, under industrial regulations, earmuffs have to be worn or the worker forfeits any compensation should he one day suffer hearing loss. Even so, many young workers refuse to wear them because they say

it's "sissy". Neither are they taught to appreciate what a terrible and lonely handicap deafness is.

Charles Dickens, one feels, would find some of the conditions prevailing in factories very familiar dirt, dross, inadequate light, foul odours, airborne dust, and, often enough, gases and fumes which, over a period, can lead to fatal diseases.

Some years ago town planner Nola Green of Johannesburg pointed out how it was often quite unnecessary for factory environments to be so unpleasant.

At the time a great deal was being done by architects for office workers. There were, and still are, specialists in office decors, designers trying to perfect the office chair, specialists working on white sound, and pink sound, even firms specialising in office plants.

Escom spent R2 million on its "hanging gardens" at Megawatt Park. Since then office gardens have become commonplace.

But factory workers were largely ignored. In the Johannesburg area one can see factory and warehouse workers sitting on filthy pavements to eat their lunch among parked trucks.

Nola Green felt that not enough was being done to ensure that the industrial worker spent

his eight hours a day in an atmosphere designed for humans rather than simply for machinery. That might be difficult in a plant pounding out large girders, but there should still at least be somewhere to retreat to during breaks.

Now, at last, we might be getting somewhere.

Last year the National Building Research Institute of the CSIR held a seminar on the environmental design of factories. I was one of many who learned of it only after it was all over. But what augurs well for the future is that it was still so well attended many could not get in and they have petitioned for another.

The NBRI has now set up a repeat two-day seminar for March 10 and 11. The seminar is aimed at architects, engineers and industrialists.

Time again for ingenuity

This week the *FM* contrasts the anomaly of price declines in the private sector and price rises in the public sector and looks at some of the reasons (see P1043) It is a matter causing great concern in government circles

Escom is among those public bodies causing most concern over pricing policy. Indeed, it is drawing heated

criticism on this score from business. It is likely, therefore, to be the first to come under official scrutiny.

If it were a normal business enterprise, it would most certainly be price cutting now. Demand for its product is growing at only a fraction of the rate of a few years ago. The cost of coal, its chief raw material, is falling.

Of course, this is not the first time that Escom's price policy has run contrary to accepted economic logic. It did so in the early Seventies. Then Escom held its price constant for several years, despite the fact that the price of coal was rising strongly.

In fact, when the prospect of sharp increases in the electricity price was first mooted in the financial press in 1976, it was done on an analysis of Escom's rising coal costs. Understandably, Escom's Jan Smith was quick to agree.

At roughly the same time, this country faced a capital boycott. Escom was thus forced to finance an increasing proportion of its future capacity from tariffs. At the time this was understandable and justified.

Since then, both the cost and the lead time for commissioning new power stations have increased substantially. Escom has to look far ahead if this country is to be assured

of adequate future electricity supplies.

But it is also natural for the men carrying the electricity can to want to insulate themselves securely from the likelihood of shock future production shortfalls. They can do this quite easily because they face no compulsion from a strong competitor to keep costs down and margins thin.

Clearly, Escom learned its lesson of the early Seventies too well. It has allowed the pendulum to swing too far the other way. This country's international credit rating has never been higher.

Surely now is the time to finance capital expansion through loans and substantially reduce that portion of tariffs allocated to the capital development fund.

During the capital boycott of the Seventies, Escom's financing men showed enormous skill and ingenuity in their funding. Now is the time for them to do the same thing with the commission's pricing policy.

SECTION 1

The Star Thursday

'Watchdog' journalists slate SABC

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24/3/83

By Cheetah Haysom,
The Star Bureau

NEW YORK — A delegation to South Africa from the New York-based Committee to Protect Journalists had no compliments for the SABC in its report released here

The committee, an independent organisation which monitors oppression of journalists throughout the world, sent Laurie Nadel and Aryeh Neier to South Africa and Zimbabwe last month on a two-week fact-finding trip

No journalists working for the SABC have been banned, detained or harassed by police. Therefore the SABC was not a focus of the mission. But they monitored a night of Afrikaans and English news — and found "the SABC does not go out of its way to present opposing points of view"

The report notes that on February 3 the lead item was the accusation by the Minister of Law and Order, Mr Louis le Grange, that the Parents' Detainees Support Committee aided communist propaganda.

OPPOSITION

The committee report notes that there was no countering statement from an Opposition member of Parliament, as there was accompanying the Minister's remarks in newspapers the next day

That same night's newscast carried a one minute 10 second report on a simulated raid by an "anti-terrorist force" "It appeared to be a Government hand-out with some scratched film of a team climbing up the exterior of a building and blowing away the door before running into an empty room, firing guns at imaginary terrorists"

The SABC reporter concluded the piece with "a superior compliment to these men, surely one of the best anti-terror squads in the world" "Hardly an objective statement," says the committee report, noting that a United States network would explain why the item was being broadcast that day, how much the team cost taxpayers, how effective they were in real life and, if possible, why the Government had invited the Press to watch the demonstration

The SABC did not cover the tearing down of corrugated tin extensions to shacks in Soweto — a report which appeared on page one of several Johannesburg newspapers.

The report notes that the SABC's English-language documentary unit has been "severely inhibited by management's refusal to approve film treatments and shooting schedules of potentially controversial films"

The Zimbabwe TV news was monitored one night. The committee notes the frequent use of the terms "comrade", and "racism regime" to describe South Africa

An American is quoted saying "Zimbabwe television news is excruciatingly interesting because of what it omits"

Programme director Grey Tichatonga is quoted denying any government control over programming or news "It's just an accident that TV and radio are manned by people who support the policy the Government wants to follow"

The report notes that, unlike Broadcasting Centre in Johannesburg, Zimbabwe Broadcasting is accessible only through a military roadblock manned by soldiers carrying automatic rifles

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered); leave columns (2) and (3) blank.

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Examiners' Initials		

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Books, notes, pieces of paper or other material brought into the examination room unless otherwise instructed.
Candidates are not to communicate with other candidates or with any person except the invigilator.
The cover of an answer book is to be torn out.
Answer books must be handed to the commissioner or to an invigilator before leaving the examination room.
Attention and to possible exclusion from

envoy silenced

York Afri- fety at Col- after s at- art- se, a ma- can York mio a off uted, ", ac-

cording to the Middletown Times Herald-Record Moments earlier, about 30 black students, who had crowded into a Political Science classroom to protest against Mr Pieterse's talk, formed a path to let him out safely

"We just want to let you out of here alive," shouted one student

For 30 minutes he had stood silently in the front of the room while students called him "racist pig", and demanded that his

talk be cancelled Mr Pieterse was only able to utter a few words

"You are a racist, a racist pig," shouted a pupil He carried a sign reading "South Africa — Crime Against Humanity"

Four members of the college's campus police formed a semi-circle in front of Mr Pieterse as some students came to the front of the room shouting and jabbing their fingers towards him — Sapa-AP

CAPE Times 24/3/83

Two Koeberg men in court

Staff Reporter

TWO Koeberg Nuclear Power Station employees were each fined R2 300 in the Paarl Regional Court this week for failing to ensure that a trainee industrial radiographer, who handled radio-active material at the power station, had adequate knowledge and experience to do so

The men, Abraham Carel Spies, 32, of Paarden Eiland, and Adrian Mynhardt Knoetze, 30, address given as Koeberg Power Station, Melkbosstrand, pleaded guilty to seven charges

The State alleged that between October 21 and 22, 1981, the men allowed Mr John Marais, a trainee industrial radiographer, to handle radio-active material without satisfying themselves that he was medically fit and had adequate knowledge and experience to handle such items safely

The men were also charged with failing to notify the Atomic Energy Board of Mr Marais' employment within the required period of 30 days, failing to keep records of occupational exposure to radiation, failing to keep a daily account and log book of radiation exposure times, and failing to issue suitable radiation exposure monitoring equipment to Mr Marais

Mr P J le Roux was the magistrate Mr W B Badenhorst appeared for the State The men were not represented

TV

1 & 2

tonight

- 5 27 Programrooster
 - 5 30 Boekevat Scripture reading by C Engelbrecht
 - 5 34 Jacky, die Beer van die Berge Die Vreemde Huis The two little bears are taken to an Indian hut where they are lovingly looked after by Senda But they miss the big cedar tree under which they used to sleep
 - 6 00. Nuus
 - 6.14 Die Kraaines A magazine programme for children
 - 6 37 Uit en Tuis A family magazine programme
 - 7 20 1945 It's the end of the war and people are finding it difficult to adjust In this 10-part series, we look at a poor Afrikaans farming family struggling to survive
 - 8 00 News
 - 8 28 Weather
 - 8 44 Then came the English. A seven-part series which traces the history of English-speaking South Africans
 - 9 42 Tom Jones in Las Vegas Tom Jones sings his most popular songs in front of a capacity audience in Las Vegas
 - 10 27 Portfolio An arts magazine programme presented by Roger Corfield
 - 10 57 News
 - 11 12 Epilogue Rev Sand Gilfillan
- TV2
- 6 30 Umakhulu Uyasibalisela Iphupha Letyuwa A Dream about Salt A continuation of the story of a chief and his three daughters Ezabasha Jikelele (Youth News)
 - 7 00 Izindaba/lindaba (News)
 - 7 10 Jikelele (Magazine Programme) Including Amalahle (Coal) The mining and uses of coal and its derivatives
 - 9 00 lindaba/lzindaba (News)
 - 9 27 Imozulu/Isibikezelo Sezulu (Weather)
 - 9 29 Iphunga Elimnandi/Ezenkolo (Epilogue)

Last night's TV

TV 1

"HOUSE CALLS" came back to our screens last night with its taped laughter — and taped one-liners

Without the jokes the programme would last a week With them, it should last no longer

However, SATV has promised us 17 more weeks — if they are to be believed — of Lynn Redgrave and Wayne Rogers so viewers better lie back, plug in their intravenous drips and enjoy it

Gerald Durrell said about zoos on Midweek last night that the bad ones should not be closed down but should be made better

Capetonians may not agree after the recent controversy regarding the Grootte Schuur zoo but the animals shown on the programme last night, which are esconced in other zoos around the

The fly in the milk was the SA Prisons Services' Band Sure, the Bavianspoort prison warders' brass band is excellent and plays delightful orchestrated tunes, but I am afraid they have been featured so often now that their performances have become repetitive

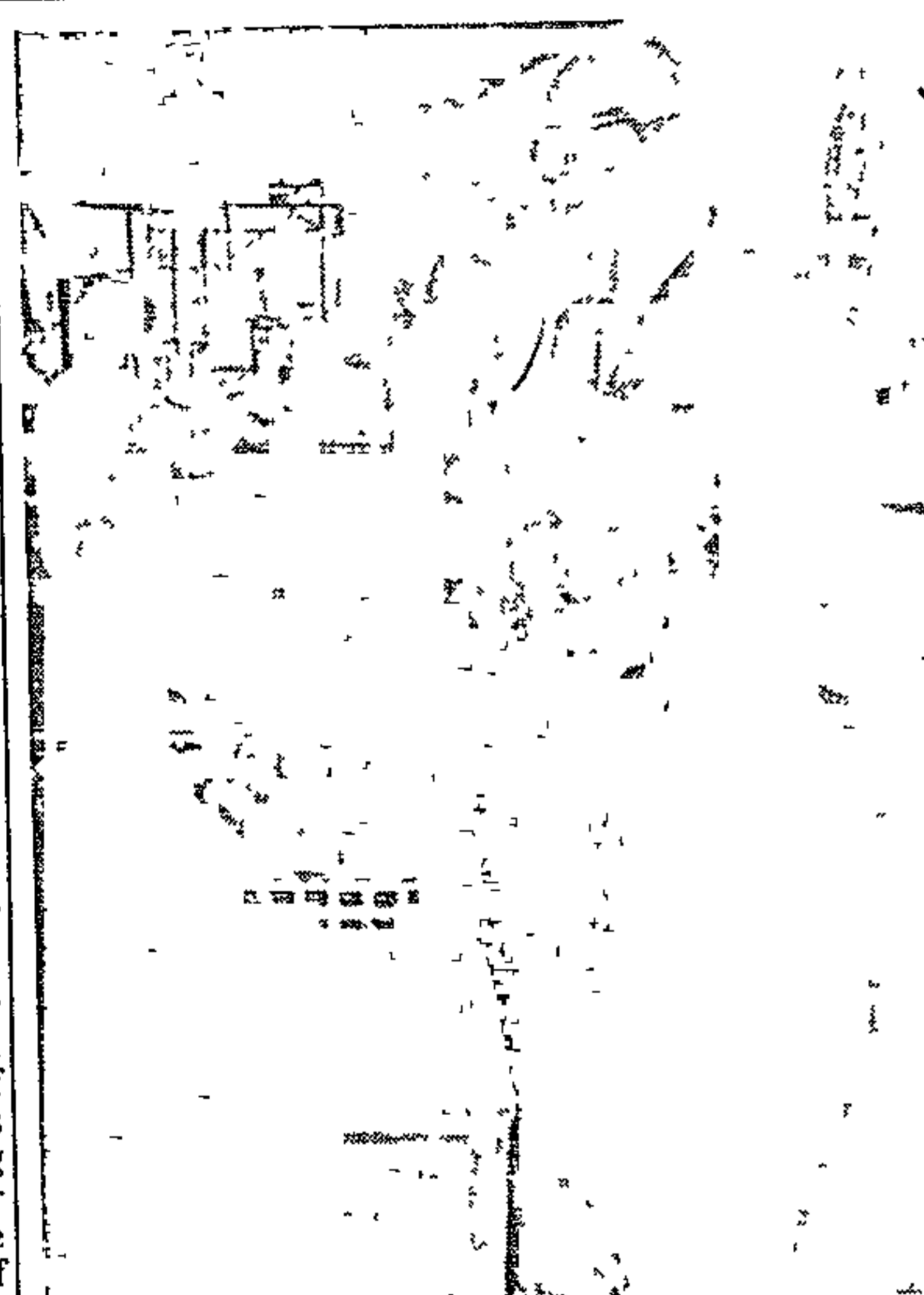
A panel discussion on the subject of mental health, with emphasis on overcoming stress, was enriching

Since March is set aside for the observation of mental health, a continuation of this discussion would be welcome

You cannot get better entertainment than having superstars like Diana Ross and Michael Jackson in one night

Tonight's soccer special is a British FA league game between Luton and Liverpool around 7 30pm

JOE GUW!



The 62-year-old Rondebosch produce market has new guttering, concrete tables and a water-proofed roof Admiring it yesterday were Mrs N Steer, of the Rondebosch Ratepayers' Association, Mr W C Hinreichsem, its chairman, Mr A G du Toit, a markets superintendent, and Mr D J Smith, director of the City Council's markets branch.

Chemists blamed for 'drug' death

Staff Reporter

A WYNBERG inquest magistrate found yesterday that two pharmacists were responsible for the death of a Heideveld man, Mr Kenneth Ivan Barnes, after the wrong drug was issued to him

Mr Barnes, an asthma sufferer, collapsed and died on May 2 last year, after he took the tablets

The two pharmacists, Mr Samuel Friedman and Ms Jill Bernstein, both

him not to use unknown tablets but he had been unconcerned as he had obtained the tablets at the hospital

He had taken the tablets for the first time on May 2 and shouted for help soon after He had collapsed minutes later and died the same day

Mr Friedman testified previously that the tablets were the correct treatment for asthma The initial "F" on the prescription indicated that

Swapo: 28 SA troops killed

Staff Reporter

SWAPO claimed yesterday that it had shot and killed 28 South African troops this month

A Swapo spokesman said in Lusaka that 14 soldiers had been killed on March 15 during operations by Swapo's military wing, the People's Liberation Army of Namibia (Plan)

Five soldiers had been killed by a landmine in

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Commerce welcomes Govt probe into Eskom

Commerce leaders have welcomed the Government's long-expected decision this week to appoint a commission of inquiry into Eskom's activities.

Assocom suggested the commission's work could go beyond Eskom, as some of its findings could be used to test other semi-State bodies such as the South African Transport Services and the Post Office.

Assocom chief executive Mr Raymond Parsons said the De Villiers Commission indicated official recognition of the need to look at the future role of the semi-State bodies in the South African economy.

When Eskom was publicly "requested" by the Prime Minister last December to reconsider increasing its tariffs in 1983, it quickly backed down and issued a lower rate.

This brought about a call for Eskom to be thoroughly investigated. Accusations of high-handedness when the Government was struggling to combat inflation obviously struck a responsive chord.

An eight-man team under the chairmanship of General Manning's former head, Dr Wim de Villiers, will take a hard look at the body which generates more than 60 percent of Africa's total electricity supply and had a reported 1981 revenue of R2 100 million.

Electricity provides 23 percent of this country's energy needs, but this will rise to about 40 percent by the year 2000.

The Minister of Mineral and Energy Affairs, Mr Piet du Plessis, said total expenditure to ensure sufficient electricity supplies by 1990 would be about R18 600 million, nearly 20 percent of public capital expenditure for that time.

The commission will look into Eskom and the Electricity Control Board, the overall responsibility and functions of electricity supply, the structure of existing institutions and their cost-effectiveness and the acquisition of raw materials.

The root cause of the disquiet has been Eskom's enormous growth and its policy of self-financing. Critics say this child of the Electricity Act of 1922 has virtually become a law unto itself.

The Act gives it so much power it can influence the country's economic development with immunity to outside control.

Increased demand made Eskom embark on its enormous expansion programme, with four thermal power stations planned for the Transvaal alone, increasing capacity by 14 000 Mw.

This is equivalent to its maximum generating capacity up to 1980, when it used 22 power stations.

Expansion plans include a new hydro-power station in the Eastern Cape, and the coming on stream of the controversial Koebeg nuclear power station near Cape Town.

The Star Saturday March 19 1983

3

One accusation against Eskom is that, while its technical achievements are impressive, it seeks technical perfection at all costs. The engineer-orientated managers who run it do not take cognisance of the overall economic and social consequences of their actions.

Eskom claims it is fully aware of its position and responsibilities.

When it reduced its 1983 tariff from an average of 16,3 percent to 14,5 percent after Mr P W Botha's request, Eskom chairman Mr Jan Smith promised the move would be accompanied by an intensive campaign to cut costs and increase productivity.

"We are hopeful these measures, with a lower inflation rate, will allow us to meet South Africa's demand for electricity at the lowest possible cost," he said.

"We hope our efforts towards reducing inflation will help other sectors of the economy to contain rising costs.

"We must do our utmost not to overburden the consumers, but on the other hand, Eskom has to safeguard South Africa's electricity supply, not only in the short term, but in the long term as well.

"There is no easy solution to the problem of coping with essential expansion during a serious recession."

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Iscor tie-up great benefit: Cullinan

By Alec Hogg,
Assistant Financial Editor

The full implications of Cullinan Holdings' tie-up with Iscor were explained by the group's top executives in a presentation to the Investment Analysts' Society

Executive chairman Mr Neil Cullinan said the agreement was one of the biggest things to happen to the group since its inception in 1902, going most of the way to achieve a more balanced earnings platform

It put the ideal of an equal four-way split in profits from the refractories, electrical, property and brick divisions within sight for the first time. But this was still some way off. The group had worked toward this aim since 1975

WORLD TRENDS

In the year to end-June 1982, the refractories and mining division accounted for 39,5 percent of group profits, the electrical division 39,2 percent, property 12,9 percent and bricks 8,4 percent

The chief executive of the refractories division, Mr Louis Sprenger de Rover, explained that South Africa was reflecting the world trend where the proportion of refractories used in relation to steel output was falling. In Japan, for example, one ton of steel consumed 48 kg of refractories in 1960, 25 kg in 1970 and only 15 kg by 1980

Mr de Rover said "South Africa has now entered the same phase and while Iscor expects to increase its steel output by 50 percent by 1990, the tonnage of refractories consumed is expected to drop by 30 percent."

Because of more sophisticated products, however, the actual level of sales by refractories operations are not expected to decrease.

Cullinan should for the most part be sheltered from the expected drop in volumes, as the link with Iscor guarantees a growing share of the local refractories market. Iscor produces 77 percent of SA's steel, and 70 percent of refractories are earmarked for the steel industry.

Although temporarily down, the

group is happy with its performance and potential on the export markets, particularly in refractories supplies to the aluminium industry

Mr de Rover said "Using Andalusite, a unique SA refractory raw material mined by our group, we were successful in every tender for the building of carbon baking furnaces in the aluminium industry worldwide until that industry's downturn at the end of 1980"

But he noted that forecasts put the aluminium industry's growth for the rest of the decade at 5 to 7 percent a year

Using last year's balance sheet for comparison, the group's financial director, Mr Austin Flint, said the agreement with Iscor would reduce the group's gearing ratio from 64 to 18 percent, with refractories reducing from 47,6 percent of net trading assets to 31 percent

The group's return on capital employed was increased from 17,8 to 24 percent, and "we will have some R35 million available for re-investment", Mr Flint said

By implication, much of this freed capital would be earmarked for the brick and property divisions, where growth was expected to be the highest

GOOD PROSPECTS

He said that on a long-term average, the return from bricks was expected to be above 30 percent while "property is the highest returner of all — depending upon the mixture of industrial, residential and rent-producing development, it can return between 35 and 70 percent in any particular year"

Mr Cullinan said "We are satisfied now that the core businesses in which we are invested are all healthy. It is our belief that the various sectors in which the group sells its products should start strengthening during our 1983/84 financial year.

"I am confident that the changes made to our investment portfolio, together with the resourcefulness of our management team, will ensure a very good long term future for the group"

Retrenching: IsCOR pledge

Pretoria Bureau

The managing director of IsCOR, Mr F P Kotzee, has assured employees that there will be no further retrenchments of staff

In the past year IsCOR launched a tough rationalisation programme and reduced its number of employees by 11 428 or 16,2 percent

By January the total number of IsCOR employees was down to 59 230 from 70 658 in January 1982

The reduction came about mainly as a result of normal turnover of staff due to resignations, retirement and death, Mr Kotzee said in the latest issue of IsCOR's in-house magazine *The IsCORian*

Most of the employees

retrenched were unskilled workers. Other cut-backs included limiting overtime to an absolute minimum, and putting retirements into effect

"Although no further retrenchments will take place, renewal of contracts in respect of contract workers will continue to be carefully considered after expiry," Mr Kotzee warned

"The market for steel products and iron ore both locally and overseas is still very unfavourable"

Mr Kotzee said there was, however, no need to be pessimistic. He believed IsCOR would emerge from the current world recession stronger than ever

240
14/3/83

Constitutional reform: meetings

*5 Mr P H P GASTROW asked the Minister of Foreign Affairs and Information

Whether his Department organized or sponsored meetings for members of the Indian community in 1982 with a view to discussing guidelines to constitutional reform, if so, (a) why (b) by whom were the meetings addressed, (c) how many meetings were held and (d) what did they cost his Department?

THE MINISTER OF FOREIGN AFFAIRS AND INFORMATION

Yes

(a) To introduce the Government's new constitutional guidelines

(b) Officials of the Departments of Foreign Affairs and Information and of Constitutional Development and Planning

(c) 85

(d) R2 953,41

Howard Q. 601.759-760
Defence Force donations
23/3/83
*6 Mr R SIVE asked the Minister of Defence

(1) Whether a consignment of dried fruit was donated to the South African Defence Force in December 1982 if so, what was the mass of the consignment.

(2) whether the dried fruit was donated subject to a condition relating to its destination, if so, what was the condition.

(3) whether any political parties were connected with this donation, if so (a) what political parties and (b) in what way?

THE MINISTER OF DEFENCE

(1) Yes 12 375 kg

(2) Yes It was consigned for distribution to troops on the border

(3) No not in the strict interpretation of the term I am, however, grateful to the hon member for putting the question as it affords me the opportunity of using this forum to express thanks and appreciation to the Women's Action of the National Party of Transvaal for this most generous gesture

Mr R SIVE Mr Speaker, arising out of the reply given by the hon the Minister does he believe it is in keeping with the political neutrality of the S A Defence Force that gifts by political parties should be allowed?

The MINISTER Mr Speaker, certain gifts have also been received from the New Republic Party Parliamentary Waves Club to be forwarded to our troops on the border

Mr R SIVE Mr Speaker further arising out of the hon the Minister's reply, does he not think it would be advisable to stop such practices forthwith?

The MINISTER Mr Speaker I invite the PFP to do the same

Criminal offence

*7 Mr D J N MALCOMESS asked the Minister of Justice

(1) Whether a person whose name has been furnished to the Minister's Department for the purpose of his reply, was convicted of any criminal offence in or about 1976 if so, (a) on what date and (b) what was the nature of such offence,

(2) whether he will furnish the name of such person to the House?

THE MINISTER OF JUSTICE

On the information supplied in the question it cannot be ascertained whether the person concerned was convicted of any criminal offence somewhere in the Republic in or about 1976

I suggest that next time the hon member should furnish me with the fingerprints or some other form of identification of the person concerned [Interjections]

Howard Q. 601.761
Strategic Fuel Fund Association
23/3/83
*8 Mr D J N MALCOMESS asked the Minister of Mineral and Energy Affairs

Who were the directors of the Strategic Fuel Fund Association in (a) November and (b) December 1979?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM (for the Minister of Mineral and Energy Affairs)

(a) and (b)

Mr C F Scheepers Former Department of Industries
Mr D N A Hunt-Davies Industrial Development Corporation
Mr A J Mouton Industrial Development Corporation
Mr S P Naude Sasol Limited
Mr J A Stegmann Sasol Limited
Mr H R Wiggett Sasol Limited

Howard Q. 601.761
Durban opening of beach facilities
23/3/83
*9 Mr R A F SWART asked the Minister of Constitutional Development and Planning

(1) Whether his Department has considered the proposals of the Durban City Council relating to the opening of beach-front amenities to all population groups, if so, what is the part of such proposals?

(2) whether an application has to be made to the Natal Provincial Executive in respect of such proposals, if so, why.

(3) whether such proposals are in line with Government policy if not

(4) whether his Department will take steps to ensure that such proposals are carried into effect, if so, what steps

(5) whether he will make a statement on the matter?

THE MINISTER OF CONSTITUTION, DEVELOPMENT AND PLANNING

(1) No It is not a matter to be dealt with by my Department and the contents of any specific proposals in the particular regard are therefore unknown

(2) Should the proposals to which the hon member refers come to a change in a by-law, it must in terms of the provisions of the Local Authorities Ordinance No 25 of 1974 and the Durban Extended Powers Consolidated Ordinance No 18 of 1976 be submitted to the Administrator of Natal for approval

(3) and (4) Although my Department is not informed of the existence or contents of any specific proposals in the particular regard the Central Government nevertheless expects Provincial Authorities to strictly adhere to Government policy and directives to effect and promote racial harmony when considering applications by Local Authorities

(5) No The hon member is referred to the statement which I issued in Cape Town on 14 March 1983 in consultation with and with the concurrence of the Administrators of the four Provinces

Building society movement

*10 Mr H H SCHWARZ asked the Minister of Finance

(1) Whether further to his reply to Question No 14 on 4 February 1983 he has now received the representations of the building society movement in respect of the reports of the Commission of Inquiry into Certain Matters relating to Building Societies in South Africa and the Commission of Inquiry into the Monetary System and Monetary Policy in South Africa

ESCOM (260) FM 25/3/83

Stealing in

In a surprise development the Electricity Supply Commission (Escom) is thinking of coming to the capital market next week. The suggestion is that Escom will be seeking to raise R30m by means of a tender issue, although it has not yet taken any firm decision on the issue.

The market finds the possibility of Escom raising the funds at this particular time slightly surprising. It is listed to raise R100m in the second half of May anyway. And a number of borrowers have recently pulled out of the market as a result of difficult conditions, the imminence of the Budget on March 30 and the Treasury's own funding issue to be done in early April.

Apparently Escom requires stock now for internal funding and cannot wait until May. But the actual tender price is going to be a very difficult one to arrive at, especially in light of the way rates in the secondary gilt and short-term money markets have been rising recently.

Fortunately the large investing institutions have in the past few days shown a (rather surprising) degree of support for those issues that have come to market. Previously they seemed reluctant to commit fresh funds to new issues, but the weight of money flowing in is possibly encouraging them to invest.

This certainly seems to have been the case with the Bophuthatswana National Development Corporation which, with Standard Merchant Bank (SMB) advising,

managed to raise about R12m. The borrower was originally listed as looking for R12m but market conditions suggested it should reduce its target to R5m.

In the event it received what it originally wanted. Of the total, R8,7m went into the 20-year stock whose yield of 13,90% investors obviously found attractive. A further R2m was earmarked for the 10-year and R1,2m for the five-year bond. This, too, was a slightly curious switch in emphasis — much of the institutions' funds have recently been going into relatively short-dated stock.

On a smaller scale SMB also managed to place R1,1m of 20 year stock for Vryheid Municipality. The yield was 13,35%.

That was precisely the same rate fixed for the R5m placing for Potchefstroom Municipality organised by Senbank and French Merchant Bank. This was originally down for late April, but because of the heavy borrowing programme in that month — in excess of R600m is scheduled to be raised — the funding was brought forward. Apparently it was quite successful, the borrower being offered a little more than was wanted.

Demand down so Armsecor lays off 842

160
Mercury
11/4/83

Mercury Correspondent

PRETORIA—The Government's munitions manufacturer, Armsecor, yesterday laid off 842 employees of all races in an unexpected austerity drive which followed less than 24 hours on the Minister of Finance's announced increase of more than 15 percent in defence spending during the coming year.

Two of Armsecor's subsidiaries—the Atlas Aircraft Corporation at Kempton Park and Naschem at Lenz, near Johannesburg—are affected. Workers who were to be retrenched were handed envelopes containing their notices of termination of employment when they arrived for work yesterday.

Workers are said to

have been satisfied with their severance pay.

An official statement issued at Armsecor headquarters in Pretoria after the men had been notified, said 'The necessity for the personnel reduction can be ascribed to the levelling-off and in some instances the decrease in the demand for some items of armaments as a result of changing priorities by the Defence Force.

'Armsecor, in spite of inflation, was obliged to restrict price increases on products through higher productivity, which inevitably led to a redundancy of personnel in some areas.'

An Armsecor spokesman said yesterday that further lay-offs were not planned.

For a considerable time, vacancies which arose in Armsecor—one of South Africa's biggest undertakings with more than R1 200 million in assets—were not filled from outside recruitment in an effort to prevent retrenching staff.

Laid off

However, the reduction at the Atlas and Naschem factories was inadequate and this had necessitated the lay-offs, an Armsecor spokesman said.

Of the 160 members of the Atlas staff who were laid off, 87 were white and 73 were non-white. At Naschem, 221 were white and 461 were non-white.

Those who lost their jobs were given attractive benefits. These included up to four months' severance pay (depending on service) and other fringe benefits, including a percentage of the annual bonus which is paid out in December.

Last year, Armsecor launched a drive to save its arms industry by selling its products abroad. An Armsecor source said yesterday that the retrenchments did not indicate that the programme had failed.

Armsecor employs about 35 000 people of all races.

Flow dries up

FM 11/4/83
Power cuts are not the least of the consequences of a growing shortage of water to feed Escom's power stations. It will further boost costs of generating electricity.

Present contingency plans are to increase supplies from stations supplied by the Vaal River — like Grootvlei, Vaal and Highveld — which Escom considers its most reliable source of water at present. Output will also be increased at old, coastal power stations — the Hex and the Salt River in the Western Cape and Colenso in Natal.

Several factors are putting pressure on costs. Water supplies in the eastern Transvaal will probably have to be increased by pipelines from the Vaal area. Treatment of water at some of the power stations whose electricity is to be increased is relatively expensive. And coal supplies to coastal and Natal stations will have to be increased at high cost. Coal costs about R7+ in the eastern Transvaal and up to R45 at the west coast stations.

Despite generally reduced output, generating sets at the big new power stations, Duvha and Matla, will be commissioned on schedule. And Escom has spare capacity in the grid because growth in consumption fell from the previous annual average of 7% to below 3% in 1982 and is projected at

3% this year.

However, consumers can expect power cuts later this year if the drought isn't broken in the eastern Transvaal.

Willy Boeje, Escom's assistant manager system operations, says cuts may be necessary by August when peak winter demand lifts consumption from the present 13 000 MW to about 16 000 MW. Drought last caused cuts in the mid-Sixties, although capacity shortfalls were responsible for blackouts two years ago.

Planned rationing

Boeje notes that cuts at individual stations won't reduce power supplies in the station's surrounding area, because power will be drawn from other areas through the national grid.

"If there are power cuts it will be done as a planned rationing of power supplied to areas on a rotational basis," he says. "Each region's supplies will be reduced proportionate to its normal consumption."

The eight major power stations in the eastern Transvaal — an area where the drought is particularly bad — supply about 66% of SA's electricity. Power generation at seven of them is threatened by water shortages. Worst off is the Camden station near Ermelo, which is generating at only 60% capacity. Its output may slide further, but Escom does not intend to close it.

In northern Natal, however, the 500 MW Ingagane power station may well have to close temporarily. It obtains its water from the Chelmsford Dam, which is only 6% full

STATIONS DELAYED

FM 14/83 (260)

The slowdown in the growth in demand for electricity has persuaded Escom to postpone construction of two new 3 600 MW power stations, Majuba and Lekwe, by a year

The first generating sets at Majuba, between Amersfoort and Volksrust in the eastern Transvaal, will start working in September 1989. First sets at Lekwe, between Vereeniging and Sasolburg, will be commissioned in September 1991.

Anger as Iscor clinches UK deal

2/4/83 E. Post

Weekend Post
Correspondent

LONDON — Officials of South Africa's Iron and Steel Corporation (Iskor) slipped quietly into Britain last week — and bought an entire steel plant

Welsh politicians strongly objected to the hush-hush sale of the Dupont steelworks at Llanelli, Wales, but they were too late — the contracts had already been signed

The deal — conservatively estimated at R10-million — was negotiated by the British Steel Corporation (BSC)

Included in the deal are Dupont's almost brand new electric arc furnaces

These were part of a R50-million modernisation scheme which had still not been completed when the plant was closed exactly two years ago with the loss of more than 1 000 jobs

The furnaces have been idle since the end of March 1981, when steel making finished at the plant

It will take at least six months to dismantle them before they can be shipped out to South Africa

The sale was attacked by the Llanelli MP, Mr Denzil Davies, who said it added

“terrible insult to injury”.

“It is a further illustration of how disastrous the Government's policy was towards Dupont,” he said

“Sir Keith Joseph, then Secretary for Industry, and Mrs Thatcher closed the plant down and now the BSC chairman, Mr Ian Macgregor, has completed the rape of Dupont by selling off these modern furnaces — which could be producing steel for Britain — to South Africa, where no doubt the steel will be produced by sweated black labour”

The row was fuelled by some Llanelli councillors

who claimed the deal was a way of exporting jobs from south-west Wales

Councillor Mathonwy Jones said “It seems stupid that they are taking away steel equipment to create jobs in South Africa when they rightly belong in Wales”

But Dupont's company secretary, Mr Jack Davies, said “You cannot export jobs where there are no jobs in the first place

“There is no way this plant could have survived

“Obviously, they have the business for it in South Africa, whereas we did not,” Mr Davies said

Star 4/4/83 260

SABC's 1982 haul is a record R274-m

The SABC's income for 1982 increased by more than 20 percent over 1981 to a record R274,2 million

The main reason for the increase was the 30,6 percent gain in radio and television advertising revenue and a 35 percent increase in interest on investments

Once again, advertising revenue accounted for the largest slice of the corporation's income — R156 million or 56,9 percent (R119,5 million in 1981) Despite a drop in income from licence fees because of the abolition of radio licences, partially compensated for by the increase of R6 in television licences, this accounted for R64 million or 23,4 percent (R66,8 million in 1981)

Other income for the year was made up of R38,7 million in interest, R13,4 million recoverable from the Government in respect of external radio services and R1,8 million in sundry income

According to the corporation's annual report, tabled in Parliament just before the Easter recess, the largest portion of the R237,4

million operational expenses (including depreciation) went to programme and news departments They accounted for R134,8 million, or 56,8 percent, up considerably on the 1981 figure of R70 million.

Other expenditure was made up for technical departments (R42,6 million), administrative departments (R26,7 million), interest and finance costs (R10 million), depreciation (R20,9 million) and provision for replacement of fixed assets (R12,5 million) A sum of R12 million was also transferred to the housing fund

The report also stated that by the end of last year there were 1,6 million licensed TV sets in South Africa

About 550 000 sets were licensed in 1976, the first year of full-time transmissions This increased to about 920 000 in 1977. The slump in 1978 saw fewer than 200 000 additional sets licensed but in 1979 the figure increased to more than 1,1 million By 1980 this had increased to 1,25 million and by the end of 1981 a total of

By Ian Gray
TV Editor

1 380 000 licences had been issued

In terms of content, apart from the weather reports, religious and magazine programmes on television had the highest local content in 1982

Afrikaans magazine programmes had a local content of 99,1 percent for the year and English programmes 90,9 percent English religious programmes were 96 percent local and Afrikaans 93,8 percent

Despite extensive coverage of overseas events on the English sports service, it had a local content of 71,3 percent compared with the Afrikaans service's 88,7 percent

Afrikaans variety programmes were 78 percent local and English 57,3 percent, serious music on the Afrikaans service was 77,2 percent locally produced, compared with 37,2 percent on the English service, 59,3 percent of English documentaries were local and 38,4 percent of Afrikaans documentaries, in the youth

and children's department the Afrikaans service was 48,1 percent and the English service 41 percent local, and in the drama departments the Afrikaans service had a 16 percent local content compared with the English service's 14,5 percent

And while variety is the spice of TV life (along with soap opera), it continues to be the Cinderella of popular entertainment on the SABC

According to the report only eight percent of total transmission time — 2 472 hours in 1982 — was devoted to variety, half a percentage point less than in 1981

Drama occupied our screens for 29,5 percent of the time, sport for 16 percent (up from 1981's 12,25 percent), news for 11,5 percent, youth and children's programmes for 9,5 percent (up from 7,25), advertisements for 6,5 percent, magazine programmes for 6 percent, documentary programmes for 4,5 percent (down from 7,75), religious programmes for 4,25 (up from 3,75) and serious music for 2,75

percent (down from 3,25) A total of 666 hours of television material was dubbed from a variety of other languages into Afrikaans, 58 hours more than in 1981

About 12 400 parts were dubbed by a total of 124 translators and played by only 572 actors of whom 152 were inexperienced

The report says there is a lack of suitable talent and a necessity for continuous training

From a total of 130 candidates auditioned during the year only 50 new actors were acquired, of whom only six developed to the stage where they could be used for lead parts

~~5~~ *Hammond Q 61927*
Sasol II/Sasol III
260 *1/4/83*
608 Mr T ARONSON asked the Minister of Mineral and Energy Affairs

- (1) What is the (a) latest estimate of the total cost and (b) anticipated completion date of (i) Sasol II and (ii) Sasol III,
- (2) what is the total number of persons employed in respect of these projects?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) (a) Sasol Two has been completed within the original 1975 budget of R2 500 million and Sasol Three within the original 1979 budget of R3 300 million
- (b) The construction of both Sasol Two and Sasol Three is completed. The commissioning is on schedule and both plants should be in full operation according to plan by the second half of 1984
- (2) Including the Secunda mines, 23 000 persons are employed by Sasol Two and Sasol Three

Accident may delay Koeberg's schedule

Science Reporter CHRIS ERASMUS weighs up the prospects

A RECENT accident involving vital parts for Koeberg's nuclear reactors may frustrate Escom's plans to have at least one of the plant's two reactors commissioned by the end of 1983

A spokesman for the South African Transport Services, Mr Dirk Beukes, said the Railways Police knew of an incident at DF Malan Airport in which equipment designed for use in the power station's reactors was damaged during the unloading of crates when a part shifted about inside one crate causing it to fall

Sent back

Initial reports indicated that Security Police were investigating a possible case of sabotage, but both Mr Beukes and Escom have denied that any such investigation was taking place

The parts have since had to be sent back to the French manufacturer for checking to ensure their reliability

Escom have said the parts

were the responsibility of the contractors until they were delivered to the site

Despite reliable reports that the accident is likely to further delay commissioning of the plant's reactors, an Escom spokesman has said the incident will not result in any postponement

ANC attack

Earlier this week Escom indicated that both Number One and Number Two reactors were expected to be completed by the end of the year, saying that the completion of the power station was now a matter of urgency. One of the reactors would be commissioned at that time to be followed "some months" later by the other

In a subsequent development, the Escom spokesman declined to comment on a report that the Number Two reactor would be the first to be commissioned, possibly because of severe damage caused to the Number One re-

actor during last December's ANC attack on the plant

The spokesman referred to the Commission's earlier statement, repeating that both reactors would be completed by the year's end. He refused to comment on any aspect of bomb damage sustained by the reactors during the attack

The Koeberg site was closed to all but essential personnel from March 30 until April 7 for a re-investigation of industrial safety systems on the site, according to the Escom spokesman

Safety

He said the safety systems were the same as those employed by any large industrial concern and were aimed at accident prevention.

These procedures were designed to ensure the physical safety of construction workers and operators at the plant and had nothing to do with radiation or any nuclear-related matter, he said

... and sabotage scotches hopes of saving water

ARGUS 15/4/83

260 224

Argus Staff Reporter
SABOTAGE at Koeberg nuclear power station in December has rocked electricity chiefs' hopes of using the station to make a major contribution to the water saving effort

Had the first nuclear generator set been commissioned on schedule at the end of 1982, South Africa's first giant new A-station could by now have saved 50-million litres of fresh water daily, or some 30-billion litres of water a year

The new nuclear station, unlike conventional coal-fired

power plants in the Transvaal, will use sea water for cooling the super-heated steam used to drive its generator turbines

In the case of a nuclear power station the steam is generated by the action of nuclear fission

"We are pushing to complete Koeberg because had it gone on stream as scheduled at the end of 1982 it could have made a major contribution to the water saving effort — something like 50 million litres of freshwater a day," said the spokesman

"The first Koeberg unit should have started in December but with sabotage there have been delays"

Instead, Escom bosses have had to make other plans to shift operations from the "hi-tech", cheap-to-run, modern power stations to older, expensive-to-run plants which have access to better water supplies, some of which are on the coast

The plan would work out at about R2 million for every extra day of uninterrupted supply

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"But my achievements
... did nothing for me - I
... learned a lot, but my life
... was empty"

He said there were
... many other sportsmen
... who had also been con-
... verted Henry Hauser,
... ex-Springbok soccer
... player, was involved in
... his being converted and
... they have become very
... good friends

Snowy Sooter, ex-
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"Daily there are more
... and more sportsmen I
... think that's all in His
... plan and perhaps he did
... not intend me to find him
... before "Christianity is
... great fun, it's full of
... smiles, full of joy and a
... whole new world of
... peace"

Every hour that a one-bar electrical heater
burns 2½ litres of water are used.

Blackouts in a thirsty land

Weekend Argus Reporters

BY August or September
this year, the drought
wiltng South Africa's ag-
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ting down industrial pro-
duction and switching off
domestic lights

And inside that gloom
more jobs could be
threatened — in a coun-
try where recession has
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Selectives
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on Highveld power sta-
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are scheduled to meet re-
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to discuss the implica-
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outs in the region.

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"Obviously, if there
were extensive power
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deed," said a spokesman
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Some industrialists be-
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and lasting

"This is one of the
things that Escom is tre-
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at the moment," Escom
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event of serious black-
outs, "mines and industry
are liable to be hit the
hardest"

Repercussions
The effect on the West-
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"pretty much the same
way" as in the north of
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percussions if we were in
the position of not having
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It affects production, and
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Were the Koeberg nu-
clear-powered station on
stream and generating to
its full capacity, Escom
could be exporting its ex-
cess to the north

The Highveld power
stations use about
2½ litres of water to gen-
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"Power is vital to our
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Cutbacks
Cape Town City Elec-
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Palser believes the city
could run up its Athlone
power station to make up
a cutback on Escom
power from the north,
and that only towns with-
out their own generating
ability would feel full
blackouts



TRY

DOWN

- 1 Few people give much thought to the problems typical — has to face **WAITER/WRITER**
- 2 Consumes **EATS**
- 4 Desires **WANTS**
- 5 One — often clashes with another **REBEL/REVEL**
- 8 It would be unusual if people show no response at all to a — **JEST/PEST**
- 10 It's particularly the sensitive person who is repelled by acquaintance with — in his temperament **ICE/IRE**
- 11 Persons who — would obviously benefit from a firm but sympathetic discipline **MOPE/TOPE**
- 12 To — someone is an obvious act of hostility **SMEAR/SPEAR**
- 13 — might be none too pleased if work is required in haste **PAINTER/PRINTER**
- 14 Short winter days could be a handicap to — **ROVERS/ROWERS**
- 16 Vessel that is — is hardly going to make rapid progress **ROWED/TOWED**
- 17 Illuminated — might glow with colour **PAGE/PANE**
- 18 Festivity **GALA**
- 19 One tends to think of a — as long and narrow **SLIT/SLOT**
- 21 All sorts of questions may come into one's mind as one prepares to — an exam **SET/SIT**

SURPLUS CONCRETE MIXERS AND PLYWOOD — FOR SALE

BY PRIVATE TREATY

TUESDAY 19th APRIL from 9.30 am to 3.30 pm

258 LOWER MAIN RD, SALT RIVER
(opposite Palace Cinema)

JULIUS BUCHINSKY "The Organisation with the Reputation" is instructed TO LIQUIDATE the stock of a reputable manufacturer

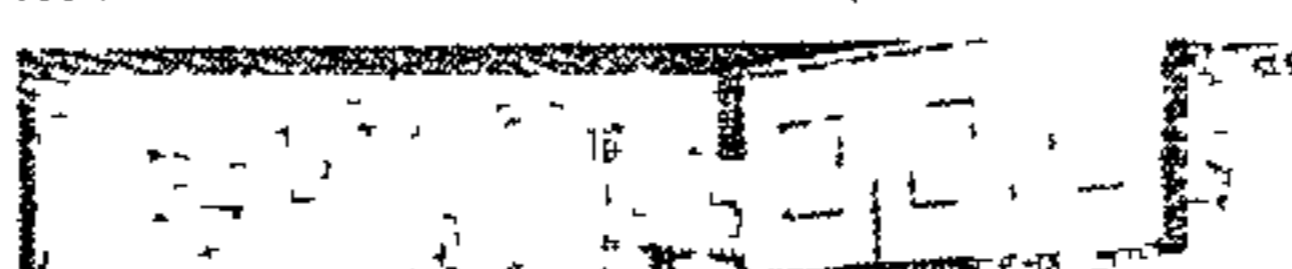


Table Bay power sta-

movements
 for me - I
 but my life
 was empty"

He said there were many other sportsmen who had also been converted Henry Hauser, ex-Springbok soccer player, was involved in his being converted and they have become very good friends

Snowy Sooter, ex-Springbok rugby captain, Trevor Goddard and many others had also committed themselves

"Daily there are more and more sportsmen I think that's all in. His plan and perhaps he did not intend me to find him before "Christianity is great fun, it's full of smiles, full of joy and a whole new world of peace."

a thirsty land

Weekend Argus Reporters

BY August or September this year, the drought wilting South Africa's agriculture could be shutting down industrial production and switching off domestic lights

And inside that gloom more jobs could be threatened — in a country where recession has already stretched the unemployment queues

Escom, the major producer of electricity, believes it has sufficient water available to its crucial Highveld power stations to keep generating fully through the winter

Selectives

But, come spring, selective blackouts could be introduced And the Western Cape, dependent on Highveld power stations for up to 80 percent of its electricity, will be hit as hard as northern consumers

Early next week, representatives of the Cape Chamber of Industries are scheduled to meet regional officials of Escom to discuss the implications of possible blackouts in the region.

Drought has emptied the country's major rivers and storage reservoirs, and dams supplying water for power stations' cooling systems are dropping so rapidly that emergency measures are being considered to keep water flowing to the utilities

Escom officials talk of the "possibility" rather than "probability" of

blackouts, but unless substantial rainfall improves the situation in the north, the likelihood will be probability by the end of the north's dry winter

Protected

Industry, by far the major consumer of electricity, will undoubtedly be protected as far as possible from damaging power cuts, but a critical shortage of power could be disastrous.

"Obviously, if there were extensive power cuts, it would affect gold mining very seriously indeed," said a spokesman from the Chamber of Mines in Johannesburg Some industrialists believe most factories in the country would be laying off workers if power cuts were widespread and lasting

"This is one of the things that Escom is tremendously worried about at the moment," Escom regional public relations officer Mr Andre van Heerden said in Cape Town this week In the event of serious blackouts, "mines and industry are liable to be hit the hardest"

Repercussions

The effect on the Western Cape would be felt in "pretty much the same way" as in the north of the country "You can imagine the sort of repercussions if we were in the position of not having water to produce power It affects production, and jobs"

Were the Koeberg nuclear-powered station on stream and generating to its full capacity, Escom could be exporting its excess to the north

The Highveld power stations use about 2½ litres of water to generate one kilowatt hour of electricity, and Escom is stressing the need for consumers to save electricity every hour that a one-bar electrical heater burns uses 2½ litres of water

In Johannesburg this week, Mr John Nelson, acting president of the Steel and Engineering Industries' Federation of South Africa, said power cuts would inflict a "gigantic problem" on industry "If power cuts occur on a big scale, industry will grind to a halt," he said

Computers

Banking, reliant on computers, will also be hit hard "If there were a serious power failure, it would certainly set the cat amongst the pigeons," said Mr Bill Jones, general manager of operations for the Standard Bank.

"Power is vital to our industry If the supply collapses, so does much of the banking system"

Blackouts would seriously disrupt the South African Iron and Steel Corporation (Isacor) Managing director Mr Floors Kotzee said "We can only hope this situation does not arise We have limited back-up supplies to keep furnaces ticking over, but if power to a particular works were cut, men would have to be laid off"

Cutbacks

Cape Town City Electrical Engineer Mr D C Palser believes the city could run up its Athlone power station to make up a cutback on Escom power from the north, and that only towns without their own generating ability would feel full blackouts

Table Bay power station, which the City Council has decided to shut down, is unlikely to be retained as a standby "I can not see that we would get into such dire straits that that we would have to run Table Bay," he said.



DOWN
 give much thought to
 typical — has to face
 TER
 EATS
 NTS
 clashes with another
 EL
 be unusual if people show
 at all to a — JEST/PEST
 early the sensitive person
 repelled by acquaintance
 his temperament ICE/IRE
 who — would obviously
 a firm but sympathetic
 MOPE/TOPE
 is an obvious act of
 SMEAR/SPEAR
 be none too pleased if
 in haste PAINTER/
 days could be a handi-
 ROVERS/ROWERS
 is — is hardly going to
 rapid progress ROWED/
 might glow with
 CE/PANE
 GALA
 to think of a — as long
 SLIT/SLOT
 questions may come into
 as one prepares to — an
 I/SIT

481

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Some abuse, but claims of corporation corruption exaggerated, say auditors

Probe clears SABC

By Ian Gray,
TV Editor

A year's exhaustive investigation by external auditors into procedures in the South African Broadcasting Corporation has exonerated virtually everyone whose case was examined.

According to the auditors the investigation proved that "although there are indications in a few cases of non-compliance with — and deficiencies in — the existing systems and procedures, and in isolated cases even the abuse of position, which could not be proved beyond all doubt, we are of the opinion that the allegations and rumours are largely exaggerated and unfounded."

The investigation was instigated by Mr Pik Botha, the Minister of Foreign Affairs and Information under whose portfolio the SABC falls.

It was ordered after a series of newspaper reports alleged certain malpractices in the SABC to do with favouritism in the selection of scripts and the allocation to private production houses of productions for the corporation.

Although the external auditors virtually cleared employees of the SABC of corruption, in its own summary of the report the corporation said "The SABC is aware of the possibility that members of staff may favour themselves to the disadvantage of outside contributors through being in key inside positions. The SABC has, therefore, always adhered to a firm policy and procedure with regard to the employment of and payment to members of staff for additional contributions and work. Any member of staff may provide programme contributions either on his own initiative or on request, to any programme service of the SABC and be paid for them (under certain conditions)."

A report by external auditors on alleged irregularities in the SABC was released yesterday. Although the corporation was largely exonerated, it has recognised deficiencies in the system and has acted against them.

everything in its power to enable the auditors to carry out the investigation as completely and thoroughly as possible. It placed on record the following important factors:

"The SABC is constantly hampered by the scarcity of creative talent in South Africa to satisfy all the specialised needs of the corporation, with its multiplicity of programme services using artists (writers, producers, and programme makers of every kind) on a huge scale.

"It has, therefore, always been the policy of the SABC, in view of this constant shortage, not to stifle the creative abilities of its members of staff — persons who by virtue of their experience and involvement are often well able to contribute work of high quality. It would be unfair to compel them to hide their light under a bushel. Some of the most successful programmes over the years have been the work of members of SABC staff."

The summary goes on: "The SABC has never yet been in the fortunate position of having a significant number of suitable scripts available waiting for production facilities or funds."

In its summary of the auditors' report, the SABC said: "The investigation was of long duration and thorough, and it was attended with rumours and intensive speculation that received wide publicity in the Press. The SABC notes the outcome of the report that the general finding of the external auditors deals with only isolated cases and that their final conclusion is that the allegations and rumours were largely exaggerated or unfounded."

"Although the SABC continually revises and amends its systems and procedures, certain deficiencies in their application have become evident from this investigation."

"As a result the existing systems have been refined and in consultation with the external auditors they are being further improved in the interests of promoting general efficiency."

Northie... "The best person for the job"

Stark... set up his own company

Human... implications of his actions pointed out.

Swanepoel... film depicted without his knowledge.

Rumours: many interviewed

In their investigation into the SABC the auditors reported "Since all possible irregularities would not necessarily be traceable from the records of the corporation, it was arranged that all allegations and rumours that had come to the attention of the Office of the Minister and to the Press should be made available to us."

The auditors investigated all rumours received by the Press and the Office of the Minister of Foreign Affairs and Information.

In most cases, were available at the SABC. Investigations showed the matter had already been investigated by senior SABC officials and that the producer was given the opportunity to resign, which he did.

"We also held interviews with Chief Officers and certain members of the SABC staff. At our request, all personnel were invited... to approach us in writing if they possessed any first-hand knowledge of any irregularities. Such information was to be furnished under the name of the member of staff and would be treated as confidential."

Among some of the incidents investigated were:

● The favouring of certain people and companies with the awarding of dubbing contracts, including SABC staff members doing freelance work by being offered first choice. Investigations showed that the system existing then could have led to the favouring of SABC personnel, but although they earned considerable amounts it was not necessarily indicative of

● An allegation that a former producer contracted freelance artists to perform for the SABC on condition they paid him a

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France said 'yes' — and the galleries roared approval

When Israel was born

The birth of a new country is no novelty in this age of shifting frontiers and renamed territories

Africa alone has seen the emergence of many new states in the post-war shake-up — frequently, as the Wall Street Journal has remarked, with the letter "Z" somewhere in the new nomenclature citing Zimbabwe, Zambia, Tanzania, Zaire

But the birth of Israel in 1948 was so delicately poised that few of the other births can be compared with it

The emergence of this new State — fulfilment of a biblical prophecy and fruit of an astonishing vision — called forth the highest human drama

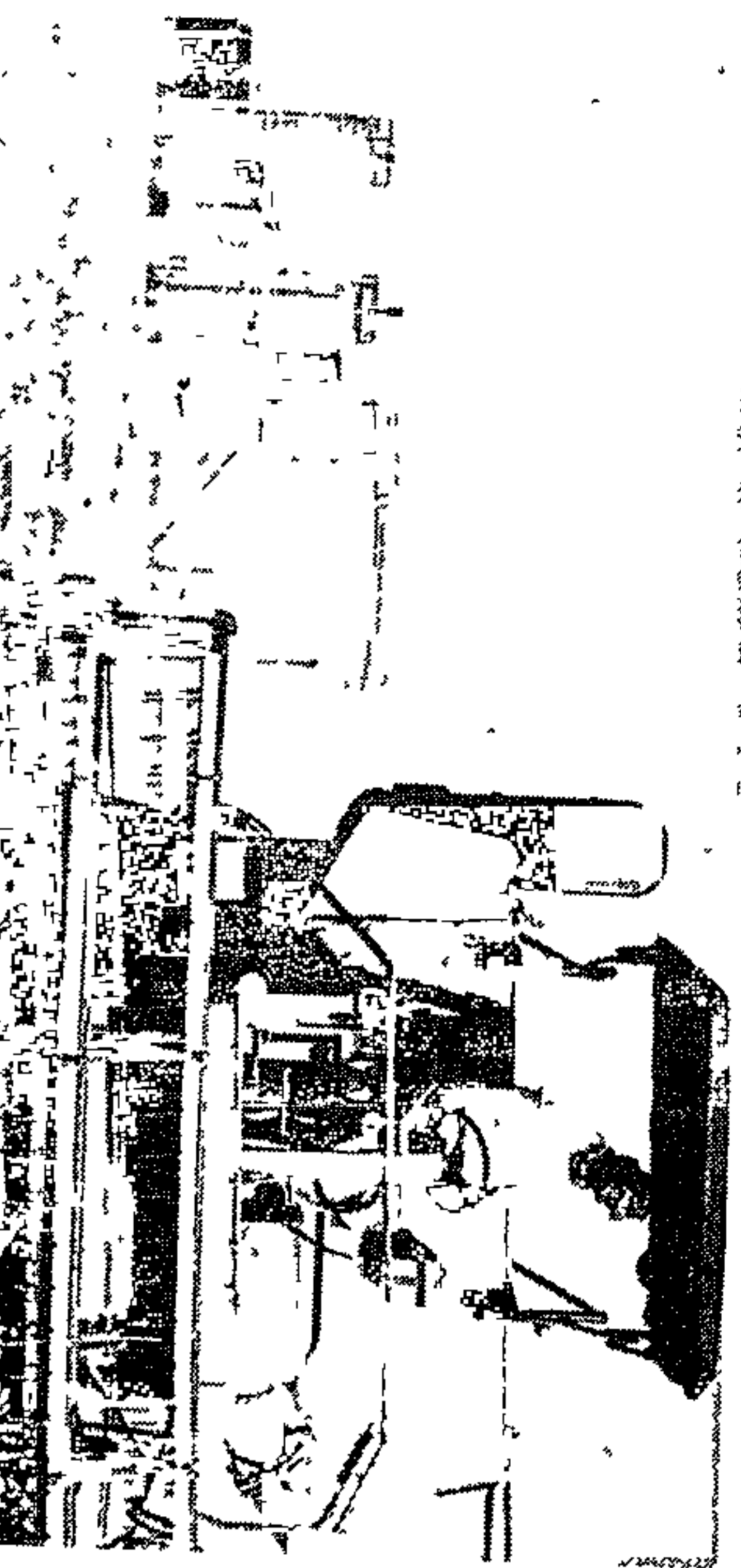
The crucial moment came during late 1947 in the United Nations where a vote was to be taken one evening among the delegates of the (then) 54 member States

I happened to be in New York that day, having been assigned from my United Nations post in Washington, DC, to perform an unrelated bit in New York. So I found myself in one of the observers' galleries above the arena of the General Assembly

UN headquarters were then at Lake Success and expectation hung in the air like an electrically charged cloud. This was the meeting at which the issue of partitioning the territory known historically as Palestine was to be decided

The galleries were full, the desks of the delegates were heavily populated, crowds of people with no apparent direct involvement with the machinery of the assembly milled in the lobbies.

There was, of course, no Jewish or "Israeli" delegate. The name of Israel had not yet joined the vocabulary of diplomacy or the world. Whatever representation the Jewish people might be said to have on the assembly floor was embodied in a wide variety of national delegates, none of whom was directly answerable to that people



The state of Israel today... reaping the harvest of conviction and determination.

The state of Israel was born 35 years ago. PERCY BANESHIK, who was in the gallery of the United Nations, Lake Success, at the time of the crucial vote, takes a personal look back at the historic event.

is in highly sophisticated parliamentary situations. It was pretty well known which country would vote for, and which against. With the exception of one — France.

And so, as the voting began, the tension rose with the mounting figures on the "scoreboard" above the president's rostrum

No one knew what instructions the French delegation had received from Paris. The delay was not explained, but France, historically, was a force in the Middle East and no doubt was weighing its vested interests in the region with enormous care

So France's voice would signal the turning-point. France was 34th on the roster of nations. I recall sitting in that packed gallery while the roll was called, hearing "yes" and "ou" and "si" and, occa-

sionally, "no" or "non". The proceedings, as conducted by the General Assembly staff and its secretary-general, were as workaday as possible. The calls were quiet and the responses equally so

But when France's name was called, there was a tiny hush, then the fatal "ou." And a burst of applause from the packed galleries.

The like had never been heard before in the short life of the United Nations. Loud shouts of acclaim and relief rang through the hall. The chairman pounded a gavel and called sternly for order. Uniformed security guards moved hesitantly in the aisles above the galleries, not at all sure whether they were required to act

The demonstration was brief. The news of partition was rapidly communicated to the

be performed in the garden of a house on Massachusetts Avenue — the ambassadorial row of the American federal capital — where the Zionist "presence" in the US, a sort of embryonic embassy, had been set up.

A flag, the blue-and-white banner of the new State was unfurled for the first time

To strike a more personal note, my late mother, who had set up home for me in Washington, was out that day but, as soon as she heard the news on the radio, she hied herself up the avenue to be present at the flag-raising ceremony. She even had a hand on the halcyard as the symbol of statehood was pulled to the top of the new-born embassy's flagpole

Within hours, it was reported that the Smuts Government of South Africa had been among the first to recognise the new state and that the name "Israel" had been chosen as the official designation of the new entity in the Middle East.

South Africa's vote in favour of partition and the new State was no surprise as Smuts had long been a supporter of the Zionist principle. What was a notable turnout in history came later when the Malan Government came to power in 1948.

Up to that point a firm plank in the National Party's platform had been an anti-semitic ruling: no Jew would be accepted for membership of the party. Further, the party had pursued a steady campaign in Parliament for a limitation of Jewish immigration and Jewish enterprise in the country.

With the emergence of the State of Israel and, soon after, the assumption of Nationalist power in this country, the policy was quietly dropped

Even when, in due course, Mr Eric Louw, a parliamentarian not notably reluctant to express his disapprobation of Jews in South Africa, became our permanent representative at the UN, his vote on subsequent questions in the United Nations on Israeli affairs was never a negative

world even before the voting procedure was completed. And, as history records, later, down the line of alphabetically called names was that of the USSR, whose voice that day was raised in favour of the resolution.

At least four of the signatories of the letter in which the Soviets explain their reasons for pulling out of the World Psychiatric Association are to be found in one of the most significant books on alleged Soviet psychiatric abuses — Victor Nekipelov's "Institute of Pools"

They are Academician Georgiy Morozov — one of the key figures linked to abuses — Academician A V Shezinevsky, Professor I N Bobrova and Professor A K Kachaev (the spelling of this name in the book varies slightly)

Nekipelov, a dissident poet, was a member of the Moscow Helsinki Watch Committee

He had been jailed several times and was "processed" at the notorious Serbsky Institute in Moscow, through which fourths of dissidents interned in special psychiatric hospitals were processed.

The book is an account of the mental horror induced by the institute and its inmates, most of whom are criminals faking insanity in the hope of avoiding prison, believing a psychiatric hospital to be the better option to prison

The book describes the institute as "the dark chamber, the invariable core of Soviet forensic psychiatry" and says that it has been completely integrated into the Gulag Archipelago.

Soviet dissenters regard the institute for some purposes as an executive arm of the KGB

Western observers have been permitted a few superficial visits to the Serbsky.

There are no social causes for deviance in the USSR, say the people in charge of the notorious Serbsky Institute near Moscow. Hence dissidents and lawbreakers are mentally ill or under Western influence.

They claim that there are no social causes for deviance in the Soviet Union — hence dissidents and lawbreakers are mentally ill or under Western influence.

They even support the theory that schizophrenia may be "theoretically" yet not clinically present.

Nekipelov believes that the Serbsky psychiatrists base their diagnoses on the criminal-case files and the reports of the nurses, hardly bothering to interview the inmates

They certify a number of people insane to fill a quota. They freely administer tranquilisers, truth serum and lumbar punctures to recalcitrant patients

With its emphasis on the biological basis of mental illness Soviet psychiatry avoids psychotherapy in favour of

quitting and anti-depressant drugs, including amiazin, fluoperazine, haloperidol, spiazin and insulin.

Trifluoperazine goes under the brand name Shelazine. Haloperidol is manufactured in the West as Sereace or Haldol. All three drugs must be administered with corrective drugs to counteract dangerous and unpleasant side effects — violent, uncontrollable muscle spasms, increased body temperature, liver inflammation, depression, lethargy, headaches and dryness of the mouth

Victims in the Soviet Union have testified that correctives often are withheld deliberately from patients receiving these drugs.

Sulphazain was used to treat schizophrenia and progressive paralysis in the 30s but abandoned when it was shown to have little therapeutic effect. It induces raging fever, elevated blood pressure, joint inflammations, stomach cramps and intense pain

Many dissenters have testified that it is administered as punishment.

Inmates are said to be given insulin, which induces coma and dropsical swelling in non-diabetic patients

Abandoned in the West when the major tranquilisers were discovered, insulin-coma therapy continues to be used in Soviet psychiatric hospitals for punitive purposes, the book says.

Possibly because of adverse publicity in the West, Nekipelov was not certified but was tried on trumped-up charges and jailed for two years. Since his release he has been continually harassed by the KGB in

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Namibia's 'champions'

Staffers set up own company

The external auditors also investigated the company set up by the former organiser of Afrikaans magazine programmes and briefly, the head of the Afrikaans service, Mr Michiel Steenekamp, and producer Mr Frederich Stark, called Karee Films

The company was established to make a film for the South African Lumber Millers Association. Verbal permission to make the film was given by the Afrikaans service head, who discussed it with the TV1 director who did not recall the discussion.

The association's assistant executive director said he approached various companies and got verbal quotations for the making of a film with the object of submitting it for broadcast "in due course"

Organiser was asked to write some scripts

Also investigated was the alleged favouring on the part of Afrikaans drama Organiser Cor Nortje

Under investigation were the scripts for "Nie Vanwee die Duisternis", "Gideon Scheepers", "Brood Vir My Broer" and "Geknelde Land"

For these he received a total of R35 500

In two instances the scripts were adaptations of earlier original works by Mr Nortje

It had been decided that he was the best person for the job.

In the case of the other two, he was approached to write the scripts by Pieter de Bruyn, Deputy Director General in charge of programmes

The auditors found no irregularities with the payments which were on the usual scale.

The auditors also looked into the film production company set up by SABC staffers — with little understanding of conflict of interests it seems. After criticism the company was disbanded.

After negotiations it was decided to award the contract to Karee Films because their quote was the lowest, Steenekamp and Stark would have a better appreciation of what the content of the film should be and because of their connection with the SABC. The association were of the opinion that it might also be easier to have the film broadcast as "Messrs Steenekamp and Stark also knew the right people in the SABC".

The contract price of the

production was originally R57 250, which was reduced to R55 410 after negotiation. There was also discussion about an advertising film on the subject which was dropped.

The film was shown to a senior SABC director, Mr Chris Swanepoel, who decided it was not desirable to screen it on TV1 because of the involvement of Mr Steenekamp. It was suggested the matter be discussed with the deputy-director of general programmes, Mr Pieter de Bruyn, who agreed

with Mr Swanepoel's views.

However, the service head and the department organiser viewed the film and approved it for broadcast without knowledge of the views of their seniors. The film was screened, but, say the auditors, at no extra payment to the producers.

After they became aware the film had been screened Mr De Bruyn and Mr Swanepoel said it was "insensitive of SABC members of staff to produce films for outside organisations and thus lay themselves open to criticism".

Karee Films was then disbanded without doing any more commissions although it did approach other organisations for similar projects.

Mr Steenekamp subsequently resigned from the SABC.

Shortage of scripts from South African writers

The auditors investigated allegations that the English radio service makes little use of works by South African authors and the procedure by which works are assessed makes malpractices possible, and corporation personnel and their "friends" were being favoured in the allocation of work and the acceptance of scripts.

Discussions with officials concerned and an examination of documents showed that "if the dramas broadcast by the English service during 1980 to 1982 are analysed in the con-

text of broadcasting time, it is clear that more or less 80 percent of plays and serials, which represent about 99 percent of drama broadcasting time, is made up of works by foreign authors.

"Of the original works used during 1982 in the remaining drama broadcasts, one third were written by SABC personnel and two thirds by other local freelance writers.

During 1980 and 1981 the local dramas broadcast were mainly written by freelance writers from outside the

SABC"

According to senior SABC officials "most adaptations of published novels and plays are done by SABC personnel mainly because they are familiar with the medium and themselves carry out the production".

The auditors report that the SABC maintains it continually endeavours to make use of more South African writers. There is, however, a continuing shortage of acceptable script for plays and serials.

Wives 'had no connections

The auditors investigated several allegations concerning gifts of motor cars to SABC employees and their wives, and other links between wives and production companies. In none of the instances were the allegations proved.

It also investigated many instances where final budgets for programmes and series were much higher than originally agreed. Among the projects

they looked into were "Funny People" (no figures mentioned), "Return to Eden" where the first estimate of the SABC's share of the costs would be R695 000 but which eventually cost the corporation R1,5 million, "Miss Candida" (no figures) "which was not specially budgeted for and for which an agreement was hurriedly entered into with a production house", "The Master's Plan"

for which R202 000 was budgeted "rather loosely" and which cost R302 000, "Die Rooi Komplot" for which R480 000 was originally budgeted but which eventually cost R600 000.

In all instances the auditors found the increased costs were justified in view of changed circumstances between initial agreement and final production.

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Cont.

D. Disputes 15/4/83

(260)

Inquiry: claims against SABCO exaggerated

EAST LONDON — A report has been released to the Daily Dispatch of inquiry into allegations that officials of the South African Broadcasting Corporation (SABC) influenced the election and purchase of programmes to lead to financial gain for them or their relatives.

The inquiry, conducted by the external auditors of the SABC, concluded that "the allegations and rumours are largely exaggerated and unfounded."

The auditors found, however, "indications in a few cases of non-compliance with, and deficiencies in, the existing systems and procedures, and in isolated cases, even the abuse of position, which could not be proved beyond all doubt."

In a separate report by the SABC on the inquiry, it was stated that "the corporation had no hesitation in ordering an immediate and thorough investigation" into charges of "irregularities and malpractices."

The SABC ordered the inquiry after the government minister responsible for SABC matters, Mr. Botha, informed the corporation in February 1982 that the charges had been brought to his attention. The SABC report stated that the corporation was "aware of the possibility that members of staff may favour themselves to the disadvantage of outside contributors." The SABC therefore had a

"firm policy and procedure" for the employment and payment of staff for "additional contributions and work."

The SABC report stated that "certain deficiencies" in its systems and procedures had been revealed by the inquiry.

"As a result the existing systems have been refined, and in consultation with the external auditors they are being further improved in the interest of promoting general efficiency," the SABC report concluded. The auditor's report, a compilation of five interim reports issued to the SABC management between May 1982 and January 1983, is in six sections.

I Compliance with SABC policy on additional earnings paid by SABC staff for artists' services

The SABC management and the directors were requested by the auditors to examine additional earnings paid to staff in the fiscal year 1981-82 especially where the payments exceeded R8 000 per staff member per year. They were asked to certify that to the best of their knowledge the payments were justified and that there had been no intentional favouring of staff in the acceptance or allocation of work.

The auditors concluded that

- All payments to artists had been properly authorised

● On the basis of information received from SABC officials, there was no deliberate favouring of SABC staff in the payment of additional earnings.

II Compliance with SABC policy on additional earnings paid by outside organisations to SABC staff for services to the outside organisations, the services being in any way related to programmes or advertisements intended for SABC broadcasts.

The auditors interviewed members of the SABC management committee, directors, and available chief officers. They found "differing interpretations" of instructions and regulations governing payments to staff by outside organisations. They found that some departments, notably TV1, handled the matter on a "more informal basis" than other departments. The auditors concluded that procedures governing these payments should be reviewed and, where necessary, amended. They stated that the procedures should then be uniformly applied by all departments of the SABC.

III Involvement of SABC staff or their spouses who have any interest in an outside organisation in any way connected with production of programmes or advertisements intended for SABC broadcasts, and who might in any way influence planning or selection of programmes

The auditors found that SABC staff members Mr. M. J. Steenekamp and Mr. F. Stark, operated Karree Films, having received permission to do so from the head of TV1 (Afrikaans) at the time (May/June 1981) Karree Films produced a film for the SA Lumber Millers Association which the association paid Karree R55 110. The film was broadcast by the SABC in January 1982.

for purchase by the SABC

The auditors found that "a few members of staff or their spouses" had an interest in outside production houses that made productions for the SABC. These staff members had obtained the necessary permission from the SABC, and in any case were not, with one exception, in a position to be able to influence the selection or evaluation of programmes. (The SABC report noted on this point that the "few spouses" referred to by the auditors, could not have had, by virtue of their positions, "any influence on decisions about work allocated to outside producers".)

IV Investigation of certain allegations in press reports

The auditors investigated allegations about Karree Films and certain senior officers of the SABC.

By MARK SCHACTER

The auditors found that Karree Films used equipment hired from outside organisations, and personnel not employed by the SABC to produce the film for the Lumber Millers Association.

● The auditors investigated allegations about Karree Films and certain senior officers of the SABC.

The auditors found that SABC staff members Mr. M. J. Steenekamp and Mr. F. Stark, operated Karree Films, having received permission to do so from the head of TV1 (Afrikaans) at the time (May/June 1981) Karree Films produced a film for the SA Lumber Millers Association which the association paid Karree R55 110. The film was broadcast by the SABC in January 1982.

tion which the association paid Karree R55 110. The film was broadcast by the SABC in January 1982.

The auditors found that the SABC evaluated the film for broadcast according to normal procedure. Senior SABC officials confirmed to them that "neither Mr. Steenekamp nor Mr. Stark at any stage tried to influence the evaluation of the film."

A subsequent request by Mr. Steenekamp and Mr. Stark for permission to make films for outside organisations was rejected by the SABC. The two men were later requested by the SABC to dissolve Karree Films, and this was done.

The auditors found that Karree Films used equipment hired from outside organisations, and personnel not employed by the SABC to produce the film for the Lumber Millers Association.

(The SABC report notes that "steps were taken early in 1982 to point out to Mr. Steenekamp the injudiciousness of his involvement" with Karree Films. It states that the auditor's report "does not prove impermissible action on the part" of those concerned. "It states that Mr. Steenekamp, who was reinstated as Organisier Actuality TV1 (Afrikaans) in November 1982, later resigned from the SABC.")

television scripts for Geknelde Land and Gideon Scheepers, following requests to do so from Mr. De Bruyn.

● Alleged favouring of Trompie

The auditors confirmed from SABC records that Mrs. M. Swanepoel, who adapted eight of the eleven episodes of Trompie, was not employed by the SABC, and that she was paid R2 184. The remaining episodes were adapted by an SABC staff member who was not paid for the work.

The R812 paid by the SABC to the copyright holders of Trompie books conformed with SABC payment scales.

V Investigation of other rumours of irregularities

The auditors investigated 17 rumours of irregularities that were brought to their attention.

Several of the rumours concerned the involvement of senior SABC officials in bribery, taking money, or using undue influence.

● It was alleged that a former producer contracted freelance artists for SABC programmes on condition that they paid him a percentage of their fee. It was further alleged that he hired facilities — which in most cases were available from the SABC — from "friends" for the making of programmes.

The auditors found that the SABC had already investigated the allegations and that the producer subsequently

involved in the awarding of a large number of documentary productions to a particular production house.

— an organiser received a motor car from a production house and his garden was laid out free of charge.

— a chief officer of the SABC received a motor car as a gift from a motor car manufacturer.

— the head of an SABC service wrote scripts for production houses and then concluded contracts with the houses to produce the programmes for the SABC.

— an organiser wrote the script for a programme and recommended that the SABC agree to produce the programme.

The auditors found all these allegations to be untrue.

● It was alleged that there is favouritism in the awarding of dubbing contracts.

The auditors found that the SABC's "present system of allocating translation assignments to translators and of reservation of editing 'benches' may tend to favour SABC personnel.

(The SABC report notes that "attention is being given to the tightening-up of the system by which dubbing contracts are awarded. No proven malpractices have been revealed.")

VI Comment on the systems and procedures of the Corporation

The auditors stated that they regarded "the improvement and refinement of the existin

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APRIL YOU

Harry Devan reported that the new clubhouse and four new cement courts are situated in a magnificent setting. The tournament was superbly run by the Sephtons — Paul, Mark — who had a

known in tennis circles as ex-Springbok, Linky Boshoff. Linky beat Ansie Buys without the loss of a game in the final. In a real thriller, Tony Bowles and local player,

Joan

HUDSON PARK

The Hudson Park Girls first team completed a most successful tour of the Western Cape during the school holidays

peccably-mannered Michael Myburg must be one of the most underrated players in the country. All tournament directors by now know that he is capable of upsetting many a seed and

tion with representatives of the senior club forming the Council. As the Border Women's Hockey Association is now controlling all facets of women's hockey in the area va-

players have joined Hamiltons and their first appearances in senior hockey will no doubt be eagerly watched. The 1983 Selective Committee — Coni Botha, Rose Bleek

tions to forestall possible irregularities within the organisation, Professor Wynand Mouton, chairman of the SABC Board said here yesterday

Prof Mouton and other senior officials of the SABC were commenting after the release of a 44-page report by external auditors on alleged irregularities in the production and/or purchase of radio and television programmes

With it was released a summary by the SABC of the course of the investigation and its comments

employees and we do not say nobody sometimes does something wrong"

Prof Mouton said "We are considering having these investigations on a regular basis"

He said the SABC had spared neither time nor money to have rumours about programmes investigated

It would have been a simple matter to choose one or two scapegoats and leave the matter instead the SABC had given the auditors all the co-operation they needed, he said

reservations about the auditor's report and the SABC comment on it, and respected guest in every home in the country"

One correspondent said "A great deal of smoke" had been made by newspapers about the writing and buying of TV programmes It was hard to believe that the auditors' report had revealed not a spark of blameworthiness, except in one or two cases

Prof Mouton replied that the SABC had no reason to be unhappy about the auditors' report similar organisations, should they be investigated - SAPA

R72 290 for writing television scripts commissioned by the SABC In two cases, involving the programmes Vyfster and Jasper le Feuvre, he began working on scripts before having received permission from his seniors at the SABC The auditors found that for the programmes Klaagstaat and Die Rooi Komplot as qualified to write the scripts because of his expertise in areas dealt with in those programmes In the case of the programme Kruispad, Mr Human "consented to write the script" because it was believed that all other writers under consideration "were either too busy or would not be interested"

Allegations that Mr Human rejected the script for Die Atleet in favour of his own work were found by the auditors to be false

Rumours that Mr Human's wife was a director of a company in the Brigadiers group (Brigadiers paid for the Klagstaat and Rooi Komplot scripts) and that she had received a car from Brigadiers were also found by the auditors to be false

(The SABC report notes that the Vyfster and Jasper le Feuvre scripts were accepted even though Mr Human had not received prior permission to write them because the SABC wished to "avoid losing badly needed programme material" The report added that the "acceptance does not mean condonation, and Mr Human had the implications for his action pointed out to him As is known, Mr Human resigned from the service of the SABC on 30 November 1982")

● Alleged favouring Mr Cor Nortje (Organiser Drama TV1 (Afrikaans))

The auditors found that during the period March 1981 to October 1982 Mr Nortje received R36 200 for writing television scripts commissioned by the SABC In the case of the programme "Nie vanwee die duisternis", Mr Nortje was, according to one of the film-makers involved, not "favourably disposed towards the proposal", but eventually agreed to write the script at the insistence of the film-maker and Mr P F M de Bruyn, Deputy Director General Programmes, SABC

In the case of the filming of Brood vir my Broer, Mr Nortje was found the most suitable person to do the adaptation because he had written the original work, and "because of his technical ability as a script-writer"

Mr Nortje also, wrote

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Escom
Q. 61.978-981 15/4/83
*6 Mr J J B VAN ZYL asked the Minister of Industries, Commerce and Tourism +

- (1) Whether the Board of Trade and Industries was instructed in 1977 to investigate the affairs of Escom, if so (a) what were the terms of the instruction, (b) by whom was the instruction issued and (c) who were the members of the investigating team

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FRIDAY, 15 APRIL 1983

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FRIDAY, 15

- (2) whether a report has been published on the matter, if so, (a) when and (b) what recommendations were made in respect of (i) tariffs and (ii) the financing of Escom's requirements,
- (3) whether the report has been considered by the Government, if so,
- (4) whether all the recommendations have been (a) considered and (b) implemented, if not, (i) which recommendations have not been accepted and (ii) why not?

The DEPUTY MINISTER OF INDUSTRIES, COMMERCE AND TOURISM
(Reply laid upon the Table with leave of House)

- (1) Yes, on 7 March 1977
- (a) To investigate and report upon the suitability or otherwise of the present tariff policy and tariff structure in respect of the supply of electricity in the Republic, with due regard to the following
- (i) The influence thereof upon the economic growth and development of the country,
- (ii) the effect of uniformity of, or differentiation in tariffs on different areas and groups of electricity consumers,
- (iii) the interrelationship between the tariff policy and tariff structure of ESCOM and of those of the municipalities, and
- (iv) the adequacy of existing legal provisions affecting the tariff policy and tariff structure in respect of the supply of electricity

- (1) (b) The then Minister of Economic Affairs
- (c) At the time of the investigation the Board of Trade and Industries consisted of

Dr S J Kleu (Chairman),
Mr H S Mabin (Deputy Chairman),
Dr D J Mouton (member);
Mr H J P L Kruger (member), and
Mr M R Heyns (member).

Two temporary Board members were appointed specifically with a view to the investigation, namely Prof W D Hamman and Prof. I J Lambrecht

- (2) Yes
- (a) 11 December 1978 and the report (No 1889) was Tabled in Parliament on 4 April 1979
- (b) (i) and (ii) The report of the Board of Trade and Industries contains 25 recommendations, most of which have a direct or indirect bearing on the tariffs or financing of ESCOM
- (3) Yes
- (4) (a) Yes
- (b) No
- (i) Recommendations 2, 4, 7, 10, 13 and 25
- (ii) Recommendations 2 and 4 rejected. It was decided that the existing system in regard to redemption funds and capital reserves be retained.
- Recommendation 7 Accepted

ed in principle, provided that the pooling of costs should take place over a period of two years instead of three years

Recommendation 10 rejected as not being feasible for a utility company such as ESCOM

Recommendation 13 Rejected. A similar body already exists in the Department of Finance

Recommendation 25 Rejected. It was decided that a limit of 25% be placed on the surcharge and discount system in regard to tariffs

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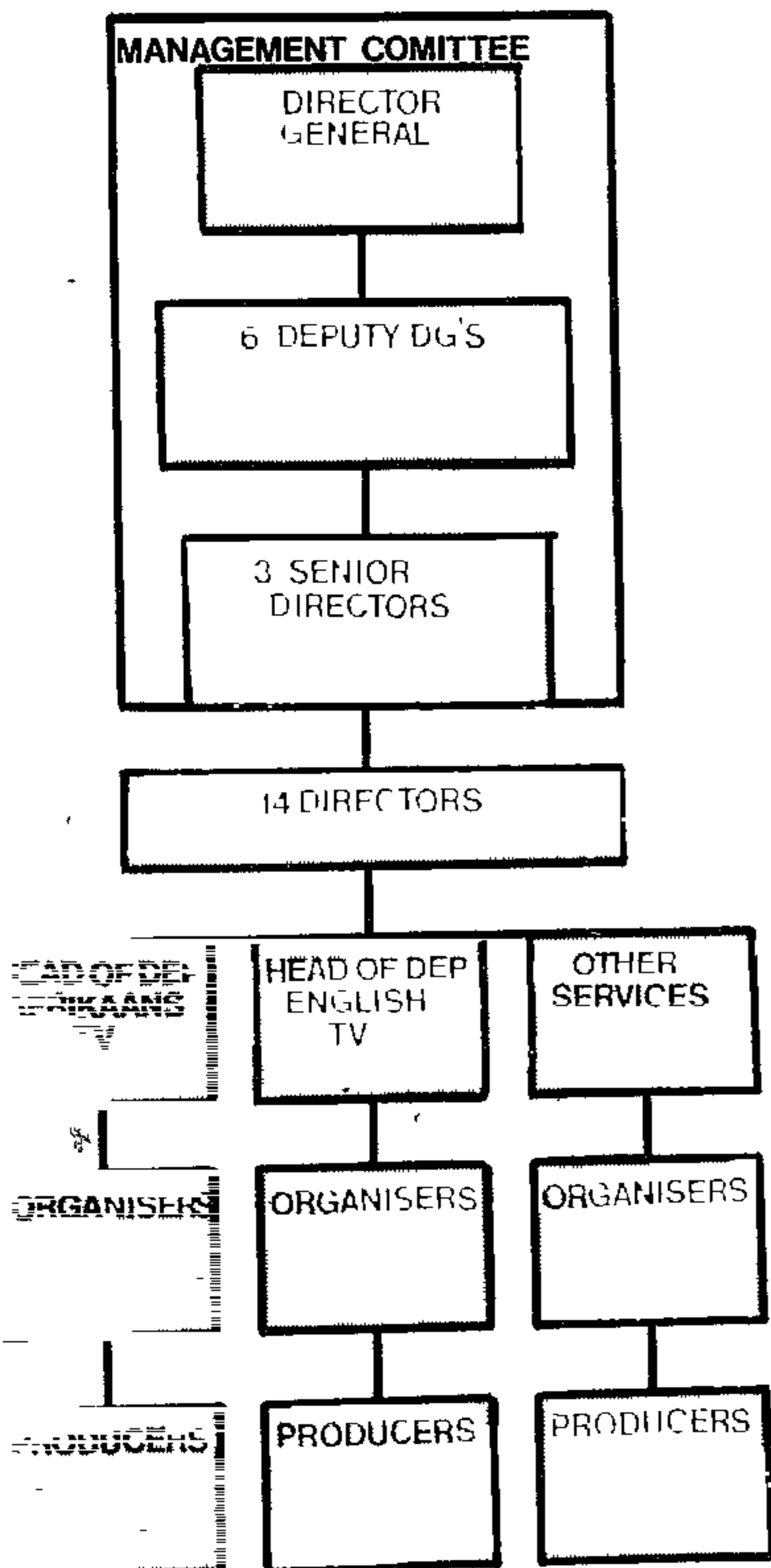
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Panel Daily Mail 15-04-83

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What the auditors found at the SABC



TWENTY-ONE separate allegations of corruption in the SABC were investigated by the external auditors who were appointed to investigate the corporation by the SABC at the request of the Minister of Foreign Affairs and Information, Mr Pik Botha.

The auditors, who act as regular watchdogs over the SABC's financial affairs, concluded that the allegations were "largely exaggerated and unfounded."

The SABC and the auditors have left out the names of staff mentioned in allegations when it was found that the allegations were untrue.

These are the allegations and the conclusions

● **ALLEGATIONS** that two staff members, Mr F Stark and J Steenekamp (at the time Organiser Actuality TV1 Afrikaans), used their influence as staff members of the SABC to promote films made by their own company "Karee Films"

The allegation concerns a film made for the SA Lumber Millers' Association to promote wooden housing frames. It was made by Karee Films and screened by the SABC

The men had verbal permission from the former Head of TV1 (Afrikaans) to establish their own company for free-lance activities because he believed it would cultivate creativity

They were awarded the contract to make the film because their quote was the lowest and because executives of the association believed they would have a good knowledge of what was required for broadcasting and "knew the right people" in the SABC. The contract paid R55 110

The film was shown to

Mr C Swanepoel, senior director English and Afrikaans services, who said it was a good film but should not be screened because of Mr Steenekamp's involvement. Mr Steenekamp was responsible for the programme on which it would be broadcast.

The matter was also discussed with Mr P F M de Bruyn, deputy director general programmes, who agreed with Mr Swanepoel.

The film was then shown to, and approved for broadcast by, the former head of the service (Mr H J Human) and his organiser, who were not aware of the earlier ruling.

After the broadcast on January 27, 1982, Mr De Bruyn and Mr Swanepoel felt that it had been insensitive to screen it and opened the corporation to criticism.

Mr Steenekamp and Mr Stark were asked to dissolve Karee Films and complied.

Mr Steenekamp was later nominated Head of TV1 and subsequently reinstated as organiser actuality TV1 Afrikaans. He has resigned from the SABC.

● **ALLEGATIONS** that Mr H J Human, director of programmes for TV1 and head of the service, was favoured in being asked to write freelance film scripts for programmes, for which he personally bore responsibility for approving and for which he was paid a total of R72 290.

1) Mr Human and his organiser approved a proposal by Brigadier Films to make a series, "Klagstaat", about the South African Police. Several inexperienced scriptwriters were asked for drafts but were found lacking. Mr Human was asked by the film company to write the scripts for the series. Some of these were vetted by Mr

de Bruyn to ensure they were up to broadcast standard. For 25 scripts Mr Human was paid R18 750.

2) Mr Human suggested to Brigadier Films and the SABC that a series of films showing the communist influence in South Africa ("Die Rooi Komplot") should be made.

Mr de Bruyn gave permission for Mr Human to write the scripts because of his knowledge of the subject and his collaboration with the SAP. He was paid R24 000.

3) Mr Human and his organiser approved a series of programmes by Kinnerland Films on prison conditions ("Vyfster"). Mr Human accepted the task of scriptwriting without express permission of his superiors.

They accepted the situation when it was made known to them. He was paid R19 040.

4) Mr Human and his organiser approved a serialisation of "Jasper le Feuvre". No scriptwriter could be found and Mr Human was asked to write the series. He did not have permission from senior staff who later accepted the fait accompli. He was paid R5 000.

5) The SABC was asked to take part in an international series ("Kruispad") about famous hotels. Mr Human, Mr de Bruyn and the former head of service approved of the scheme but no suitable scriptwriter could be found.

At the request of the former head of service and his organiser Mr Human agreed to write the script. He was paid R5 000.

According to a separate report by the SABC on the auditors' report the implications of Mr Human's actions were pointed out to him. "As is known Mr Human resigned from the service of the SABC on November 30, 1982."

● **ALLEGATION** that Mr Cor Nortje, organiser drama TV1-Afrikaans, was particularly favoured in being offered opportunities to write scripts for programmes to be screened by his department.

1) Mr De Bruyn suggested that two works written by Mr Nortje should be dramatised. Mr Koos Roets of Pendulum Films undertook the filming and together with Mr De Bruyn persuaded Mr Nortje to write the scripts. He was paid R8 000.

2) Mr Roets suggested serialising another of Mr Nortje's books, "Brood vir my Broer". The idea was approved by Mr Human and Mr Nortje wrote the script. He was paid R12 000.

3) Mr De Bruyn asked Mr Nortje to adapt two dramas, "Geknelde Land" and "Gideon Scheepers" for television. He was paid a total of R15 000.

The SABC makes no comment on these findings.

● **ALLEGATION** that certain people and companies were favoured in the awarding of dubbing contracts and that SABC personnel were unjustly favoured.

FINDING That SABC personnel may well be favoured but not necessarily

By GEOFFREY ALLEN

so and there was no indication of deliberate favouring.

SABC COMMENT:

Attention is being given to the tightening up of the system for awarding dubbing contracts. No proven malpractices have been revealed.

● **ALLEGATION** that for the film "Funny People" higher rates than normal were paid to a production house and that the cost per minute far exceeded normal payments.

FINDING The production costs of a film that can be successfully sold abroad are much higher as a result of having to pay higher fees to foreign artists and because they are aimed at a more sophisticated viewing public.

● **ALLEGATION** that the first estimate for the film "Return to Eden" was R730 000 but that it actually cost R1 500 000.

FINDING It was decided that the Corporation could profitably sell a full-length version of the film overseas and so on a purely business basis it was agreed that the higher cost would be accepted.

● **ALLEGATION** that for the programme "Miss Candida" no special budget was prepared and that an agreement was hastily entered into when it was decided to make it.

FINDING It had been decided that there was a need for a series of this sort and that part of the set for "The Diggers" could be used to film it. As "The Diggers" was almost completed it was decided to go ahead with filming of "Miss Candida".

● **ALLEGATION** that the head of service ignored his organiser's advice and bought the programme "Christmas in Bethlehem".

FINDING A word-of-mouth agreement was struck between the head of service and a production house to make a co-production with an Israeli company to film various choirs in Israel over Christmas 1981.

The organiser did not consider the final product suitable for screening during a prime Christmas slot and an edited version was shown late on Christmas Eve.

"This was not in fact a purchase but a co-production. The deterioration of the rand against the US dollar contributed to the high cost per minute of broadcasting time," the auditors said.

● **ALLEGATION** that an organiser wrote the script for the film "The Master's Plan" and then recommended an agreement that there would be a global budget approved without reference to the amount of work required.

FINDING The organiser did not write the script or lyrics but there was a global budget because it had not yet been determined exactly how much work the private production house would be required to do. The current estimated cost of produc-

tion is R302 000 compared with the original budget of R202 000.

● **ALLEGATION** that the original budget for "Rooi Komplot" was R480 000 but it eventually cost R600 000.

FINDING The increase arose because as the programme developed it became clear that the series could be extended.

● **ALLEGATION** that the producers of the programme "Generaal de Wet" filmed part of the series on the set of "Die Theron" without the consent of the SABC or payment to the corporation.

FINDING Filming by

CONT

private production house on the "Dame Theron" set was approved by an SABC organiser when it became clear that by doing so the film of "Generaal de Wel" would be improved.

● **ALLEGATION** that an unnamed head of service wrote scripts for private production houses and then concluded contracts with the production house to produce the relevant films for the SABC.

FINDING That this had not happened but that the person in question had been virtually assigned with prior approval to script two religious stories.

● **ALLEGATION** that a former producer contracted freelance artists to perform in SABC programmes on condition that they paid over to him a percentage of their fee. It was also alleged that he hired facilities from his "friends" to make programmes when the corporation had similar facilities.

FINDING It appeared that senior officials of the corporation had already investigated these allegations and other complaints and the producer had been given, and taken, an opportunity to resign.

● **ALLEGATION** that one of the organisers first ar-



PIK BOTHA ... requested auditors' probe.

ranged that the SABC would give work to an outside production house and then did freelance work for that company and that his wife was a director of the company.

FINDING That an organiser can make recommendations for the conclusion of contracts and that the organiser in question

had SABC permission to freelance for the company on a weekly basis and that his wife also freelanced for the company but she was not a director.

● **ALLEGATION** that the English radio service makes little use of works by South African authors and that "friends" are favoured in the selection

FINDING That 80% of plays and serials broadcast are by foreign authors. Of the remainder a third were written by SABC personnel on a freelance basis. According to SABC officials adaptations of novels and plays are done by SABC personnel because they are familiar with the requirements of radio.

● **ALLEGATION** that an organiser was given a car by an outside production house and that his garden was laid out free of charge, and that a large number of productions are awarded to that particular production house.

FINDING That the organiser did not get a free car or have his garden laid out by the production house and that the reason why a large number of contracts went to the company was that its budgets were the lowest.

● **ALLEGATION** that a freelance writer acquired the rights to translate the books of author Mr. Hans Kasper into Afrikaans. He translated one work which was broadcast and then an SABC official translated the remainder of the six stories.

FINDING The translation of the one work was of a good quality and it could

not be discovered why he was not asked to translate the remainder. The SABC official who completed the translation was not paid for the work.

● **ALLEGATION** that a chief officer was given a free car by a car manufacturing company.

FINDING The allegation was untrue because the official was able to produce documentary evidence that he had paid for all his cars.

● **ALLEGATION** that a member of the orchestra staff acts as an agent to contract musicians both from inside and outside the SABC for recordings, and is paid a fee.

FINDING The woman did in fact act as an agent but was not paid. The SABC had already investigated these allegations and reached the same conclusion.

● **ALLEGATION** from a foreign producer that the head of television services had not made himself available to discuss programme material.

FINDING The corporation had not discriminated against the man as regular correspondence was entered into between him and the SABC official concerned.

ALBUS 19/4/83

(55) (260)

Putting Koeberg into perspective

This is the first of two articles by Mr G F HELLSTROM, Regional Manager of Escom

NUCLEAR power — is it a precursor to disaster, or the peaceful and inevitable development of the most benign energy source known?

Individual views are often coloured, on the one hand, by Rousseau's visions of the noble savage living the good and simple life, on the other by Hobbs' view of the short and brutal life of primitive man, a life to be avoided by whatever means science has made available

More recently the well-known scientist and novelist, C P Snow, has talked of the two cultures — and their distrust of and inability to communicate with each other. In the nuclear field, scientists in the industry have perhaps been guilty of not explaining what they are doing — anti-nuclear lobbyists guilty of sowing suspicion, distrust and fear

The dilemma of the man in the street is that he must choose between divergent views of the need, desirability and safety of nuclear power. In short, the Capetonian must ask — Is Koeberg needed? Is it correctly sited? Is it safe?

The Need

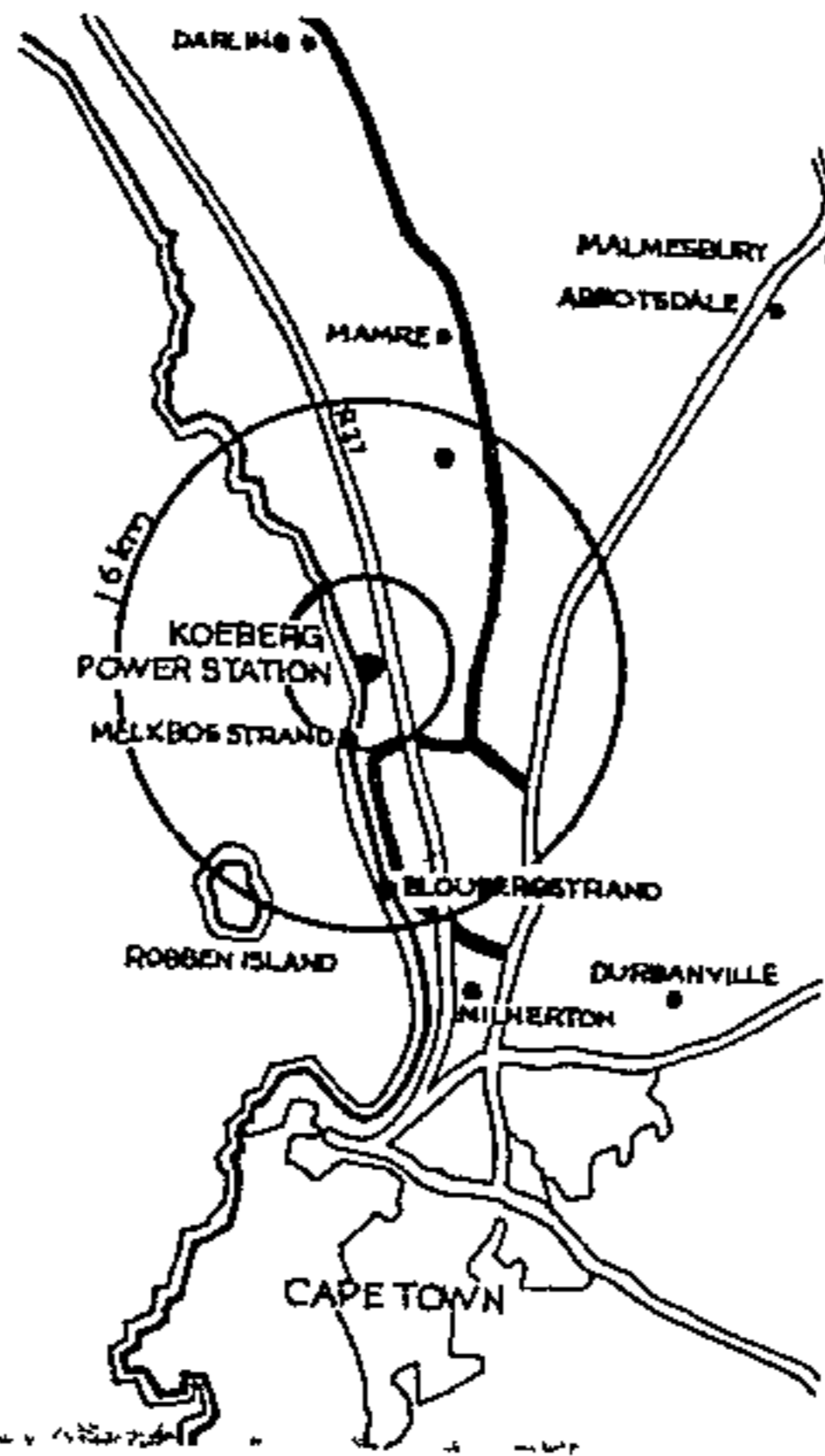
Although there is a dip at present, Escom estimates that the growth in the demand for electricity in South Africa will be about 7% a year between now and the end of the century. Measures to conserve energy could have some effect, but would be more than offset by the rise in the number of black consumers, who in the past have not always enjoyed the benefits of domestic electricity, and the need for industrial growth to provide jobs for our growing population

South Africa has been fortunate in having massive reserves of cheap coal, at present enough to last us into the next century, but these reserves are not unlimited. Coal too, is becoming increasingly useful as the raw material for products such as fuel, oil and plastics, and may become too valuable to burn for power generation

Planning and implementing new generating technologies takes decades, and it is becoming imperative that South Africa develops its viable energy resources now

What options?

Climatically and geographically the potential for hydro-electric power in South Africa is limited. Our average rainfall is only 55% of the world average and the daily river flow 7 000 litres per capita



bulk power. Oil and natural gas, should we be so fortunate to discover viable supplies, could become useful, but we have no guarantee that this will happen. Tidal power is of limited use in South Africa with its small tidal range

Solar power has been strongly recommended by anti-nuclear groups. It is an attractive option, but requires a great deal of development before it can supply our needs. At present it has applications in domestic water heating, as self-supporting power units for communications links and even as a possible supply for small isolated communities

Impracticable

However, a solar station equivalent to Koeberg would require some 130 square kilometres of land, which is clearly impracticable and its economic viability and safety would still need to be proven. The environmental impact would be immense. Finally — the problem of storing bulk electricity for supplies at night is still to be solved satisfactorily

The only viable option remaining is nuclear power, for which we have fuel for thousands of years, and which is protagonists' claim is safe, clean and dependable

The decision to be taken is whether we develop nuclear power now, or wait for possible alternative sources of energy, bearing in mind that the country's future development depends on this decision. Sensibly, South Africa should keep its options open and develop all its energy resources to their maximum potential

Some 88% of South Africa's power

generation and inconvenience caused were obvious

In addition some 5% to 7% of the power generated is lost in transmission to the Western Cape, increasing costs in an area already worried about economic stagnation. Local generating capacity is essential

A coal-fired power station equivalent to Koeberg would require about 16 000 tons of coal a day — 15 trainloads of 30 trucks each. Thousands of tons of ash and flue gasses would create major pollution hazards. (In the Transvaal this ash can be returned to the mines and re-covered by the original overburden — in the Cape every 100 tons of coal leaves approximately 40 tons of ash to be disposed of)

High costs

With skyrocketing transport costs, electricity would cost even more than that generated in the north. Coal costs approximately R10 per ton at Transvaal power stations and over R40 per ton in the Cape. Power stations require large amounts of cold cooling water, which coupled to the need for local power generation, made the west coast an obvious first choice for the siting of a nuclear station

In the present drought, inland power stations face the possibility of serious problems. Additional requirements are short transmission lines to minimise energy loss, easy access to transport and harbour facilities for the delivery of heavy equipment, the availability of trained labour, and that the station be connected into the existing national grid efficiently. These factors all have major cost implications, which would be reflected eventually in the cost of electricity for the consumer

After intensive investigation the Koeberg site was found to be geologically suitable. Formations to the north, as far as Saldanha Bay, were unstable (Koeberg has also been designed with seismic protection of advanced design, enabling it to withstand shocks of similar magnitude to those of the great Los Angeles earthquake)

Finally, by international standards, Koeberg is sufficiently distant from major population centres to satisfy most standards. Present international estimates of the necessary distance vary from 10 km to 16 km. In some American cities older stations are within 4 km of central business districts. The newest studies, including the

WU PERSPECTIVE

This is the first of two articles by Mr G F HELLSTROM, Regional Manager of Escom

NUCLEAR power — is it a precursor to disaster, or the peaceful and inevitable development of the most benign energy source known?

Individual views are often coloured, on the one hand, by Rousseau's visions of the noble savage living the good and simple life, on the other by Hobbs' view of the short and brutal life of primitive man, a life to be avoided by whatever means science has made available

More recently the well-known scientist and novelist, C P Snow, has talked of the two cultures — and their distrust of and inability to communicate with each other. In the nuclear field, scientists in the industry have perhaps been guilty of not explaining what they are doing — anti-nuclear lobbyists guilty of sowing suspicion, distrust and fear

The dilemma of the man in the street is that he must choose between divergent views of the need, desirability and safety of nuclear power. In short, the Capetonian must ask — Is Koeberg needed? Is it correctly sited? Is it safe?

The Need

Although there is a dip at present, Escom estimates that the growth in the demand for electricity in South Africa will be about 7% a year between now and the end of the century. Measures to conserve energy could have some effect, but would be more than offset by the rise in the number of black consumers, who in the past have not always enjoyed the benefits of domestic electricity, and the need for industrial growth to provide jobs for our growing population.

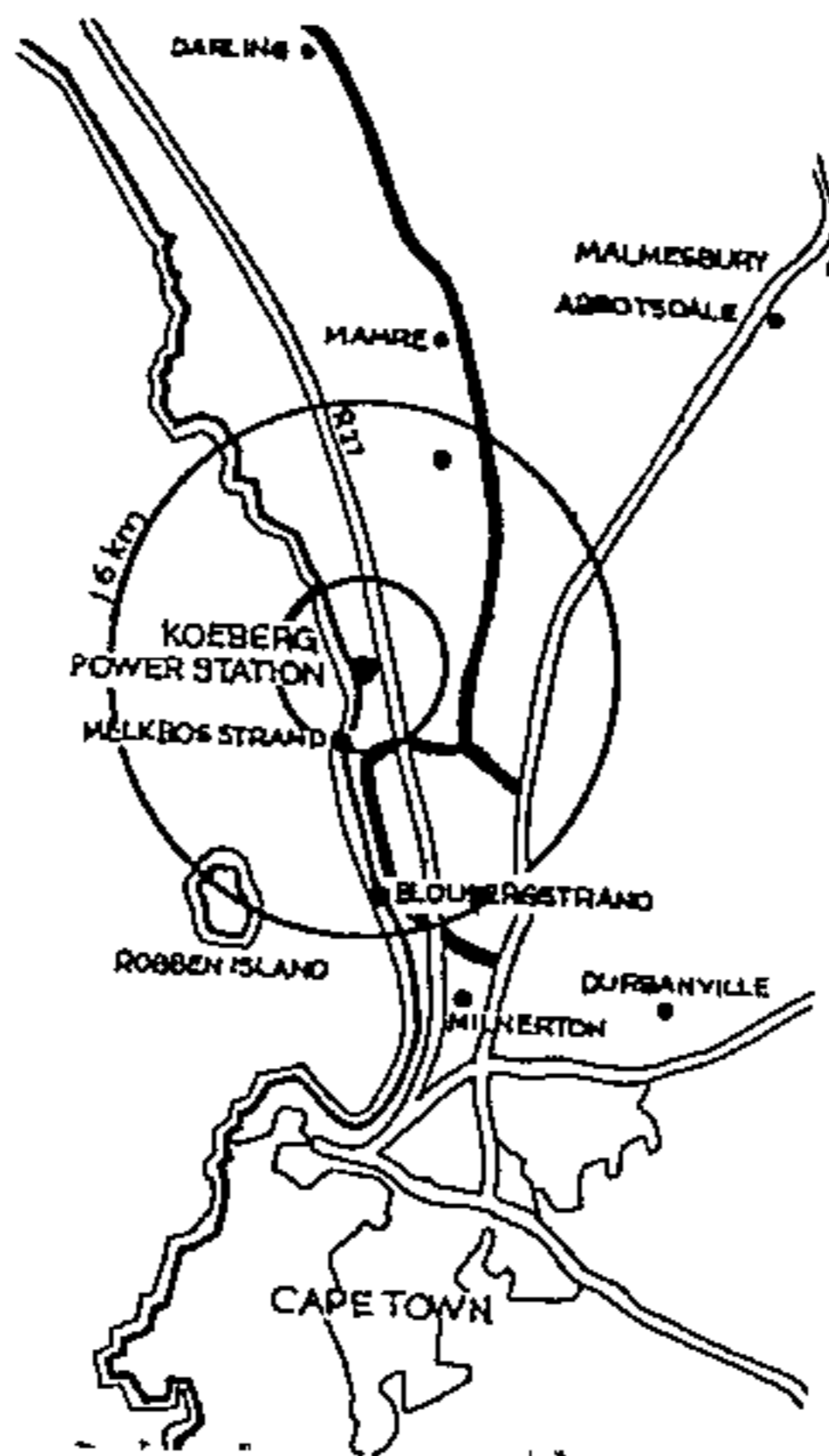
South Africa has been fortunate in having massive reserves of cheap coal, at present enough to last us into the next century, but these reserves are not unlimited. Coal too, is becoming increasingly useful as the raw material for products such as fuel, oil and plastics, and may become too valuable to burn for power generation.

Planning and implementing new generating technologies takes decades, and it is becoming imperative that South Africa develops its viable energy resources now.

What options?

Climatically and geographically the potential for hydro-electric power in South Africa is limited. Our average rainfall is only 55% of the world average, and the daily river flow 7 000 litres per capita, compared with 9 000 litres per capita for Egypt, a desert country.

While pump-storage schemes such as the Drakensberg and Palmiet power stations are useful in supplying power at peak hours, they can never provide continuous



bulk power. Oil and natural gas, should we be so fortunate to discover viable supplies, could become useful, but we have no guarantee that this will happen. Tidal power is of limited use in South Africa with its small tidal range.

Solar power has been strongly recommended by anti-nuclear groups. It is an attractive option, but requires a great deal of development before it can supply our needs. At present it has applications in domestic water heating, as self-supporting power units for communications links and even as a possible supply for small isolated communities.

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The decision to be taken is whether we develop nuclear power now, or wait for possible alternative sources of energy, bearing in mind that the country's future development depends on this decision. Sensibly, South Africa should keep its options open and develop all its energy resources to their maximum potential.

Some 88% of South Africa's power is generated on the Transvaal coalfields, necessitating long and easily damaged transmission lines to the coast. Cape Town has had two major power failures this year, lasting a few hours, a fraction of one percent of the time power was available. The disruption

and inconvenience caused were obvious.

In addition some 5% to 7% of the power generated is lost in transmission to the Western Cape, increasing costs in an area already worried about economic stagnation. Local generating capacity is essential.

A coal-fired power station equivalent to Koeberg would require about 16 000 tons of coal a day — 15 trainloads of 30 trucks each. Thousands of tons of ash and flue gasses would create major pollution hazards. (In the Transvaal this ash can be returned to the mines and re-covered by the original overburden — in the Cape every 100 tons of coal leaves approximately 40 tons of ash to be disposed of.)

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In the present drought, inland power stations face the possibility of serious problems. Additional requirements are short transmission lines to minimise energy loss, easy access to transport and harbour facilities for the delivery of heavy equipment, the availability of trained labour, and that the station be connected into the existing national grid efficiently. These factors all have major cost implications, which would be reflected eventually in the cost of electricity for the consumer.

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Finally, by international standards, Koeberg is sufficiently distant from major population centres to satisfy most standards. Present international estimates of the necessary distance vary from 10 km to 16 km. In some American cities older stations are within 4 km of central business districts. The newest studies, including the Sandia Laboratories report, suggest that 16 km is a very conservative estimate for a safe distance. Koeberg is 26 km from central Cape Town and 12.5 km from the nearest residential areas of Atlantis.

Tomorrow. How safe is it?

Iscor buys R116-m steel ⁽²⁶⁰⁾ plant for Pretoria works

Pretoria Correspondent **19 APR 1983**

Iscor's Pretoria works has bought a modern, ultra high-powered plant for R116 million to promote higher productivity and to save on costs

The purchase of the electric arc furnace steel-melting plant is part of Iscor's R400 million modernisation plan, which started in July last year and which will end years of pollution problems in the city. An article in Iscor News, the corporation's house magazine, said higher productivity and savings in costs were the major considerations in Iscor's decision to buy the plant from the British Steel Corporation.

UJG

Problems with power supply

CAPE TIMES 21/4/83 (240)
Municipal Reporter

A SPECIAL committee of the United Municipal Executive was making progress with its investigation into Escom supply problems experienced by local authorities, especially those in the Eastern Cape, the Cape Municipal Executive congress was told yesterday. The lack of a uniform electricity tariff, among other problems, poses special hardships for the Cape which has long pleaded with Escom to drop the existing system of differentiation on a regional basis.

This policy adversely affects the less populated areas.

According to a motion submitted by Cradock and adopted at last year's congress, tariffs in the East Cape Undertaking were 50 percent higher than other undertaking areas

"when the cost of power in the Cape is measured against that of the other provinces"

The East Cape Undertaking used a fraction of the power of the other areas, Cradock representatives said. A fractional increase in the price for other areas would result in a big reduction in the cost of electricity in the Eastern Cape.

A point of information at yesterday's congress was that the recently increased Escom electricity tariffs showed a lower percentage increase for the Cape than for other areas.

While it was not specifically mentioned, it would appear that by applying a differentiated percentage increase, Escom could eventually reach a uniform tariff if this practice (lower Cape increases) was continued.

260

Electricity 22/4/83
Hansard Q Col. 1084

755 Mr D J N MALCOMESS asked
the Minister of Mineral and Energy Affairs

(a) What was the consumption of electricity generated by Escom in each of the latest specified 10 years for which figures are available and (b) what was the peak demand on Escom in each of these years?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

	GWh sent out (a)	Maximum demand MW (b)
1973	49 770	7 350
1974	56 259	8 552
1975	61 533	9 185
1976	67 414	10 085
1977	71 264	10 735
1978	77 774	11 490
1979	85 979	12 855
1980	92 950	13 668
1981	99 713	14 674
1982	102 516	15 532



... of the 1983 Cape Town Festival today, the ... Coote, Helmut Otto and John Hargreaves, ... he four men are all members of the Capab

Planning for the blackout

w/b Argus 23/4/83

blackout

By SYLVIA VOLLENHOVEN

Weekend Argus Reporter

SOUTH AFRICA could be given details next week of selective power blackouts forced on the country by a scarcity of water at Highveld power stations

The Minister of Mineral and Energy Affairs, Mr P T C du Plessis, will deal with the vital issue during Parliamentary debate next week, according to a Government source

The move follows a recent Escom warning that electricity power cuts could sweep the country within weeks, in an effort to make water supplies at power stations stretch further

Drought

The crippling drought has forced agriculture, commerce and industry to consider drastic water saving measures

Top-level meetings with the major power consumers will continue for the next two weeks, according to Escom's chief Press spokesman, Mr Etienne du Plessis

Escom — the country's major producer of electricity — has warned that power cuts could be introduced as early as June

Water is needed mainly for cooling at power stations and for steam to drive turbines

Alternative

Cape Town's City Electrical Engineer, Mr D C Palser says the city could run up its Athlone power station to increase its capacity and make up for cutbacks on Escom power from the north

Towns without their own generating ability will hit hardest by the proposed blackouts

Weekend Argus Parliamentary Staff reports that power stations account for about 20 per cent of the total consumption of metered and unmetred water in South Africa

SAAF crew responsible for collision

PRETORIA — A board of inquiry has found the crew of an Air Force Merlin aircraft responsible for the mid-air collision with a private aircraft above Erasmia, near Pretoria last year, in which 13 people died

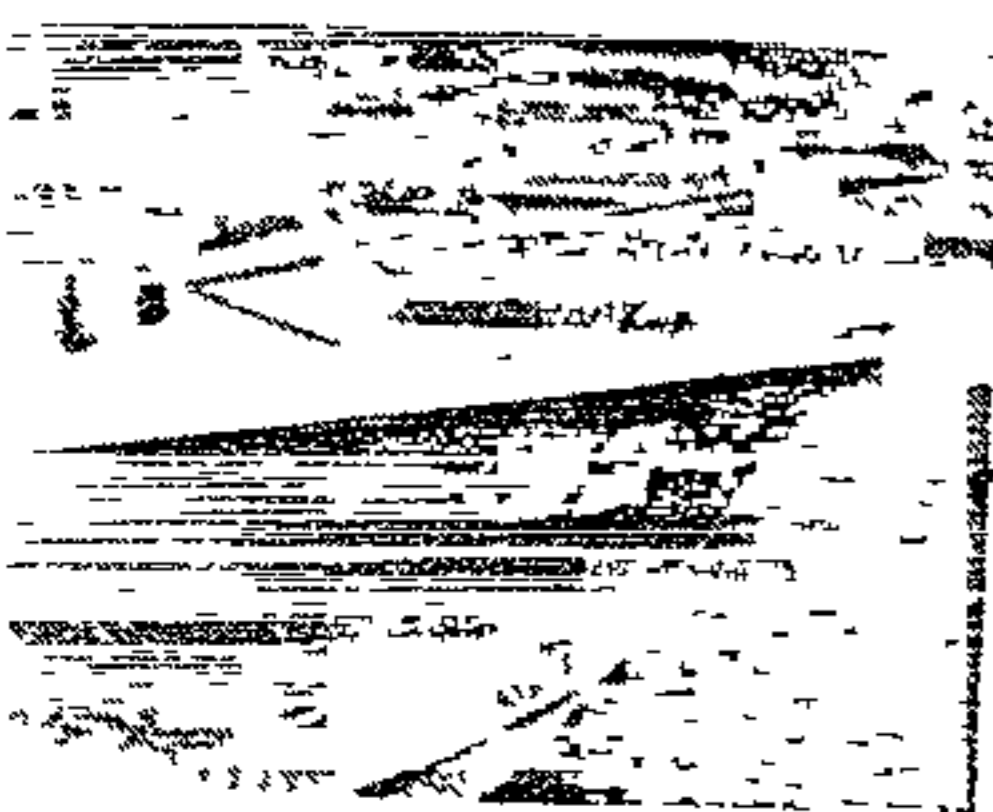
SABC radio news reports that the accident was found to have been caused by negligence on the part of the Merlin's crew

The board found that the crew, under the command of Captain JIT de Villiers, could and must have seen the Piper Navajo with its five occupants, particularly as they had approached from the starboard side and therefore had right-of-way

According to the findings, the Navajo's pilot, Mr Charles Marais, was not guilty of any offence

The board said it was well known that flight control in the airspace where the accident occurred was difficult

the NSRI



station at Bakoven It is the second ... has given to the institute ... ed and constructed by Acecraft ... and modified to NSRI requirements, weighs about 800 kg and ... 200 l

'explicable'

... used to deal with squatters and the problems of squatting?" said Mr Dalling

Justice Minister Mr Kobie Coetsee, who introduced the Bill, said it was intended to protect national key points When Mr Dalling argued that a specific Act had been passed already for this purpose, Mr Coetsee said there were hundreds of key points not covered by that Act

CAPE Times 28/4/83 260

Koeberg sabotage 'a serious setback'

HOUSE OF ASSEMBLY — The sabotage attempt at Koeberg power station last December had seriously set back its expected date of commissioning, the Minister of Mineral and Energy Affairs, Mr Pietie du Plessis, said yesterday

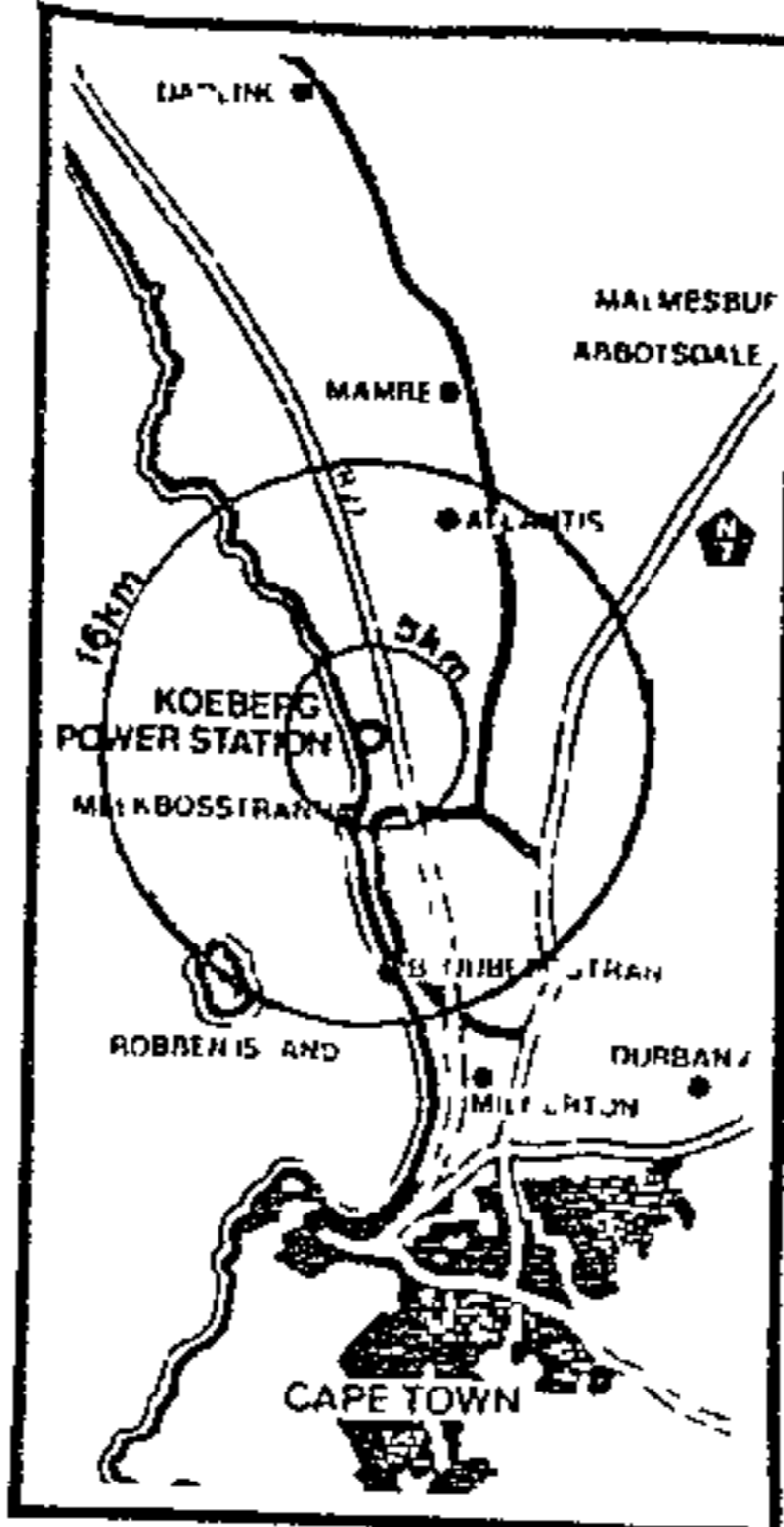
Speaking on his Budget vote he said the direct cost of the damage was relatively small compared with the consequential costs

"The final report regarding the sabotage incident is not yet available but I have received a report from Escom."

According to the report nobody was injured as a result of the explosions, no radiological hazard arose and recovery work was well advanced

"The direct cost of the damage is relatively small in comparison with the consequential costs, due to the delay in the commissioning of Koeberg, and is partly covered by insurance

"Every effort is being made to minimize the consequential costs and the main objective of Escom's ongoing negotiations with the contractor and other parties concerned is to ensure the earliest practicable power generation



"As far as security measures are concerned, Escom has drastically improved the original measures as foreseen in 1976 in the light of the present day world-wide increase in terrorist activities

"It was therefore necessary to develop and add to the original concepts in the course of building and commissioning of the power station

"I want to reiterate that neither of the two units will be commissioned at the expense of safety or before the licensing authorities and the government are convinced that the security measures have been brought to an acceptable standard and that Koeberg can be operated with safety"

The minister gave the assurance that before commissioning the reactors would be completed to such an extent that the construction workers would have left and only such staff of the contractor and Escom who would be involved with the commissioning would have access to the reactor building

"It is not considered to be in the interest of security to disclose exact details regarding the financial losses incurred in the sabotage incident at this juncture," he said — Sapa

Vaal housing boost

ESCOM is to spend R11-million for the building of about 1 400 houses in Sebokeng later this year.

A spokesman for Escocom said yesterday the multi-million rand housing project was mainly for the company's employees in the area. Construction of the houses will begin within the next three months.

Meanwhile the Vaal Community Council is to introduce stringent control measures to ensure that no further shacks are built in the area.

The council's director of housing, Mr E Leevrink, said urgent action was needed to prevent the building of more shacks in the townships. At present the council had stopped raiding people staying in these illegal structures pending a report on the matter.

129 APR 1987

SUGETM

Four injured in Sasol blaze 260

Four white maintenance workers at Sasol 3 at Secunda were injured in a fire at the plant yesterday, a Sasol spokesman said in Johannesburg.

The fire was caused by spontaneous combustion of inflammable material in a filter, the spokesman said.

The men had been in the immediate vicinity of the blaze when it broke out.

Three of the workers, Mr W Zayick, Mr P Patel and Mr A Choir, were admitted to hospital.

A fourth worker, Mr S Spencer, was slightly injured and did not require

hospital treatment.

The spokesman said the men were doing maintenance when the fire began.

Production at the plant would not be adversely affected by the fire, he said.

A detailed investigation into the cause of the fire has been launched.

A Milpark Hospital official said later that two of the men were in a critical condition and she described the other man's condition as fair. She declined to identify which of the men were seriously hurt — Sapa

12 MAY 1983

his wife Annemarie and their daughters

tha comes full of joy

he recalls how good news "I" by a knock

opened it I got when I saw our said they had baby and I just above him ed to the hos- there we saw of us broke

Mrs Annemarie Clark said words could not describe her joy "I thought I would never see my baby again

"I'm not going to let her out of my sight"

Mr Clark said they wanted to thank the police and all who helped

"I also want to say a big thank-you to the anonymous woman who was prepared to increase the reward by R1 000"

No reward would in fact be paid, as the person who gave the tip-off did not want to be identified

Mr Clark said he did not want to press charges against the woman who stole the child, but the matter was out of his hands

"If the police want to charge her I can't do a thing about it"

ennis ive

challenge ten- rugby stadium BC-TV and it on Saturday me.

matches to- Hanika and byd — will be

y's play had Play on both

aits

II

offer the early. Then 10-year- rescue

Border Collie is master in the free hours, giv- h to stay alive

father, Mr Wilf acken raced to son Elliot had been

Venice plans visitors' toll

The Star's Foreign News Service

ROME — Venice may soon become the world's only city where outsiders have to pay to get in and controversy is raging over a plan to charge tourists a R7 "toll".

All cars would have to park in the suburb of Mestre. Visitors would then be boated across

All motor boats would



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Two by-products blamed

Sasol oil damage to cars

260 ~~260~~
ROM 14/5/83

By NORMAN PATTERTON

THE engines of hundreds of cars in the Transvaal have been damaged by ethanol and alcohols found in all brands of petrol from Sasol.

And most cars with carburettors could break down anytime due to the corrosive Sasol additives, the Rand Daily Mail has been told.

Service stations in Pretoria receive up to 10 cars a day with clogged and damaged carburettors.

Four of four service stations in Pretoria and two out of three in Johannesburg contacted yesterday have encountered the corrosion.

The Sasol additives — of which there are 10% in all petrol sold at the "international" filling

stations in the Transvaal — corrode the aluminium and zinc alloy in carburettors, causing damage that can cost motorists hundreds of rands to have repaired.

The carburettors of many brands of cars — from Rolls Royces to Volkswagens — have already been damaged by the ethanol and alcohols added to petrol, motor spokesmen said.

However, cars with electronic fuel injection systems and stainless steel components seem to be unaffected.

But in ordinary cars, irreparably corroded carburettors, costing up to R1 000, have had to be replaced at the car owner's cost, a spokesman for a German luxury car manufacturer said.

The spokesman said the additives had caused considerable damage to their cars, but said it was up to organisations like Sasol to announce the problem.

Individual motor manufacturers could not announce that their products were being damaged because their sales would be affected, he said.

But a Sasol spokesman reacted yesterday "Motor manufacturers were asked to test the additives. If they failed to pick up the problem it is unlucky for the motorist."

The additives, by-products from Sasol oil-from-coal refineries, were added to petrol in the Witwatersrand area in 1980 and to the rest of the Transvaal this year.

Best-known of the problems caused by the additives are rust and water, carried into the engine with the petrol, causing fuel flow problems.

But the corrosion of metal alloys in the carburettors is the most serious effect detected so far.

Motor industry organisations said they were unaware of the extent of the problem and had done little research into it.

The SA Bureau of Standards, the Motor Industries Federation and the Automobile Association said they knew little about the phenomenon.

However, a spokesman for the National Association of Automobile Manufacturers of South Africa said they were aware that "certain carburettor and timing problems may be attributed to ethanol and alcohol in petrol."

A Pretoria scientist said the damage was caused when the aluminium and zinc alloy in carburettors was oxidised — or rusted — by the ethanol and alcohol.

"The crux of the problem is that aluminium can be corroded away until nothing remains."

"It is no use if motorists take meticulous care of their cars. The cars are in danger of breaking down anywhere," he said.

Most car mechanics confirmed that they have found carburettors in advanced stages of decomposition, sometimes necessitating their replacement.

Escom stock sales at a peak

16 MAY 1983

By Lawrie Bedford

New records were set in the sale of Electricity Supply Commission (Escom) stocks in the local secondary capital market during 1982, says senior general manager Mr ID van der Walt in the annual report released today.

Net sales of Escom stock for the year amounted to R1 173 million (1981 R553 million). Close to 70 percent of the total sales were negotiated during the second half of the year.

The sales represented an unusual position in the market — expectations of lower interest rates produced a flood of money.

STRONG CASH FLOWS

And the buoyant local market in Escom stock enabled the commission to meet 70 percent of its total external funding needs from local financing sources.

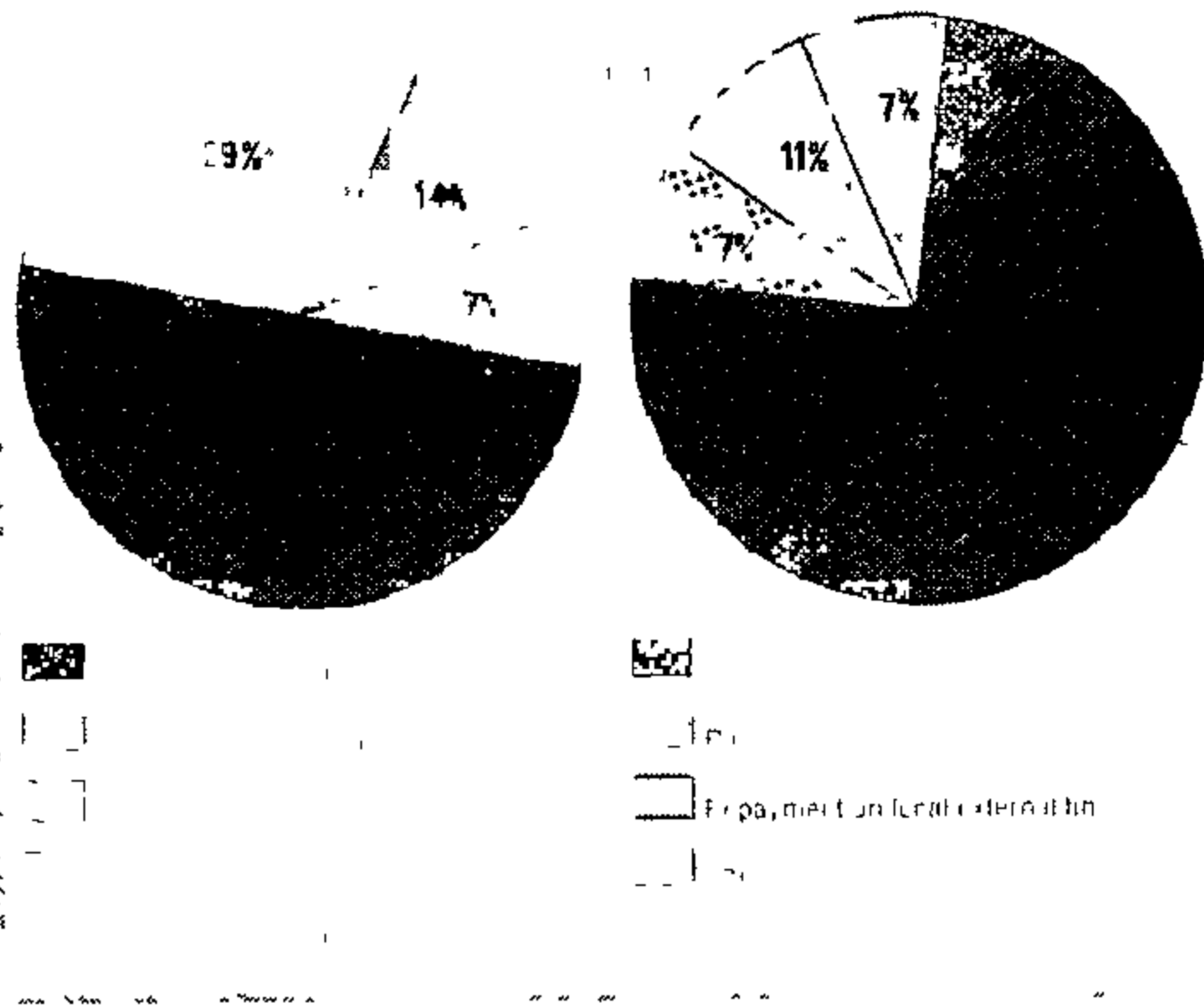
Long-term insurers continued to experience strong cash flows and consequently showed the biggest percentage increase in holdings of Escom stock.

But Mr van der Walt says Escom cannot rely on raising this amount of finance from the local market regularly.

During the the year Escom continued to utilise and arrange project-related facilities. The policy of securing finance for projects well in advance of actual commitment was also continued.

The continued popularity of the Escom capital project bill and other short-term financing instruments issued by the commission played a major role in the development of the medium-term finance market, Mr van der Walt says.

Source and application of funds



New sources of project-related finance are continually being investigated to meet Escom's growing demands for money and further long-term financing arrangements with local institutions are being negotiated to secure a portion of the commission's future capital requirements.

Escom raised R777 million on foreign financial markets last year. This figure included R258 million found by making use of import financing facilities and project-related commercial loans totalling R345 million.

Import financing facilities normally carry favourable terms and conditions and as a source of finance could become more important in future years, says Mr van der Walt.

Because of the heavy emphasis placed on project-related fi-

nance in 1982, only a few direct loans were obtained from foreign markets. Two private placements of Sw Fr 30 million and Sw Fr 50 million respectively were negotiated with a consortium of Swiss Banks and a public bond issue of DM 100 million was floated on the German bond market.

The result of Escom's new money requirements, its loan raising activities and the higher financing costs was an increase in total interest and finance costs to R1 305 million in 1982 from R899 million in 1981.

This R406 million increase in interest and finance charges arose from an increase in Escom's gross debt of R2 810 million and higher finance cost rates which at times reached more than 20 percent a year in 1982.

Association, the Jewellers' and Goldsmiths' Union and the Liquor and Catering Trades Employees' Union.

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all workers who want to use the

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Escom deficit reaches R154m

JOHANNESBURG — Escom's accumulated deficit has reached R154-million, according to the 1982 annual report released here yesterday

Electricity sales for 1982 grew by 2,4 percent compared to 1981

The chairman, Mr Jan Smith, said in the report that the figure should be viewed in terms of the average annual growth rate of 8,6 percent in Escom sales dur-

ing the past 30 years

During 1982 there was a decline in electricity sales to industry and the railways, while the average annual growth rate of the mining sector was also lower

"The unexpected decline in electricity sales and the major cost increases, which may be attributed largely to high inflation, resulted in a deficit of R58 million. The accumulated deficit of R154 million

will, however, have to be recovered

"Escom's major cost components are coal and interest. In 1982 coal costs increased by an average of 21 percent as compared to the previous year

"Interest charged to the supply account increased by 16,8 percent on an average cents per kW/h sold basis

"Escom's biggest total cost increase arose due to high interest rates. Interest and finance charges increased by R406 million (45,1 percent above the 1981 amount)

"Escom has endeavoured since the Seventies to increase the level of internal financing to enable it to use either internal or external financing at any given stage, wherever the lower interest rate applies

"More than 95 percent of Escom's electricity in 1982 was generated by means of coal, and 55,2 million tons of coal was burnt for this purpose

Water usage

"During the past five years overall specific water consumption in Escom's coal-fired power stations has decreased by more than 16 percent to 2,51 litres per kW/h sent out in 1982. This was achieved mainly as a result of the recirculation of cooling water," Mr Smith said

"In 1982, 102 769 million kW/h of electricity were sent out by Escom power stations while only 2 151 million kW/h (two percent of the total) were imported from Cabora Bassa and other sources

"As regards rural electrification, Escom continues to be inundated with applications. Escom provided 4 400 new farm supplies during 1982, an increase of 8,6 percent over the 1981 figure" — Sapa

25/5/83
 (260) Electricity Supply Commission
 Hansard Q. Col. 1379
 *10 Mr P G SOAL asked the Minister of Mineral and Energy Affairs

(a) Who are the members of the Electricity Supply Commission and (b) what qualifications do they have for serving on the Commission?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS.

(a) and (b) Mr J. H. Smith Chairman—
 Pr Eng, C Eng (U K), B Sc (Elec Eng) (Cape Town), B A (Hons), M A and B Sc (Oxon), Former General Manager of Escom

Mr D J Malan—M A, M Sc, Actuary, Director of Companies

Mr E Pavitt—M C, B Sc, (M and M) (Rand), Director of Companies

The Honourable J F W Haak—B A, LL B, Attorney, Director of Companies, and former Minister of Economic Affairs and of Mines and Planning

Mr T R Castle—Stock Broker and Director of Companies

Mr J Wilkens—B Com, Farmer, President of the South African Agricultural Union and Director of Companies

Mr L F Rive—B A, Director of Companies, Former Postmaster-General and Chairman of the Greater Soweto Planning Council

The members are appointed by the State President in terms of Section 2(2) of the Electricity Act No 40 of 1958 for their knowledge and experience in respect of business or administration and, in so far as the State President may deem expedient in electricity matters

Mr P G SOAL Mr Speaker, arising out of the hon the Minister's reply regarding the academic qualifications of the members of the commission, can he tell us

whether, in view of the crisis that is facing the country as a result of the drought, any special consideration is being given to supplementing the knowledge and experience of those members with a view to dealing with this?

†The MINISTER Mr Speaker, firstly I can assure the hon member that the execution of Escom's functions are not in the hands of the members of that organization. Secondly Escom does not hesitate and it is in fact already being done, to obtain expertise from outside on a contract basis to advise it in regard to the threatening water shortage. In the third place, I can tell the hon member that the commission of inquiry which has been appointed is already functioning and is also looking into this matter.

To sum up, I just want to say that all available expertise from outside—we also get the full co-operation of the Department of Environment Affairs and Fisheries—is being utilized in this regard.

*11 Mr F J le Roux—Community Development—[Withdrawn]

*12 Mr F J le Roux—Community Development—[Withdrawn]

Iscor attacks steel price control

DOM 27/5/83 260 184

By SIMON WILLSON
Industrial Editor

CAPE TOWN. — Iscor is facing a financial crisis mainly because of the imposition of administered prices, according to the managing director, Mr F P Kotzee.

He told the annual congress of the Afrikaanse Handelsinstituut in Cape Town yesterday said it was important that the price Iscor received was determined responsibly.

"Despite the existence of a price formula for establishing administered prices for steel, and despite Iscor's continued performance as far as increases in productivity are concerned, Iscor is once again in the undesirable position where its business is worsening and is once again building up into a crisis situation.

"The reason for this is mainly found in the continued reduction in returns through the scaling down of administered prices by the authorities for economic and even for political reasons," Mr Kotzee said.

As a result of the 1975 Pistorius Committee report which recommended that the steel price be kept as low as possible, Iscor's financial structure had become totally unhealthy with a debt ratio of as much as 70%. It had an unbearable financial burden.

Another reason for Iscor's financial position was that between 25% and 35% of its production was exported at "murderously low" prices which were not provided for in the overall pricing formula for iron and steel.

The present system of administered prices caused serious problems for the primary steel industry and ultimately for the whole manufacturing sector.

The administered price system was cumbersome. Often its application led to uncertainty, market distortion and malpractice.

"The question arises whether the system of adminis-

tered prices is really functioning properly. Has the time not come for price control on steel products to be abolished, thus allowing producers to fix their own prices without reference to the Government in a totally free, market-related system?" Mr Kotzee asked.

Iscor was not a monopoly as there were seven other domestic steel producers which combined to contribute up to 25% of national iron and steel production.

Government intervention was irreconcilable with the free-market principles which formed the core of Government policy.

However, the Government should not refrain from its role as overseer of strategic industries and should persist with effective protection measures against unfair and possibly damaging competition from abroad.

Mr Jan Smith, chairman of Escom, also condemned the system of administered prices, saying they were not "a wonder aid" that would rectify the problems of the public sector.

"We believe that administered prices distort the price mechanism of electricity. In other words, the cost of electricity becomes unrelated to the price of electricity.

"In the long run this will mean higher real electricity prices."

When the real price of electricity became distorted, the financial stability of the supplier was undermined. This could delay capital expansion and would lead to an increase in the real price of electricity.

Mr Henne Bester, the Postmaster-General, referred to similar problems in his branch of the public sector.

Costs were mainly derived from inputs from the private

sector, and he was bound for this reason to maintain price comparability.

"If the public sector did not keep pace with the private sector's prices, prices would, in the end, be even higher in the public sector."

Escom may up tariff by 20%

260
V.R. 10/04
4/6/83

By NORMAN PATTERTON

THE water shortage may cause an Escom tariff increase of between 20% and 35%

An Escom spokesman, Mr Etienne du Plessis, explained how a drought could make people pay more for electricity

He said the power stations in the Eastern Transvaal, being the most cost-effective, generated about 75% of Escom's power

"They use less coal and water per unit of electricity," he said

Because the area had been hit by drought, however, less electricity was being generated there and more electricity at less economic stations in the coastal and Midvaal areas, where there was more water available

Extra fuel costs at these generators, over a six-month period, added R70-million to R80-million to Escom's annual coal bill of R500-million plus, Mr Du Plessis said

In addition, the emergency Grootdraai scheme would also cost Escom between R7-million and R11-million, he said

"The scheme will convey water from the Vaal Dam to the Grootdraai Dam near Standerton, and from there to the the Eastern Transvaal power stations and Sasol"

He said the Eastern Transvaal stations weren't badly situated — there was normally a good water supply for them

The stations were built there to be near the coal mines as they used 36 000 to 40 000 tons of coal per station per day

To transport coal to other stations would be very costly, requiring 30 trains a day to feed each power station

"Escom, by law, must recover its costs. The only way is through the tariff," Mr Du Plessis said

An Assocom spokesman asked if the electricity tariffs would be decreased once the drought was over

Mr Du Plessis said he was not in a position to answer that. No decision had been taken yet as to when tariffs would be increased or by how much, he said

Cracking the export barrier

While major overseas steel producers and local exporters are battling to sell on world markets, Iscor expects to exceed its export targets this year — not only on volume but also on price.

"We believe we are experiencing the beginnings of a long-term upturn in overseas steel markets," says Nols Olivier, Iscor's divisional GM steel marketing. "There is still large over-capacity in US and European steel plants but opportunities are growing for cost-efficient producers. We expected higher volumes, but not higher prices so soon."

By contrast, Highveld Steel and Vanadium, considered to be SA's ace steel marketer, has so far had little joy with sales at home or abroad. The main reason is that the rising demand is strongest in products it does not make, such as strip, rods and reinforcing bars. Demand for heavy sections and plates — its major export products — remains weak.

Graham Boustred, Highveld's chairman, says both overseas and local markets are down substantially in all products. "But we appear to be seeing the first hesitant signs of improvement overseas," he says. "The international steel price has improved and we had quite a good intake of orders last week."

Iskor exports totalled 400 000 t in the first quarter of this year and will be nearly 500 000 t in the second quarter, says Olivier. He expects the 1983 target of about 1,6 Mt to be exceeded by some 200 000 t.

Dollar prices for flat products, he adds, have risen 5%-7% since the beginning of the year. These prices are still 10%-15% below prices in the second quarter last year, but Olivier points out there is still a net gain because of the 19% move in the exchange rate over this period.

Part of the exports were from Iscor's stockholdings of semi-finished products which built up to 500 000 t since 1981. These stocks were running down nicely in the second quarter, he says.

The most improved market is the Far East. One reason is that the Japanese appear to be pushing up prices to counter the effects of the strong dollar against the yen. Another is that Japan has commitments to supply the People's Republic of China, which is leading to a better supply/demand balance in East Asia.

Iskor also has the advantage of having a 51% share in marketing company Trans Orient Steel which has an office in Hong Kong. The corporation has actually benefited from protection measures in North America and Europe. Both have reduced imports, but still favour cost-effective sup-



Iskor's strip ... rolling into rising export markets

pliers. This has resulted in better utilisation of local mills, which has firmed prices.

Jack Gerber, deputy chairman of Macsteel, a leading steel export merchant and Iscor's partner in Trans Orient says "Iskor has performed considerably better than is typical of world steel trade in general — partly due to the high reputation of its products and its aggressive marketing."

Iskor forecasts little improvement in the local market. It is sticking to its earlier forecast of a 14% slide in SA steel demand from 4,5 Mt in 1982 to 3,9 Mt this year — the worst post-war year for steel. The basis for its forecast is an expected negative SA growth rate this year of 3%.

Such predictions fit in well with Iscor's rationalisation programme, which has involved a temporary reduction in capacity from 7 Mt to 6 Mt/year. Average plant utilisation is now about 90%, compared with Highveld's figure of 66% — the lowest since Highveld's plant was commissioned in the Sixties. Its newly completed R110m iron plant has been commissioned but will be mothballed until markets improve sufficiently — probably not before 1984.

Boustred concedes there will be a substantial holding cost, but then the capital cost of the plant would have been higher if it had been built later. "It is impossible to say now whether savings on inflation will outweigh the additional costs incurred by the delay in commissioning," he says.

However, Highveld is commissioning its R80m hot strip plant, which broadens its

range of steel products (without increasing total capacity) into product areas where Iscor already has substantial capacity.

Olivier admits that Iscor policy is to prohibit use of Highveld steel in the erection of Iscor plant unless unavoidable. "We expect contractors to give Iscor steel preference, provided it doesn't effect delivery times or costs. This is old established practice which we are applying more stringently in the recession," he says.

Bitter-sweet Joills 'Vir Volk and Vaderland'

RDPH
260
14/6/83

PLAYING on South Africa's paranoia of international isolation was the name of the money-spinning game of Mr Isaac Kaye's Alumina group of pharmaceutical companies

By taking advantage of the Government's fear of having international supplies cut off, it was able to peddle millions of rands worth of medical equipment and drugs

- The formula was simple
- From time to time, patents on drugs lapse and must be renewed in each country where they are sold
- In South Africa, these patents will not be renewed if a local firm can produce an equally good product, thus freeing the country of reliance on a foreign supplier
- The patent formulas are freely available at the Pretoria (and other) patent offices, so making a substitute is not difficult
- The substitutes are known as "generic drugs"
- The Government, and Provincial Administrations, will then — according to evidence led at the De Kock Commission — be prepared to favour the local manufacturer in preference to the overseas competition, so his market is secured
- "Vital strategic importance" was a key note throughout the Commission, which was enquiring into the alleged misconduct of the Director of Transvaal Hospital Services, Dr Henne Grove, and his deputy, Dr Gherhard Schepers

By GEOFFREY ALLEN

and 'Vaderland' (For People and Country)" Using that emotive yelp, Mr Kaye's group shot to success

Mr Kaye's boast, according to the evidence, was that he was an expert on generic drugs and, since these would be favoured by the Transvaal Provincial Administration (TPA), among others, it was a highly lucrative field to enter

The advantage to the TPA lies in the fact that, because local firms do not have to pay patent rights, they can produce, and it can acquire, the drugs at an incredibly reduced rate

At the same time there were big profits to be reaped by the Alumina group. By way of example, Dr Schepers dramatically demonstrated that for one type of tablet alone the imported variety would have cost the TPA R9,76-million last year, while the locally made equivalent cost only R540 960. It is obviously a major saving, and for this reason Dr Schepers believed that the newspaper expose of alleged corruption was politically motivated and aimed at destroying the Government's stated aim of supporting the local industry

"There was a concerted effort to malign the local product, but basically the local product is as good as the imported one. We have a special testing facility at Auckland Park (in Johannesburg) and we are saving enormous amounts of money," said Dr Schepers

He said that the newspaper campaign was not so much aimed at whether he went out and ate oysters with Alumina officials (a subject which was deeply delved, as the alle-

gation was that, by constantly entertaining him, Alumina could buy favours) but at the heart of the Government's pharmaceutical independence campaign.

He stressed the vital strategic importance of being independent

He never said what that strategic importance was, but speculation outside the Commission chamber was that it revolves around the border war where medical supplies are vital

But Mr Kaye was able to take matters further

Still playing on the high level of paranoia, he persuaded the Government that it was essential to have a home grown X-ray film factory where film could be "manufactured" and packed ready for use

But, he found, that to establish the plant to actually make the film would be far too expensive

Instead, it would be cheaper to build a factory near Rustenburg, import the bulk film, then simply cut and pack it and sell it to the Government and Provincial Councils as locally made

By doing so Alumina could gain the advantages of being a border industry, because the factory is in Rustenburg. That means tax breaks and other incentives

It could also claim that the film was being locally made and therefore gain 10% on top of all tender prices.

This is an allowance granted to local industry so that it can stay in business while maintaining the cheaper prices which it would have been able to charge if it operated in a more central area, without large transport costs

The scheme worked brilliantly. Not one X-ray film, according to the evi-

dence, was ever actually made at Rustenburg

In fact, it was all imported from Italy and merely cut up to the correct sizes and packed at Rustenburg

Yet Alumina gained a massive foothold in the X-ray film market — 80%, according to Mr Max Peter Goldberg, a former senior executive

Internationally, the major pharmaceutical companies have been at loggerheads for as long as they have existed

Stealing formulae, trying to out-market competitors, are the name of the game

But in South Africa the sudden rise to financial success and the lion's share of the market by Alumina caused a different sort of paranoia . . . that of individuals and small businesses, who believed themselves done out of business by the new giant striding across the multi-million Government and Provincial contracts

These companies and people have for years leaked stories to the Press and others about the "kickback" system employed by Alumina

Worse, from the point of view of trying to clarify the picture, there were interlocking squabbles within Alumina . . . which led one of its former "hitmen," Mr Jimmy de Villiers, to testify against the company's interests at the Commission

From the sidelines the former major drug-gist, South African Drugists (SAD), looked on bewildered and wondering how to counter Alumina's rising star

The answer was to buy it out and merge its viable parts with the existing SAD operation. So having made huge sums of money, Alumina and Mr Kaye were able to walk away from the medical supply industry with a profit and plunge into new interests



COMMISSION CHAIRMAN



DR HENNE GROVE

(3) whether he will furnish the House with the names of these companies.

(4) whether he will make a statement on the matter?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) (a) Yes

(b) No

(c) No

(d) No

(i) The total purchase price was R4 million of which R2 million is still held in trust

(ii) (aa) The purpose of the transaction was to ensure the timely manufacture of certain high precision and critical equipment for the AEC and its subsidiaries

(bb) The main terms and conditions were that the AEC obtain total financial control and management of the group at minimum cost to the AEC. The R2 million which has been paid thusfar has not been paid to the seller directly but has been used on his behalf to finance the group of companies

(2) and (3) The original chief shareholder was given an option, which will expire within 5 years, to repurchase the shares at the purchase price paid by the AEC plus interest calculated at prime bank overdraft rates. If the option is not exercised the AEC can dispose of the assets as it sees fit

As in the case of any other supplier to the AEC, it is not considered to be

2600 ~~Q~~ ~~61~~ 1545 and 15/6/83 Atomic Energy Corporation

Q 61 1545 - 1547

*7 Mr D J N MALCOMESS asked the Minister of Mineral and Energy Affairs

(1) Whether the Atomic Energy Corporation or any subsidiary of this Corporation (a) acquired shares in, (b) loaned money to, (c) made payments in advance to or (d) transferred money in any other manner to certain companies, the names of which have been furnished to the Minister's Department for the purpose of his reply, if so, (i) what total amount of money was involved and (ii) what (aa) was the purpose and (bb) were the terms and conditions of these transactions.

(2) whether any repurchase option was given to the original owner or principal shareholder in each case if so, who are these persons

JS

in the interest of the country to divulge any further information about the transaction

(4) No

Mr D J N MALCOMESS Mr Speaker, arising out of the hon the Minister's answer, can he tell us whether he is quite satisfied that no other commercial enterprise can supply the same goods to the Atomic Energy Corporation or its subsidiaries in the foreseeable future?

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ROOM

16/6/83

Pressure on Eskom now greater than ever

By SIMON WILLSON
Industrial Editor

ALTHOUGH the generating capacity of the Electricity Supply Commission (Eskom) is under threat from the drought, new official figures show that non-Eskom electricity generation has been falling.

The 1981 annual census of electricity generation by the Central Statistical Services in Pretoria, just published, shows that South Africa's dependence on Eskom for electricity has increased sharply over the last decade.

At a time when Eskom's power output is already being restricted due to shortages of cooling water at its coal-fired power stations, this will be seen as an unwelcome trend.

Local authorities, private manufacturers, the mines and South African Transport Services are among the biggest generators of non-Eskom electricity in South Africa, but their proportion of the nation's electric power output has been in overall decline for ten years, and has fallen even more markedly since 1980.

The power census shows that the proportion of gross national electricity production contributed by local authorities fell from 18.8% in 1970, to 10.2% in 1975, 7.7% in 1980 and 6.6% in 1981.

The local authorities' power output also fell in absolute terms from 8 312 megawatt/hours (MWh) in 1970 to 7 421 MWh in 1975, 7 392 MWh in 1980 and 7 344 MWh in 1981.

Manufacturing industries contributed 2.5% of gross electricity production in 1970, but this figure fell to 2.1% in 1975, rose to 2.9% in 1980, but fell back again to 2.4% in 1981.

In absolute terms, the manufacturing sector's output rose from 1 112 MWh in 1970 to 1 510 MWh in 1975, 2 824 MWh in 1980 and 2 685 MWh in 1981.

Electricity generation in the mining sector fell by 81.1% between 1970 and 1980, from 462 939 MWh in 1970 to 404 405 MWh in 1975 and 92 172 MWh in 1980. By 1981 the mines' output was down to 84 511 MWh.

In 1981 the mines contributed only 0.08% of gross national electricity production against 1% in 1970 and 0.5% in 1975.

Generation by other, smaller non-Eskom electricity producers, including South African Transport Services, rose slightly in 1981 after falling steadily from 1974. But the 1981 generation total of 83 882 MWh was still 15.9% lower than the sector's 1970 total, and 20.3% lower than its 1974 output.

The census shows that electricity consumption by the mining sector rose by 104% between 1970 and 1981. Among other miscellaneous statistics, the figures show that the amount of electricity used in South Africa's streetlights fell in 1981 for the first time on record.

Streetlight consumption rose by 82.6 between 1970 and 1980, but then fell by 1.3% in 1981 to 539 gigawatt/hours.

No Compulsion to Move to Khayelitsha

Aug 21/6/83
377P
260

By TOS WENTZEL
Political
Correspondent

THE Government intends settling blacks from Langa, Nyanga and Guguletu in the new township of Khayelitsha, but only as a long-term project and without compulsion

This was confirmed today by the Deputy Minister of Co-operation Dr G de V Morrison

He said it was clear that well-ordered and sound community development made it essential that the black people in the Peninsula should eventually be housed in one consolidated area

It was therefore the Government's intention, in terms of long-term planning to settle the black communities of Langa, Nyanga and Guguletu in Khayelitsha

With the development of the new township near Mitchell's Plain, the emphasis would be not only on the provision of hous-

ing but on community development so that the orderly and voluntary settlement there of the Peninsula's black community would become, a reality

It had to be clearly understood that housing in Khayelitsha could be provided only for those who qualified in terms of the Urban Areas Act of 1945 Housing would not be provided for those in the Peninsula illegally

In an interview today, Dr Morrison emphasised this was a long-term project, and that people would not be compelled to move For the present, no pressure would be applied on blacks to move to Khayelitsha, but some living in other areas had already applied to go there

Strict

In areas such as Langa, Guguletu and Nyanga there had been only ad hoc, never proper, planning

Influx control measures were being strictly applied, while the uncontrolled inflow of blacks

Urban Foundation 'gravely concerned'

Staff Reporter

THE Urban Foundation views with "grave concern" the statement by the Deputy Minister of Co-operation, Dr G de V Morrison, that it is intended eventually to resettle all blacks from the existing townships in a consolidated development at Khayelitsha

Mr J H Steyn, executive director of the Urban Foundation said today the statement had grave implications for the stability and content of many thousands of

black people in this part of the country

"There are positive aspects of the new development at Khayelitsha which the foundation welcomes Those could well be neutralised by the sense of insecurity which is an inevitable result of a threatened relocation

"The Urban Foundation will study the Deputy Minister's statement, attempt to seek greater clarification on it and will comment in full in due course," Mr Steyn said

was controlled as far as possible by the creation of work opportunities in Transkei, Ciskei and the Eastern Cape

In 1981 there were 7 638 prosecutions in terms of influx regulations, 9 393 last year, and 2 081 between January and April

The Government was convinced that the Western Cape should remain the traditional living and working place for the white and coloured communities

Mr Ken Andrew, MP, the Opposition's chief spokesman on black affairs in the Western Cape said today that Dr Morrison's statements would add to the insecurity of blacks living here

Heartless

It was heartless and irresponsible of the Government to think they could shunt people round without ever reaching agreement with them

People could hardly be expected to upgrade their properties when the threat of removal hung over them

In the light of the department's record, black people or anyone else could not be expected to accept its reassurances at face value

People had been let down time and again, and until blacks were properly involved in making decisions involving their livelihoods, no improvement could be expected, Mr Andrew said

~~179~~
~~113~~
260
**'ADE let down
by local ^{Industrial}
aluminium men'**
21/6/83
week

ATLANTIS Diesel Engines has finally acquired R7-million from the IDC to establish an aluminium foundry, after an unsuccessful foray to secure the funding from the SA aluminium foundry industry, writes Priscilla Whyte

Barry Osler, marketing manager of ADE, said at a press conference: "We were very badly let down by the SA aluminium foundry industry and then looked to the IDC for the cash"

Osler said the IDC acquired the funds in Germany and that the total project with ancillary equipment would cost about R15-million and production of a small amount would come on stream by the end of this year

When ADE sought financial assistance from SA private enterprise, offers of only a 20% loan were made and a firm commitment was expected on aluminium casting volumes

CAPE TIMES 22/6/83
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Escom man fields nuclear questions

Staff Reporter

SMOKE tests at Koeberg nuclear power station had shown that the concentration of smoke reaching Sea Point was one 100 000th of the smoke concentration measured one kilometre from the fire, according to Escom

Much of the smoke dispersed within the

first kilometre, the senior Escom information officer in the Western Cape, Mr André van Heerden, said during a seminar at Brackenfell last night

The seminar was organized by the Tygerberg Chamber of Commerce and Industrial Association. Mr Van Heerden showed a film on the operation of a nuclear power plant, and then answered questions for 1½ hours

"Background radiation in the atmosphere before nuclear power stations are built is of the order of 100 millirems," he said. "The amount of radiation to which one is exposed increases if one drinks a beer or eats a crayfish. It increases by about 17 millirems overnight if one sleeps beside another person."

Escom had set itself a maximum acceptable additional radiation level of 10 millirems at the boundary of the Koeberg site, he said. The legal maximum was 25 millirems

The Koeberg station would have a life-span of 40 years, he said. During that time it would produce about a roomful of non-renewable radioactive waste which had to be disposed of

Iscor in row with Gencor

23/6/83 RDM

260

275

275

NEARLY 5 500 jobs and capital investments totalling R80-million are threatened by a dispute between Iscor and Trans-Natal Coal Corporation, the coal-mining arm of Gencor.

Trans-Natal announced yesterday it had given three months' notice of closure of the Hlobane Colliery in Northern Natal to the Minister of Mineral and Energy Affairs.

Hlobane has reduced mining operations by a third and is cutting staff by more than 1 200 — about 25%. Gencor hopes to place these workers in other jobs in the group.

The mine supplies nearly a million tons of coking coal annually to Iscor.

Trans-Natal has spent about R80-million since 1980 to modernise Hlobane after reaching agreement with Iscor to exploit coal reserves in the western area of the No 1 mine.

Two deposits, the Gus and Dundas seams, are mined separately by fully mechanised operations and a two-stream coal preparation plant has been built.

Both Gencor and Iscor remained tight-lipped about the cause of the dispute last night.

Mr Floors Kotze, managing director of Iscor, said, "I have nothing to say about it, it is a business matter."

Mr Johan Fritz, head of Gencor's mining division, said, "As discussions may continue between ourselves and Iscor it would not be constructive for me to elaborate

any further on the statement we have published."

The Trans-Natal statement said the company had been advised that Iscor could no longer accept coking coal from Hlobane Colliery, except on certain conditions determined by Iscor.

"Under the circumstances Hlobane has been left with no alternative but to stop delivery to Iscor of Gus seam coking coal.

"In view of the fact that the unilateral conditions stated by Iscor are unacceptable to Hlobane, the question of the feasibility and extent of further deliveries of Dundas seam coking coal has necessitated the giving to the Minister of Mineral and Energy Affairs of the requisite statutory three months' notice of closure of the colliery.

"Discussions between the company and Iscor have, however, taken place and may continue. This may lead to a change in the position.

"The financial implications cannot be quantified until more clarity has been achieved. A further announcement will be made as soon as circumstances allow."

Iscor has drastically reduced its output and work force because of the domestic and world recession in steel markets.

Several coking coal mines belonging to Amcoal and Gencor have been closed because of Iscor's reduced requirements, but these are old mines and were due to be closed shortly.

Although Iscor may be trying to force production cuts on Hlobane, it is believed the dispute concerns the price of Hlobane's coking coal.

By BRENDAN RYAN

Mining Editor

The row started at the end of April this year.

Given Trans-Natal's huge investment, much of which may have been financed through loans, the company cannot afford any cut in price or planned production which would endanger its ability to pay the debt burden.

In the September quarter last year Trans-Natal raised loans of R145-million to be used as and when required for its capex programme.

Should the mine be closed the company would have to service its loans for Hlobane without any return from the investment. It would also have to carry the costs of mothballing the plant.

Trans-Natal, Iscor dispute threat to 5 500 jobs

225 189 260 215
CARE TALKS
23/6/83

By BRENDAN RYAN
JOHANNESBURG —
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Agreement

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and Iscor's cutbacks
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While Iscor may be
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will also have to carry
the costs of mothballing
the plant and may resort
to extraordinary write-
offs of the investment

Escom prices 'prove effectiveness of free market' — chairman

260 E. Post
24/6/83

JOHANNESBURG — Incredible as it may seem, the price of electricity is a good example of how effective the free market system can be, Mr Jan Smith, chairman of Escom, said here last night.

In his seconder's address at the annual meeting of the United Building Society, Mr Smith said despite the popular belief that electricity is expensive today, it is in real terms cheaper than it was 20 years ago — and this includes the cost of self-financing, a factor which was not in use at that time.

"Although the price of electricity continues to rise, it is not rising as rapidly as that of some other commodities.

"Petrol, of course, comes to mind very quickly — but even the price of Sunday newspapers rises far more rapidly than that of electricity."

Mr Smith said he believes the free enterprise system can solve most of the country's economic problems.

"Such sentiments, coming from someone in an industry which is not only a virtual monopoly but also to some extent government controlled, could appear inappropriate.

"The fact is that Escom, although it is a monopoly and operates under con-

trols, has always believed in private enterprise principles and has applied them wherever appropriate.

In fact, Mr Smith said "I believe that much of what we have achieved in providing this country with adequate supplies of electricity was because we were allowed relative freedom in assessing this country's electricity needs on free market lines.

"As a result, consumers pay today a market-related price for their electricity.

"Unpopular as the price of electricity sometimes may be, it is a true reflection of the cost of electricity and the inflationary economy in which we have to provide for this country's future electricity needs.

"This, in turn discourages wrong perceptions about the future cost of electricity and wrong investments based on the wasteful use of electricity."

It is a characteristic of the modern consumer that he is far more aware of his democratic rights. He is far more outspoken in his criticism, which he often offers without attempting to understand the issues at stake.

"Organisations which are constantly in the public eye and which are perceived as being huge, powerful and even bureaucratic, are favourite targets.

"Handling criticism has become a major task in organisations like ours. Perhaps we sometimes tend to forget that, in the end, our accountability is to the consumer. He wants to know about our triumphs and about our problems. Once he knows, he tries to understand — and his fears are allayed.

"Escom has learnt this the hard way.

"Escom has attained many achievements of which I am justifiably proud and which have kept the cost of electricity relatively low and have secured this country's electricity supply. But on some occasions we failed to communicate this correctly to the consumer. As a result, our actions were often misunderstood.

"Our more recent experiences are different. The drought has presented Escom with one of its biggest problems ever. We decided to communicate this fact to the consumer and alert him to what can happen if the drought should continue.

"The result has been overwhelming. A situation which could quite easily have led to misunderstanding has developed into one in which Escom, its consumers and the Government are joining forces to solve the problem." — Sapa

respect of both racial groups are also rendered by other State Departments. It is not possible to keep separate records of such services, which are rendered collectively, and it can thus not be identified for the purpose of this reply.

260 Atomic Energy Corporation
29/6/83
Hammond 9601.1761
1071 Mr D J N MALCOMESS asked the Minister of Mineral and Energy Affairs

- (1) Whether he will furnish further information on any of the companies purchased by the Atomic Energy Corporation as referred to in his reply to Question No 7 on 15 June 1983, if not, why not, if so,
- (2) whether the said Corporation or any of its subsidiaries have given additional work to any of these companies, if so,
- (3) whether this work was previously given to other companies; if so, (a) to which companies was it given and (b) why was it subsequently transferred to the companies purchased by the Corporation,
- (4) whether in terms of the purchase the Corporation or its subsidiaries have become the sole shareholders of these companies, if so, what were the balance sheet values of the shares at the time of purchase, if not, (a) what percentage of the shares was acquired, (b) what were the balance sheet values of these shares and (c) on what date or dates were they acquired,
- (5) whether an audit has been conducted in respect of these companies, if so, (a) on what date and (b) by whom,
- (6) whether all profits made by these companies while they are owned by the Corporation will be declared as dividends prior to any resale of the shares to the original owner in terms of the option given, if not,
- (7) whether this accumulated profit will

be taken into consideration in the sale price, if not why not,

- (8) whether the interest payable by the original chief shareholder in terms of the option will be calculated on a monthly compound basis, if not on what basis will it be calculated
- (9) whether (a) pension liabilities and (b) leave pay due to the staff were taken into consideration in calculating the share value, if not, why not,
- (10) whether any of these companies were involved in any litigation, other than in the normal course of business, at the time of the take-over by the Corporation, if so, what was the (a) nature of and (b) circumstances surrounding the litigation?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) In reply to the previous questions of the hon member I have indicated that it is not considered to be in the interest of the country to divulge further information on the transaction. However, to confirm that the transaction was negotiated on sound business and financial terms, I am prepared, with due regard to my previous statement, to answer those questions which are considered relevant.
- (2) No
- (3) Falls away. However it is the policy of the AEC to put out all contracts on tender and these companies will not receive any preferential consideration in awarding the contracts.
- (4) No
 - (a) 75%
 - (b) The value of the shares were calculated on the principle of yield on capital employed, which is lower than the balance sheet value

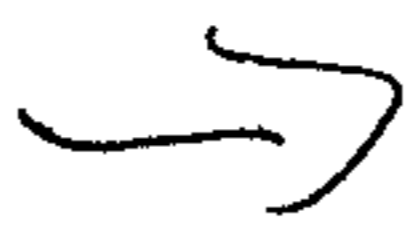
1763	WEDNESDAY	
(5) Yes	(c) On 1 December 1982	
(6) No	(a) 1 December 1982	
(7) and (8) The sale price will be determined by the purchase price plus interest calculated annually at prime bank overdraft rates	(b) The companies' own professional auditors	
(9) (a) and (b) All the assets and liabilities of the companies involved were taken into account in establishing the value of the shares		
(10) No (a) and (b) Fall away.		

Handard Q Col. 1743
S.F.F. Association: Salem affair
29/6/83
260
27 Mr. D J N MALCOMESS asked
the Minister of Mineral and Energy Affairs

- (1) Whether any money paid out by the S.F.F. Association in connection with the Salem affair has been recovered, if not, why not; if so, what total amount has been recovered,
- (2) whether investigation into this matter has been completed; if not, (a) why not and (b) when is it anticipated that it will be completed; if so, what were the findings;
- (3) whether any any action has been taken as a result; if not, why not; if so, what action?

The MINISTER OF MINERAL AND ENERGY AFFAIRS:

- (1) No. The investigation is not yet completed
- (2) No.



29 JUNE 1983 1744

- (a) This is an extremely complicated case with the main characters resident in different areas of the world and who have not all lent their assistance to the investigation
- (b) The investigation may possibly be completed by the end of October 1983.

~~160~~ (160) ~~South~~ C-Herald 2/7/83

Public Servants' League slams State proposals

TO accept the Government's constitutional proposals would be to "participate actively in our own oppression and exploitation," the 26 000-strong Public Servants' League has resolved.

The League's annual meeting in East London

unanimously resolved to reject the constitutional proposals and those organisations who "operate the machinery of oppression"

"It must be clear to all inside South Africa that we stand for a united, free and democratic South Africa in which all can participate in deciding the future

In our opinion the

President's Council and the present bill before Parliament is designed to divide and sub-divide the oppressed and exploited, and maintain them in a condition of oppression" the League said

They demanded

● a full unqualified political franchise for all South Africans irrespective of sex, colour or religion

● democratic rights, like freedom of movement assembly, residence and speech for all South Africans,

● all discriminatory legislation and job reservation in the public service be scrapped and equal opportunities be given to all,

● a united South Africa and one democratic parliament be based on the will of all the people

"We will work actively with other organisations who believe in the above principles and objectives," they said

DUPLICATE AND TWO-SAMPLE TESTS
AT 10:12:15

WARNING * * * EXTRANEUOUS INFORMATION FOUND IN YOUR CONTROL LANGUAGE
THE FOLLOWING HAS BEEN IGNORED:

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CODFS(7)=0,1. NAMES()=EXPERIMENT,CONTROL.

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DELETED PARAGRAPH OR SENTENCE NAME
EXCESS IN THE WORKING PARAGRAPH
EXCESS OF PARAGRAPH REPEATED UNEXPECTEDLY
ON NOT DEFINED IN THIS PROGRAM
ALL EXCLUSIVE OPTIONS SELECTED

CONTROL LANGUAGE.

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R 1.15 PRIORITY 1.00
PRICE PER SIA

SHARES 820.00
AVERAGE SIA'S 219.58

Sasol to withdraw from Soekor

260

2/7/83

Sasol has decided to withdraw from its involvement in the Southern Oil Exploration Corporation (Pty) Ltd (Soekor)

As a result, the 50 000 shares held by Sasol One in Soekor, which were obtained at no cost, will be transferred free of charge to an institution nominated by the Minister of Mineral and Energy Affairs on August 31

Sasol will then renounce its right to nominate two directors to the board of Soekor, and Mr D P De Villiers and Mr J A Stegmann will resign as chairman and director respectively.

Since 1963, Sasol and the Industrial Development Corporation of South Africa Ltd (IDC) have encouraged the establishment of a body to co-ordinate and encourage the search for petroleum in South Africa

This resulted in Soekor coming into being during January 1965, with Sasol and the IDC as the only nominal shareholders and with representation on the board.

NO AUTOMATIC RIGHT

It was stated in the two Sasol prospectuses of 1979, that Soekor was financed with state funds, and that should an oil or gas discovery be made no automatic rights or commitments would accrue to Sasol

It was also stated in the prospectus that such rights could only ensue from negotiation with the state.

As the possibility of an economically viable discovery by Soekor increased it became apparent that, due to Sasol's position in the private sector on the one hand, and the fact that Soekor is financed entirely by the state on the other, an embarrassing situation might develop and Sasol's negotiating position could be jeopardised if it were interested in whatever rights or interests might be on offer.

The latest decisions were taken so that Sasol would not, because of its involvement in Soekor, be inhibited from competing on an equal basis for any rights or interests

A Year of drought will cost ²⁶⁰ ~~ES~~ Escom R100-million

By Julian Kraft

S. Times 3/7/83

THE drought is to cost Escom R100-million this year and could lead directly to a further hike in electricity tariffs.

The general manager, operations, of Escom, Ian McRae, tells Business Times that the emergency scheme to bring Vaal water to the Eastern Transvaal power stations, power-stations shut-downs and the operation of uneconomic units due to water shortage would raise costs by R100-million this year.

This could imply higher electricity tariffs. Since power is used in the production of nearly every product, drought could thus give inflation another upward nudge.

Escom has estimated that rationing electricity by 15% for six months would cost the country R2 000-million, and is therefore determined to avoid rationing at all costs.

Consumer groups in the specially constituted ad hoc emergency committee on electricity and water supply are also anxious that Escom should not ration them. They would prefer water rationing.

Escom has based its R100-million emergency plans on the pessimistic assumption that the drought will go on for another 18 months, and is reasonably confident that it will stave off the need to ration.

Further tariff rise looks probable

But the unavoidable additional cost of about R100-million amounts to almost 4% of Escom's total annual expenditure.

These costs will have to be passed on to consumers. The only questions still to be decided are when and how much.

At present Escom is operating at 10% below planned capacity, having reduced or stopped generation in some areas.

The power stations which have been brought to a halt are Umgeni in Phelotown and

Ingagane in Newcastle, while output has been reduced from Camden near Ermelo.

The Department of Environmental Affairs, which is working closely with Escom on its main emergency scheme — the reverse piping scheme from Vaal Dam to Grooldraai Dam in the Eastern Transvaal — has other emergency water supply schemes in hand.

One is to divert water from the Buffalo River to Newcastle, and another — still under consideration — to similarly supply Durban from the Mool River.

While he is hopeful that rationing can be averted, Mr McRae points out that it may become necessary at times to cut electricity supply to consumers during peak periods because of the current low generating reserves. Most consumers have been warned of this, however, and have agreed to cut their own use voluntarily on such occasions.

"We believe it is our responsibility to develop plans to meet even the most pessimistic scenario," he said.

The R35-million Grooldraai scheme is expected to come into operation in September, when it will ensure continuity of water supply to the majority of the Eastern Transvaal power stations.

CAP: Tris 4/7/03

23
260

Gencor becomes biggest shareholder in Samanco

By JOHN MULCAHY

JOHANNESBURG. — Gencor has become the biggest shareholder in Samanco and Iscor has acquired Hlobane Colliery and Dunswart Iron & Steel in a series of deals that have arisen out of the dispute between Iscor and Trans-Natal over coking coal supplies.

The dispute, which culminated in an announcement by Trans-Natal 10 days ago of its intention to close the Hlobane colliery in three months, a statutory requirement, is believed to have centred on the price of coking coal supplied by Iscor from Hlobane.

Although neither Trans-Natal nor Iscor has been prepared to discuss in detail the reasons for the dispute, some industry sources have pointed to the high price charged by Trans-Natal for the Hlobane product, and the apparent inclusion of debt servicing and other controversial items in the basis for the mine's fixed costs.

The wrangle came to a head when Iscor unilaterally refused to accept delivery of Gus seam coking coal from Hlobane, which in turn caused Trans-Natal to question the feasibility and extent of further deliveries of Dundas-seam coal.

Gencor then entered the discussions, and as managers of Trans-Natal, arrived at the complicated settlement apart from the transfer of various assets between Iscor, Gencor and Trans-Natal, the parties have agreed to waive all claims they may have had against each other arising from the dispute.

Resolution of the dispute leaves Iscor with the mine and a guaranteed supply under its control, and Gencor with the valuable stake in Samanco, but the advantages to Trans-Natal are not as obvious. The notice given to

the Minister of Mineral and Energy Affairs placed the jobs of almost 5 500 workers in jeopardy, and threatened further hardship for the depression-struck towns of Newcastle and Vryheid.

In terms of the deal struck between Iscor and Gencor, the mining house will first acquire Hlobane colliery from Trans-Natal at net asset value, and then transfer that interest to Iscor.

Iscor will also receive from Gencor its controlling interest in Dunswart Iron & Steel Works, and Gencor will acquire 50,25 percent of the issued capital of African Metals, whose sole asset

is about 59 200 000 shares, equivalent to 39,6 percent, of Samanco.

The total value of these transactions is R92 300 000, equivalent to 310c a Samanco share.

In return for Hlobane, Trans-Natal will receive certain coal mining rights, now being exploited by Trans-Natal but owned by Gencor. Gencor will also assume some of Trans-Natal's loan obligations.

A value of R69 900 000 has been placed on the Trans-Natal leg of the transactions.

Dunswart authorities will be offered 185c an

ordinary share, 100c for every 10,5 percent redeemable cumulative preference share, 120c for every six percent cumulative preference share, 120c for every six percent second cumulative preference share and par value for all 14 percent unsecured debenture stock.

Gencor holds about 56 percent of Dunswart's ordinary share capital, and the Dunswart is valued at just over R20m in terms of the offer to minorities.

Merchant banks Barclays, Senbank and Finsbank advised on the deal for the various parties.

Sowetan 260
5/7/83
Miners reprieved

MORE than 5 500 coal miners have been granted a temporary reprieve from losing their jobs following the settling of a dispute threatening the closure of the Hlobane Colliery.

The takeover of the Gencor-controlled Trans-Natal Coal Corporation Colliery by Iscor for an estimated R70-million has meant that thousands of workers at the northern Natal

mine could hold on to their jobs

Mr F P Kotze, managing director of the Iron and Steel Corporation, said yesterday that they were reviewing their production planning and that they had no intention of closing the mine

He said no jobs would immediately be affected, but he was reluctant to speculate on what might happen in the future

ISCOR

(189) (260) F.M. 8/7/83

Sticking to steel

In the first tentative steps towards selling off portions of its business to the private sector, Iscor has called for tenders from prospective buyers for its two retail stores in Thabazimbi. The move comes after years of pressure from Assocom and other private sector organisations.

Iscor has an iron ore mine at Thabazimbi where subsidiary company Iscor Utility Stores (IUS) operates a supermarket, a butcher, a garage and a bottle store. Advertisements inviting offers for the supermarket and the butcher have appeared in the press.

"Assocom maintains that Iscor's stores constitute unfair competition with the private sector," says John Pels, head of Assocom's distribution committee and a past president. "Meetings we have had with Iscor have never dispelled this belief."

Iscor runs other stores at a few remote mining communities in Namibia. But only the Thabazimbi outlets have so far been discussed by Assocom, mainly on the initiative of the Thabazimbi Chamber of Commerce.

Eighteen months ago, government told Iscor to sell its retail trading businesses in the town. Albie Myburgh, secretary of government's Standing Advisory Committee on State Competition, confirms that it was told to do so "as soon as practical," but no timetable was set.

"I don't know why it has taken them so long," he says. "Perhaps it's because business conditions are quiet and nobody wants to buy them."

Pels says Assocom is also mystified. "We were told 18 months ago about government's decision and we were very distressed at the delay," he says. "The tender advertisement was the first concrete development we have seen since. Even that only

happened after Assocom was asked to make further representations."

What surprises Assocom more, is that Iscor has not so far asked for buyers of the bottle store and garage. Pels says Assocom has written to Iscor to ask what is to be done about these remaining businesses.

However, Floors Kotzee, Iscor's MD, says that Iscor would be happy to consider reasonable offers for all of its businesses in Thabazimbi. And he adds that there were two reasons for the 18-month delay before asking for tenders.

□ Early last year Iscor was seriously considering closing the Thabazimbi mine and carried out lengthy studies before deciding not to do so. He says it would have been unethical to have sold retail businesses if there was any possibility of the mine closing, and

□ Subsequently, when it was clear the mine would stay open, Iscor negotiated directly with Checkers to take over the supermarket, but the chain did not buy.

Kotzee adds that during the period, Iscor also asked Assocom, through Pels, to help find somebody in the private sector to make an offer.

"We sell stores when the private sector is interested in taking over and we feel it is in the interests of our employees," he notes. "But there must be sufficient competition in the area first. We don't want to land our employees in a situation where the private sector is taking advantage of them because it has a monopoly in a remote area."

A recent decision by Checkers to open a store in Thabazimbi encouraged Iscor to ask for tenders, Kotzee adds. Also, Iscor closed a store at Sishen some years ago and will continue its divestment in line with its "policy of not competing with the private sector."

Pels asserts that Assocom has always maintained that without the IUS's presence, the private sector would be more active in Thabazimbi anyway.

Frasers, which operates 90 specialised estate and mine stores at remote sites, is considering tendering for the stores in Thabazimbi.

Says John Sampson, deputy MD of Frasers: "We do not believe that Iscor — a strategic steelmaker — should operate a trading arm. It is not in the interest of Iscor or the nation."

He adds that in past negotiations with Iscor, they were told that the IUS stores sell to Iscor employees at close to cost price. But Frasers' "basket checks" have always shown its own prices to be competitive.

And, he says, Frasers would also be keen on looking at taking over the Namibia stores. "We operate profitably in the remotest of areas," he says.



Sasol diesel is under grade, farmers show

By Hannes Ferguson,
Farming Correspondent

The Sasol plant at Secunda has been selling undergrade and insufficiently tested diesel fuel since January.

The Eastern Transvaal District Agricultural Unions reported that diesel fuel being supplied to farmers and truck owners by the Secunda plant has proved to be of a quality much lower than the oil-based fuel sold to them before.

Tractors often failed to pull the implements designed for them

A spokesman for the giant Eastern Transvaal Co-op at Bethal said the number of tractor fuel pumps sent in by members for repairs since January had risen by about 400 percent, and it had been established that the fault was in the fuel.

The ETC had tested a 110 kw tractor engine fitted with a non-rotary fuel pump and found that the new fuel caused a drop in power of almost 20 percent.

The co-op had then started to re-set fuel pumps but this caused a large increase in fuel consumption.

Sasol's fuel marketing manager, Mr SR Booth, has admitted that trouble had been caused by the low viscosity of its new coal-based diesel fuel — especially in the case of tractors fitted with the rotary type of fuel pump.

Sasol was taking steps to rectify the situation.

The SA Bureau of Standards commented that the diesel now sold by Sasol conformed to its specifications. These had been taken from overseas specifications, however, and had not been based on South African tests.

The Division of Agricultural Engineering of the Department of Agriculture in Pretoria said it had not been a member of the SABS committee approving the current SABS standard.

The specification "was in urgent need of revision" and a technical committee on which it was represented would now see to this.

The department had tested the Sasol coal-based diesel fuel in December 1981 and found no significant difference in heat energy values.

But it added that because of the different chemical composition of the new fuel, heat energy was no yardstick of its power value.

Sasol had confirmed this.

The department would now re-test the power value of the new fuel.

The Transvaal Agricultural Union said it was mounting an intensive investigation.

SABC beams bitter attack on Jonathan

8/7/83 260 #17
EDM

Mail Correspondent

CAPE TOWN — The slanging match between South Africa and Lesotho reached a new pitch yesterday when the SABC made a bitter personal attack on Chief Leabua Jonathan, Prime Minister of Lesotho.

Listeners to Current Affairs — a comment programme widely believed to articulate Government policy — were startled by some of the strong remarks in the broadcast.

The SABC said that after 13 years of grimly hanging on to the power he had seized after an abortive election, the "portly premier" was on the way to self-destruction.

Not only was he becoming a menace to Southern Africa and his own country, he had also alienated himself from his people and was probably motivated by vain glory.

Much of the programme was devoted to the signs of the country's internal unrest which indicated "how wide and deep is the popular discontent with his rule".

The director of the Institute of International Affairs, Professor John Barratt, described the broadcast as "highly irresponsible", especially coming from a Government-aided organisation.

Also reacting, the Opposition media spokesman, Mr David Dalling, said although the Progressive Federal Party "held no truck" with Chief Jonathan's regime, it seemed strange that a broadcasting corporation should attack the head of a foreign state and in doing so enter into the field of foreign policy making.

Professor Barratt added "Although one cannot assume that the SABC's editorial is the official Government viewpoint, I would hope that the Foreign Minister, Mr Pik Botha,

will dissociate himself from this type of personal attack."

The problem though, he added, was that outsiders and Lesotho itself would assume that the South African Government was "talking" in the programme.

The on-going slanging match between the two countries — sparked off by the cross-border activities of the African National Congress — had become "undignified".

Lesotho, which was to all intents and purposes part of the South African economy, posed no threat to this country and Chief Jonathan was clearly unwise in some of his recent statements, he said.

His reason for inviting Communist Bloc countries to open embassies in Lesotho was difficult to understand because "the Big Boys" would not give him meaningful help.

Speculation that South Africa was preparing to switch allegiance to Chief Jonathan's opponents — the Lesotho Liberation Army, whose activities, actual and claimed, are increasing — was intensified by the fact that South Africa had made no categorical statement on its alleged material support of the LLA, he added.

Mr Dalling added that no matter what South Africa thought of Chief Jonathan, it should not be the role of the SABC to worsen relations with Lesotho.

Replying to the criticism, a public relations spokesman for the SABC, Mr Eric van der Merwe, said the organisation was entitled to "its own editorial opinion".

The news department responsible for Current Affairs believed the programme was "a fair evaluation of relations between the Government of Chief Jonathan and South Africa", he said.

Dutch need SA findings about Salem

The Star's Foreign
News Service

ROTTERDAM — A Dutch court is to ask the South African Government for details of its investigations into the sinking of the oil supertanker Salem

These include a Sasol statement and results of parliamentary inquiries

The request will be submitted through the two countries' Foreign Ministries

The South African Government has in the past refused to provide information because it said it was bound by the Petroleum Products Act

The judge's decision was made at the request of the defence counsel representing Dutch businessman Mr Anton Reidel who is being prosecuted for his alleged role in the Salem affair

He is charged with fraud, forgery, embezzlement and theft of oil worth R61,6 million belonging to Shell International

The case has now been adjourned

Cape diamond concessions

State and Trans Hex winners

ROOM
9/7/83

THE STATE and Rembrandt-controlled Trans Hex are the major winners in the Government's allocation of diamond-prospecting leases off the Namaqualand coast

Other prospecting leases have gone to companies and individuals whose identities are puzzling established operators in the offshore diamond-mining business

Each successful applicant was not told by the Department of Mineral and Energy Affairs who the other lease holders are

The department will not name all the holders of prospecting leases as it believes it is up to the holders to make the announcement if they wish to

However, it has been possible to compile a list of lease holders and confirm the information

The concession areas have been split into three parallel zones running from Cape Columbine to the mouth of the Orange River which forms the boundary between South Africa and Namibia

The three zones are shallow water (zone A), middle-depth water (zone B) and deep water (zone C)

Shallow-water holders are 1A, 3A and 4A State Alluvial Diggings, 2A Cliff Diamond Ventures (Gauche and Versluis), 5A, 7A, 11A and 12A Terra Marina, which is a wholly owned subsidiary of Trans Hex, 6A Dafah, 8A and 9A Nama group, 10A Baggers

These 12 concessions form the shallow-water zones worked before the new system was introduced and the lease awards have been confirmed by the Department of Mineral and Energy Affairs

The new shallow-water holders are 13A North Bay Canning (a subsidiary of Lambert's Bay), 14A Boesmanlandt Beleggings, 15A Deuelseide, 16A Mr J P van der Merwe, 17A Mr B G S de Wet, 18A Eilande Visserye,

By BRENDAN RYAN

Mining Editor

19A Resipio Vaaldras, and 20A Mr J D T Coetzee

The middle-water leases awarded are 1B State Alluvial, 2B Versluis & Nortje, 4B O'Kiep Marine, 5B Dawn Diamonds, 6B Dafah, 7B Ocean Engineering, 8B Nama group, 10B Deep Sea Diamonds, 11B Terra Marina, 14B Seatek Corporation, and 15B West Point Fish

Leases 3B, 9B, 12B, 13B, 16B, 17B, 18B, 19B and 20B have not been awarded

The deep-water leases awarded are 1C State Alluvial, 2C Selection Trust, 3C Sedco/Swanson, 4C and 5C De Beers, and 11C Terra Marina

The remaining deep-water leases have not been awarded

According to a statement by the Minister of Mineral and Energy Affairs, Mr P T C du Plessis, applications for prospecting rights over the vacant sea areas will not be considered for two years

The statement said certain lease areas might not prove profitable and areas were being kept in reserve for those who invested on a large scale in unprofitable areas

Terra Marina, with six concession areas, is the major holder of leases. The company held four of the original sea-mining areas and has kept them as 5A, 7A, 11A and 12A

The addition of 11B and 11C gives the company a continuous strip of claims running out to sea, which is seen by mining men as a good combination

The only other lease holder to have a similar arrangement is the State Alluvial Diggings. It has the three coast lease areas which border its alluvial operations on shore, and then 1B and 1C. The No 1 leases border Namibia and there is apparently some uncertainty over where the international boundary line is to be drawn

This may have been a major factor in the State's taking over these leases

They will be mined by Government employees and profits made will go to Internal Revenue

There is considerable interest in diamond-mining circles over the number of newcomers to the operations and in particular the identity of the people to whom awards have been made personally

Setting up an ocean-bed mining operation requires a minimum of R500 000 in capital

This would be doing it in the cheapest way by chartering a boat, hiring a skipper, diver and crew, and buying a treatment plant

Anyone setting up a large operation with several boats is looking at an outlay of between R1-million and R3-million, according to industry sources

At least two companies, Dawn Diamonds and De Beers, do not appear to have done well in the awards

Dawn pioneered the geological examination and recovery of diamonds from the seabed in this area, working Terra Marina's four claims on a royalty basis until Terra Marina took three of them back

The one concession given to the company seems small reward for the work it has done

De Beers, according to Business Mail's information, has two deep-sea concessions. A De Beers spokesman would not confirm this

The company has considerable expertise in the recovery of marine diamonds and the financial muscle to do it in a big way — major factors in its favour if what the Government wants is rapid development of the area and its subsequent rewards in tax and lease payments

However, the Government may think, perhaps justifiably, that De Beers has more than its share of the South African diamond-mining industry

Samancor sale: ENK files

THE manner in which Gencor this week snatched control of Samancor, the world's biggest chrome and manganese company, has stirred a hornet's nest in financial and political circles.

But the two main parties to the deal, Gencor and Iscor, insist that the transaction is fair and in the best interests of all — including the public.

By DON ROBERTSON and DAVID CARTE

Critics, however, claim that, as Iscor is a State corporation, any sale of its assets should have been by tender to ensure that the best price was received.

They are particularly concerned as the Government has stated its intention of "privatising" further State assets.

Gencor gained control of Samancor by swapping its shares in Dunsward Steel and Hiobane Collieries.

For the purposes of the transaction, Samancor was valued at its market price of 310c, while Dunsward was valued at 185c. Hiobane was valued at net asset value.

This means that Samancor was valued 32% lower than its price in April, before shocking results because of the world steel crunch sent it reeling, while Dunsward was valued 80% higher than its level in April.

Since it owns the biggest chrome and manganese reserves in the world, many feel that Samancor's long-term growth record and outlook

are decidedly better than Dunsward's. Dunsward has had a chequered recent history.

Few, even in Gencor, would dispute that control of Samancor passed on favourable terms.

Samancor has been a prize cherished by other suitors over the years, including Anglo.

Anglo six years ago, before a share split quintupled the number of shares in issue, offered 1 080c cash per share against a 900c offer by Gencor. The Government blocked the deal.

Anglo subsequently acquired 29.8% of the highly desirable company through the sale of its Middelplaat mine to Samancor for 9-million shares — and buying all available stock on the market.

This it did in competition with Gencor, and it is be-

lieved that, had it been allowed to bid for the Samancor stake, it might have been prepared to offer more than the 310c a share paid by Gencor.

Anglo remains quiet on the deal, but is understood to be more than peeved.

Floors Kotzee, managing director of Iscor, tells Business Times that the deal was so structured because of the dispute over supplies and the only way in which it could be resolved was for Iscor to acquire the colliery.

To pay for this, it had to relinquish control of African Metals and hence Samancor. Had the dispute not been resolved, says Mr Kotzee, a court case involving about R120-million could have ensued.

Referring to Dunsward, he says the company is expected to break even in the current financial year, and points also to the strategic importance of Dunsward's sponge-iron plant.

Star 11/7/83

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Pay deal by Escom

Labour Reporter

A wage agreement has been reached in talks between Escom and various trade unions, the Electricity Supply Commission said today

Unions last month rejected offers of rises of 5 percent and 6 percent

Escom had called on employees earlier to accept economic restraints because of the recession

Exact details of the new agreement were not made available

REUTERS

Insect threat to Matimba power station

By SIMON WILLSON

Industrial Editor

ONE OF the most urgent problems facing planners at Escom's R2 000-million Matimba power station is not security or the drought — but insects.

Matimba, Escom's first water-saving dry-cooled power station, due to start operating in 1986, is thought to be vulnerable to swarms of insects in the North-Western Transvaal.

Instead of the traditional cooling towers, Matimba will have giant radiators to cool

water from a sealed cooling system by heat exchange instead of wasteful evaporation.

But these radiators, covering an area of more than 900m², will need 48 electric fans to cool the water in the power station's system.

Planners fear that the fans' efficiency could be reduced, or the rotor blades even clogged, by insect swarms.

The delicate cooling fins on the radiators could also be damaged by insect deposits.

The 100 ha power-station site will have to be lit at night, and insects will be attracted from the surrounding bush by the lights.

Under Matimba's present construction specifications the fans, each with a diameter of 3,3m, will have no screens around the rotor blades.

"I fear this problem," said Matimba's manager-designate, Mr Dries Struwig.

"It's a major headache because you can't clean off insect deposits easily without damaging delicate installations like the radiator fins."

Matimba's susceptibility to insects is unique among Escom's power stations because of its location on the coalfields of the North-Western Transvaal, and its technology, which requires untried fans and radiators.

Site planners are only now realising the potential insect threat to the power station and are working on several possible solutions.

Mr Struwig said "We must try to keep our outside lights to a minimum, and possibly try to lure insects away from the fan area by using other lights."

Matimba will be the world's biggest dry-cooled power station with an output capability of 3 600 mW.

Construction is on schedule

for the first generator set to be operational in September 1986.

Dry-cooled power stations use barely a third of the water used by conventional power stations.

Matimba expects to use only about 0,7 to 0,8 litres of water a kilowatt/hour of power generated compared with a wet-cooled station's 2,5 to 2,8 litres a kW/h.

Two other dry-cooled power stations are under construction — the Kendal plant in the Eastern Transvaal and the Majuba project in the South-Eastern Transvaal.

But because Matimba is the first dry-cooled station to be built on a large scale anywhere in the world, Escom officials say it will suffer from occasional problems simply because dry-cooling technology has never been applied to a project of this magnitude.

13/7/83
260

Pumps to save at least 100 lives in flood fighting

By Stephen McQuillan

Sweden — the ANC's biggest Western "sugar-daddy", according to a Pretoria academic — this year filled a vital gap in South Africa's R35 million emergency plan to keep the lights on.

Sweden was the only country in the world known to be able to deliver sophisticated engineering equipment to South Africa before the project deadline, according to the Electricity Supply Commission (Escom).

Without the crucial equipment, the seven-weir scheme to reverse the flow of Vaal River and channel water to the country's most important power complex in the Eastern Transvaal would have been vulnerable to breakdown.

The contract with the Swedish company was worth R2 million.

But, as the first batch of equipment was arriving in South Africa during May, another transfer of a different kind was being made from Sweden — R5 million for the banned African National Congress.

Sweden released the cash for "supportive victims of South African apartheid".

And, says Professor Mike Hough, director of the Institute of Strategic Studies at the University of Pretoria, Sweden's contribution to the ANC was the biggest from any Western country.

A spokesman for the Department of Foreign Affairs and Information said Sweden had a love-hate relationship with South Africa, though the countries had exchanged diplomatic envoys.

Despite Sweden's strong support for the ANC, trade links had been forged.

"Perhaps the value of the relationship is trade," said the spokesman.

Politics did not interfere with business.

What unfolded is seen by the engineering world as a masterpiece of organisational and logistical planning — against the clock — which prompted high-speed responses from contractors involved.

The weir scheme's planners

Sweden aids both ANC and Escom

needed sophisticated underwater pumps for the weirs to make sure the pumping operation from Vaal Dam to Grootdraai Dam near Standerton would continue even through surprise flooding.

Escom, responsible for installing the pumps, tried all over the world to secure a deal, including Japan, the United States and European countries.

A company called Flygt of Sweden was the only one which could supply the pumps in time.

The weir scheme had to be completed by the end of September, before the electricity rationing threat became real.

Escom raced against time to organise their side. Flygt won the R2 million contract.

A "few strings" were pulled in Sweden to ensure a rapid delivery, according to Flygt's Johannesburg agents, Hugh Mellor and Company Limited.

RUSH ORDER

Mr Nigel Macbeth, the product manager, said a cargo ship was about to leave port in Sweden when the order was made.

Flygt managed to secure space on the vessel.

If the space had not been made available, pumps would have been airlifted to South Africa — at considerable cost, Mr Macbeth said.

The company supplied 77 pumps. The first arrived on site within 1½ hours of the expected delivery time.

The factory order was placed on April 27 and the first batch was on site by May 28.

"That is exceptionally quick. We have never been involved in ordering anything which had such critical urgency," said Mr Macbeth.

Nothing similar to the Swed-

ish units were manufactured locally.

An Escom spokesman said normal pumps would not have been able to cope in a flood rendering the scheme inoperable.

The Swedish pumps had to be fitted on weirs one to five (nearest to Vaal Dam) because of the risk of a surprise torrent rushing into Vaal River from Klip River.

"But where it was possible, we used South African pumps," he said.

Other, less controversial suppliers also pulled out all the stops.

The second of three pump suppliers involved was Johannesburg-based Mather and Platt (SA) (Pty), an Australian subsidiary company.

They agreed to supply seven pumps — the largest — for the final pumping operation from Vaal River into Grootdraai Dam. They won a R1 million contract. All the giant nine-ton pumps were built in South Africa, according to sales manager Mr John Sinfield, although mouldings had first to be flown in from Australia.

"As there was only one direct flight a week, we had to route the mouldings via Europe.

"Normal delivery on this type of pump is nine months. We received the order on April 29. They are almost ready now," Mr Sinfield said. Mono Pumps (Africa) (Pty) Ltd made 12 other pumps within eight weeks, said product manager Mr Mike Shaw.

The Escom spokesman said: "Local people stopped production to do the work we needed. They have really done a tremendous job."

German Shepherd.

Designed in Germany.

MAIL, Thursday, July 21, 1983

Escom needs 35% increase in income

ESCOM'S revenue will have to rise by up to 35% to cover the costs of emergency measures to maintain electricity supplies in the drought.

Some of of this shortfall would have to be met by increases in tariffs, said a spokesman for the commission yesterday.

The tariff structure was Escom's only mechanism for the recovery of increased costs.

However, part of the additional drought expense could be met by interest accruing to an internal Escom fund which was also maintained by tariffs.

Escom has yet to decide on the size of the tariff increase and whether it will fall more

By SIMON WILLSON
Industrial Editor

heavily on domestic or industrial consumers

All or part of any drought-based tariff increase might be a temporary surcharge which could be reversed once the drought was broken

The emergency measures Escom is paying for to prevent a loss of power generation include the use of uneconomic power stations and the diversion of water supplies to the Eastern Transvaal

Because the shortage of water, which power stations use for cooling, is most acute in the Eastern Transvaal, Escom has reduced generation at its modern plants in the area which normally provide about three-quarters of Escom's total supply

Output from older and less efficient power stations in the mid-Vaal region and on the coast has been stepped up as they have sufficient water.

The old power stations are less efficient than the new ones and additional coal supplies have to be railed to them, increasing Escom's fuel costs by up to R80-million in the past six months

A project to channel water from the Vaal Dam to the Grootdraai Dam near Standerton in the Eastern Transvaal will cost Escom almost R11-million

● South African electricity prices rose by almost twice the annual inflation rate in the past year, a firm of international energy cost consultants has calculated

In its annual international survey of electricity prices, United States-based National Utility Services found that the South African electricity price rose by 23,6% between mid-1982 and mid-1983 against an inflation rate of 13,6%

However, the survey showed that this price increase brought South African

electricity prices into line with the world average price of 4,2c a kilowatt/hour

The survey found Cape Town's electricity rates to be the highest in South Africa at 4,8c a kW/h and Pretoria's the cheapest at 3,1c

Johannesburg's rate was 4c and Durban's 4,7c

The most expensive electricity in the survey was Italy's at 7,4c a kW/h, and the cheapest was Sweden's at 3c

THE Government has been shaken to find itself with a major stake in Mr Sol Kerzner's new gambling empire.

It has ordered an urgent inquiry into this week's Kerzner-Holiday Inns deal.

Through its interest in Safmarine, the State has become in effect a partner in the deal which will put all but one of the casino resorts in Southern Africa under one umbrella.

Yesterday, the Minister of Industry and Commerce, Dr Dawie de Villiers, said: "It has implications about which I'm not happy."

A "surprised" Mr Kerzner declined to comment on the Minister's statement.

Disquiet

Safmarine, shipping arm of the Government-controlled Industrial Development Corporation, has taken a share of about 18 percent in Mr Sol Kerzner's new group which will control all the casinos of Southern Sun and Rennie's Holiday Inns.

The major Afrikaans churches and rightwing politicians were quick to express disquiet at the State's involvement with gambling and indicated pressure would be brought to bear on the Government.

The Cabinet, sensitive to opposition among its supporters towards anything which smacks of gambling, appears to have been taken by surprise by its sudden participation in roulette and blackjack.

As it is, Ministers have faced bruising criticism from churches and political groups over the Bonus Bond scheme.

The casino deal, announced with

SOL'S GOLDEN CHAIN: Page 2

much fanfare on Friday, has been put together as follows:

Safmarine (in which the IDC holds a stake of at least 50 percent) will, in a joint venture with casino king Mr Kerzner, acquire a 37,5 percent interest in Newco, which will operate 13 casino resorts in neighbouring states and Mauritius.

Rennie's Consolidated Holdings, controlling company of Holiday Inns SA, will also acquire 37,5 percent, while Southern Sun, controlled by SA Breweries, will have a 25 percent interest.

Mr Kerzner, with 50,1 percent, will control the Safmarine-Kerzner holding and, as chief executive of Newco, will be effective boss of the casino chain.

Implications

The gambling group expects to make profits of between R25-million and R30-million in its first year on a turnover more than R150-million.

In a statement issued yesterday, Dr de Villiers, an ordained NGK minister, said the Safmarine interest was "a purely business transaction and was not submitted to the Government or the board of the IDC for approval".

He added: "Safmarine operates as an independent public company and the interests of the IDC in this group are represented by two directors."

"The details which have thus far come to me through Press reports have implications about which I am not happy."

"The involvement in casino activities of a group in which the IDC has a substantial interest cannot nearly be accepted."

"I have, therefore, urgently called for the details and am giving the matter my urgent attention."

Mr Kerzner said from Cape Town yesterday he had no comment on the decisions of the Safmarine board.

He was surprised by the Minister's statement as he saw the deal as a major stimulus for the Southern African tourism industry.

But Mr Kerzner had no comment on the text when it was read to him.

"The deal we concluded this week — which I see as an exciting grouping of hotels for the future — represents a

□ To Page 2

BY BRIAN POTTINGER, DAVID FORBET AND DOUGLAS GORDON

STASTEN SHEEK

Deal with Sol gives the Government a stake in gambling, then Minister orders an urgent inquiry

21/8/83
S Times
260



MOMENT OF THE BIG DEAL... Sol with Safmarine boss Marmion Marsh

Handwritten notes and scribbles, including the number '260' and other illegible marks.

g mecca

Southern Sun since the latter's inception 14 years ago, and it was only natural, say Messrs Marsh and Kerzner, that they should act together now Hotels and ships belong side by side

The parties to this week's deal were anxious to play down talk of monopoly, but with the Hilton Hotel's Maseru casino the only one south of the Limpopo not in the stable, that is what they have.

■ ■ ■

The parties did not consult the Competition Board because all the casinos are outside SA, and they say the board therefore has no jurisdiction.

"We don't have the monopoly," says Mr Fiddian Green, "the governments do"

But the homeland governments that do not yet have casinos, such as Kwa-Zulu and KwaNdebele, will now have only one strong suitor for the right to operate in their territories.

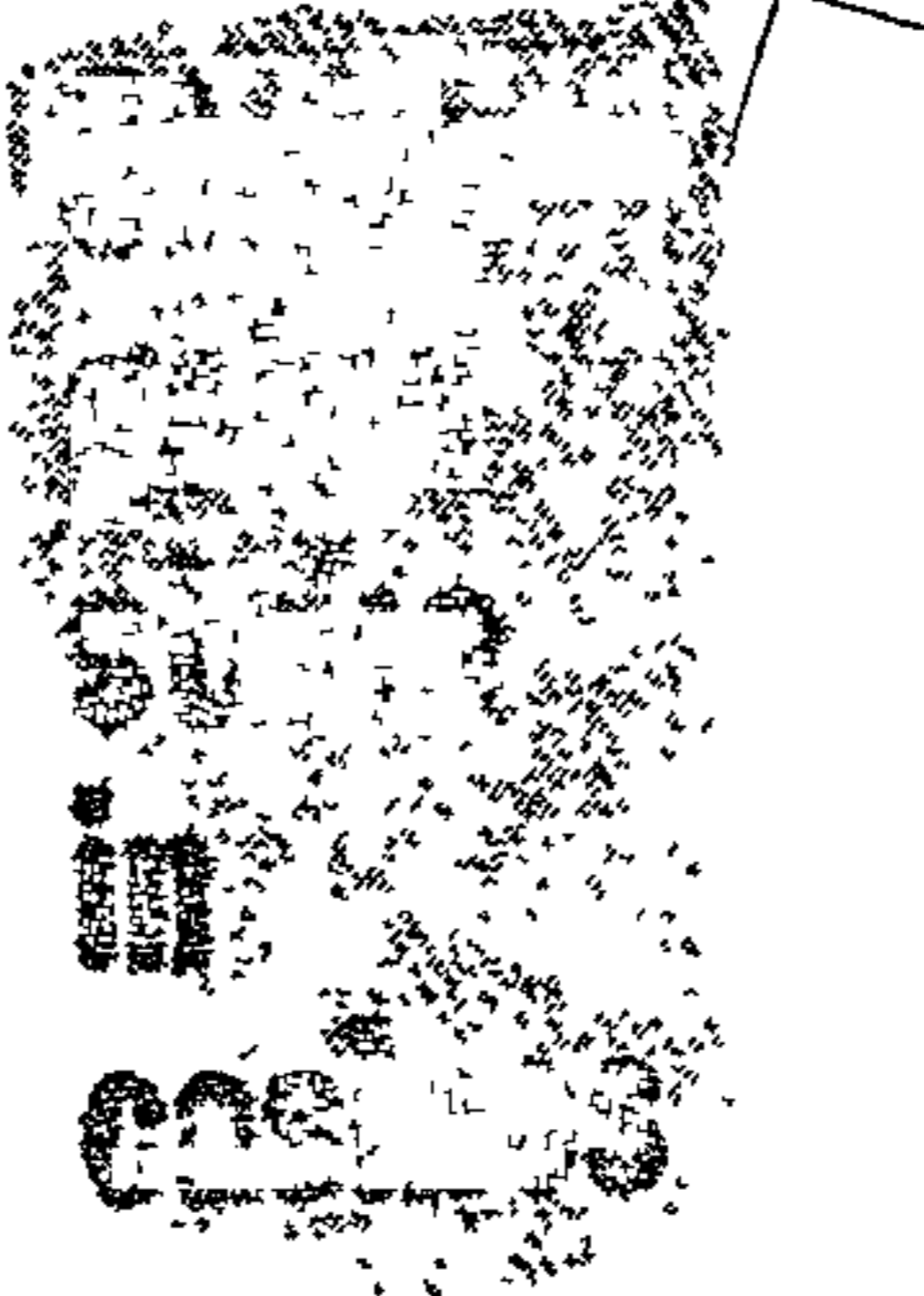
It is probable that any casino in KwaNdebele will now be smaller than might have been the case had it been competing directly against Sun City

Negotiations for the pooling of Newco and Rennie's casino interests took only six days. This required a lot of trust and complete faith in accounting between the parties

Newco and Holiday Inns pooled their assets and took shares in the merged operation according to the profits generated by the respective assets.

Newco is 25 percent owned by Southern Sun and 75 percent by Sun Rennie. Sun Rennie is owned 50 percent by Rennie and Holiday Inns, and 50 percent by Mr Kerzner and Safmarine. Mr Kerzner is chief executive and Mr Dick Goss, former chief executive of SA Breweries, chairman.

Mr Fiddian Green is deputy chairman. The other directors are Mr Peter Bacon, managing director of Southern Sun, Mr Selwyn MacFarlane, of SAB, Mr Marsh, Mr Nigel Matthews, MD of Holiday Inns, and Mr Ted Steyn, of Rennie's



□ From Page 1

strong thrust into the overseas market

"It pools the major resources involved in tourism — which would have the capacity to make a significant impact in the international marketplace, thus stimulating foreign exchange earnings," he said.

The present annual turnover from overseas tourism in Southern Africa was roughly R500-million, said Mr Kerzner.

A substantial force, properly directed at the international market, should yield returns of around the R2-billion mark by the end of this decade, he added.

The intention of the Newco group's recent moves in the Southern African market was to develop the entire tourism industry, of which the gaming aspect was merely a part, he said.

At a Press conference on Friday, Mr Marmion Marsh, chief executive of Safmarine, said he could see nothing contradictory about his company's participation in gambling.

Gambling

"There was gambling on the Union Castle liners we took over years ago and no-one made any fuss," he said.

"If we have to provide gambling facilities to attract tourists, we provide to meet the demand."

Influential leaders of the three major Afrikaans churches yesterday reiterated their total opposition to gambling and said they would look into the implications of the latest deal.

"It is possible that we may make representations to the Government if we are unhappy with the situation," said Professor Bart Oberholzer, chairman of the General Assembly of the Nederduitsch Hervormde Kerk (NHK)

"Generally speaking we are quite perturbed at the growth of casinos on our borders," he added.

The Rev Kobus Potgieter, chairman of the Plenary Executive of the Nederduitsch Gereformeerde Kerk (NGK), said if the Government was in any way involved in the deal, the church's repeated condemnation of gambling would be valid.

Fireworks not likely from UN's Mr Plod

5 Times 2/2/83

By BRIAN POTTINGER in Cape Town and MICHAEL LITTLEJOHNS in New York

SOUTH AFRICA is gearing itself for the first visit of a United Nations Secretary-General in 10 years with hopes of some new impetus for the SWA/Namibia negotiations, but no major breakthrough is expected.

Dr Javier Perez de Cuellar, UN Secretary-General, and an 11-man entourage left New York last night for a whistle-stop tour that will take in South Africa, SWA and Angola.



Mr PIK BOTHA Easier to talk to

They arrive in Cape Town on Monday.

Five years ago the Security Council unanimously approved a Western-drafted plan to lead SWA to statehood but the scheme remains unimplemented

On May 31 the council directed Dr Perez de Cuellar to try to break the deadlock and he must report back on his efforts by August 31.

Unlike his predecessor, Dr Kurt Waldheim, who missed few opportunities to lambast South Africa's internal and SWA policies, Dr Perez de Cuellar has made few criticisms, apparently in the belief that it is not the Secretary-General's function to damn member states

Secretary-General's visit was in the balance because of queries over the agenda facing him when he arrived. Clarifications from the South African side apparently smoothed the path.

It is expected discussions between Dr Perez de Cuellar and the South African Government will focus mainly on the outstanding issues concerning the United Nations Transitional Assistance Group (UNTAG) and the proposed electoral procedures for a post-independence constituent assembly.

Impartiality

The possibility of some further movement on the com-

in



TREURNICHT gain poll support

motions calling on African Government include white South-



Mr Plod

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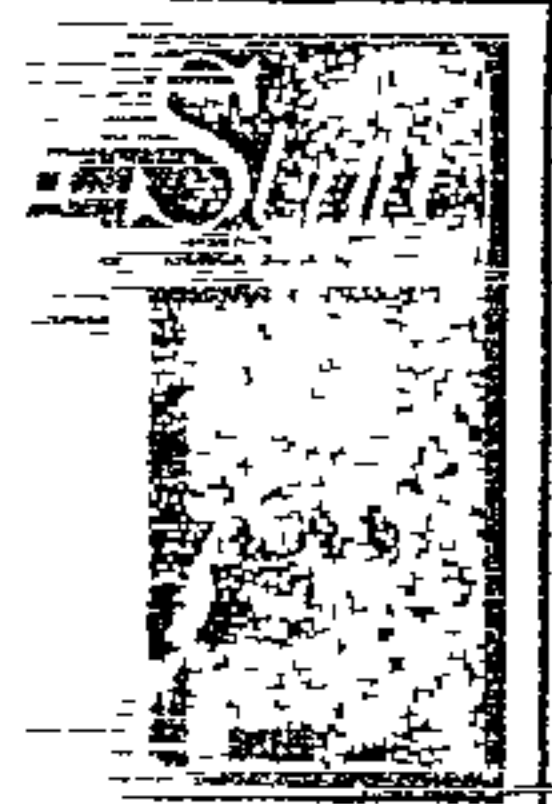
Mr PIK BOTHA
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WHER AND TIDES

	High/Low	High/Low
Cape Town	0210/0824	1438/2038
Mossel Bay	0232/0848	1459/2084
Knysna	0253/0902	1518/2110
Port Elizabeth	0230/0843	1500/2083
East London	0241/0851	1504/2100
Durban	0242/0855	1509/2109
Walvis Bay	0213/0810	1433/2030



DR ANDRIES TREURNICHT
Could gain poll support

forward motions calling on the South African Government to include white South-westerners in the coming referendum on the proposed South African constitution. Observers reckon that if whites are included in the referendum it could add several thousand "no" votes to the voice of the CP.

Speculation that the SWA NP was set to throw its weight behind Dr Treurnicht heightened when a low-key speech given by Mr Pretorius in the white Legislative Assembly on Wednesday was splashed across the front page of the weekly NP mouthpiece, Die Suidwester.

In the speech, Mr Pretorius directly accused "every member of the South African Cabinet and Member of Parliament" of a breach of trust in their handling of the Namibian question.

He said the Botha Government had shifted from a "juridically correct" path in its handling of SWA, and had yielded to pressure from the United Nations and the Western Five.

In a separate interview with the Sunday Times on Thursday, Mr Pretorius accused the UN of being "terrorists", and said if the Secretary General of the UN, Dr Javier Perez de Cuellar, arrived in Windhoek with a "UN attitude", then he too would be a "terrorist", and not just a "tourist".

They arrive in Cape Town on Monday

Five years ago the Security Council unanimously approved a Western-drafted plan to lead SWA to statehood but the scheme remains unimplemented.

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Unlike his predecessor, Dr Kurt Waldheim, who missed few opportunities to lambast South Africa's internal and SWA policies, Dr Perez de Cuellar has made few criticisms, apparently in the belief that it is not the Secretary-General's function to damn member states.

Officials said this quieter approach would make it easier to talk to the Prime Minister, Mr P W Botha and the Foreign Minister, Mr Pik Botha

After 20 months in office, Dr Perez de Cuellar badly needs a diplomatic success, UN observers said.

The United States, Britain, France, Canada and West Germany, which together drew up the settlement terms, are especially eager for it and have been pressing South Africa to be as accommodating as possible.

Unless there is significant progress, diplomats said, it was inevitable that the black African states, backed by a large body of UN members, would demand that the Security Council impose a long list of economic sanctions as well as the current arms embargo.

Realistic

Asked about pessimistic reports on the prospects for the visit, the UN Press secretary, Mr Francois Giulliani, said there were always anonymous officials ready to make such comments but his chief himself was "realistic".

Mr Giulliani indicated that Dr Perez de Cuellar would not be going to Cape Town if he believed he would return empty-handed. He recalled the Secretary-General's remark to that effect after the May resolution.

South Africa has welcomed the mission and Pretoria has apparently gone out of its way to ensure that no obstacles should sabotage the visit of the Secretary-General. Earlier in the week the

Secretary-General's visit was in the balance because of queries over the agenda facing him when he arrived. Clarifications from the South African side apparently smoothed the path.

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Impartiality

The possibility of some further movement on the composition of the UNTAG forces as a result of the visit is not ruled out.

Another relevant topic which may be raised involves UN impartiality. Although South Africa has accepted the principle of UN non-partisanship in the settlement process it might want to discuss practical implementation of that impartiality.

But the key question from South Africa's side and ostensibly the last major stumbling block to implementation of Resolution 435 — the withdrawal of Cuban forces from Angola — seems destined to remain outside the ambit of discussions.

The Secretary-General's mandate from the UN General Assembly does not include the Cuban issue which is held to be a matter of bilateral discussion between the United States and the Angolan Government.

Similarly, possibilities of some form of coalition between the MPLA Government and Dr Jonas Savimbi's Unita forces is held to be outside the Secretary-General's brief.

Dr Perez de Cuellar leaves on Thursday for Windhoek for an "orientation" visit which will most likely include talks with South Africa's Administrator General, Dr Willem van Niekerk. He might also meet internal party leaders.

The Secretary-General's visit comes amid a background of dramatically increased warfare in south and east Angola in which Unita forces have claimed substantial victories and the Angolan Government has accused South Africa of participation.

by a part, he said
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Gambling

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"Generally speaking we are quite perturbed at the growth of casinos on our borders," he added.

The Rev Kobus Potgieter, chairman of the Plenary Executive of the Nederduitsch Gereformeerde Kerk (NGK), said if the Government was in any way involved in the deal, the church's repeated condemnation of gambling would be valid.

"We cannot excuse anybody," he said. "The Government is aware of our deep concern and the warnings we have repeatedly given on the dangers of gambling, which can lead to the downfall of our people."

Opposed

Dr Chris Malan, chairman of the Gereformeerde Kerk's Government Liaison Commission, said the matter would be discussed at its next meeting.

"We are opposed to any form of lottery or gambling, no matter who initiates it," he said.

Mr Jaap Marais, leader of the Herstigte Nasionale Party, also condemned the deal.

He said in Port Elizabeth that the Government's involvement was the "most disgusting manifestation of double standards".

The most outspoken criticism came from Mr Eddie van Zyl, director of Akale Morele Standaarde.

He said there would be a "cry of protest" if a semi-government body was involved in the casino deal.

Mr van Zyl, whose organisation claims to represent more than 80 000 members, said: "The mission fields of our churches are being developed into gambling dens."

"We piously state we are a Christian country and yet we are prepared to help destroy the values and morals of another nation."

"All this plastic and lights and feathers and glitter they put in places where people are living in utmost poverty. We must rather use our resources to build industries."

5 Time 21/8/63

~~21/8/63~~
260

LAS VEGAS, Atlantic City, Monte Carlo, Southern Africa... these will be the world's gambling meccas, not necessarily in that order, if Mr Sol Kerzner's dreams for his new monopoly in gambling come true

After the merger between Mr Kerzner's Newco casino, including Sun City and those of Holiday Inns — also the Wild Coast Inn — SA gaming has hit the international big time.

The new company, provisionally named Newco, will have half shares with governments in casino resorts in Bophuthatswana, Botswana, Ciskei, Lesotho, Mauritius, Swaziland, Transkei and Venda

It will have initial revenues of R150-million, and taxed profit of R30-million, making it worth about R300-million. Mr Kerzner aims to make it grow at the 30-percent plus per annum achieved by Southern Sun under his stewardship. Mr Kerzner and Mr Fiddian Green, chairman of Remles, told the Sunday Times that Newco would almost definitely be listed on the Johannesburg

Sol is set to build a gambling mecca

By DAVID CARTE

Editor, Business Times

Stock Exchange in the next 18 months. They maintain one of the main reasons they decided to work together rather than against one another, was to pool international marketing strengths.

"The tiny share of international tourism South Africa has today is scandalous," says Mr Kerzner. "We attract fewer European tourists than Australia."

He is confident the new gaming giant in association with its partners, Southern Sun and Safmarine, can launch an unprecedented marketing effort abroad

offer globe-trotting gamblers a large variety of casinos on land and at sea, in the bushveld and at the coast, balmy weather, beautiful scenery plus first rate accommodation — at bargain prices.

One reason why it will be so competitive is the cheapness of the rand. Already it is possible for Americans to have a two-week, five-star holiday in South Africa for as little as R1 500.

If Mr Kerzner and his team have their way, they will communicate this bargain in tourism internationally, and they hope SA will soon lead the field. Safmarine has already started looking for a passenger liner, "a five-star hotel on water", which will include a casino and, says its chief executive, Mr Marmion Marsh, expects to start a service between Europe and South Africa

within the next six to nine months.

Another service, cruising the subtropical seas of Southern Africa towards Mauritius, is also on the cards. "Let's face it, we'll be catering for the affluent," says Mr Marsh, "and there's no question that these passenger ships will pay."

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Southern Sun since the latter's inception 14 years ago, and it was only natural, say Messrs Marsh and Kerzner, that they should act together now. Hotels and ships belong side by side.

The parties to this week's deal were anxious to play down talk of monopoly, but with the Hilton Hotel's Masaru casino the only one south of the Limpopo not in the stable, that is what they have.

The parties did not consult the Commission Board because all the casinos are outside SA, and they say the board therefore has no jurisdiction. "We don't have the monopoly," says Mr Fiddian Green, "the governments do." But the homeland governments that do not yet have casinos, such as Kwa-Zulu and KwaNdebele, will now have only one strong suitor for the right to operate in their territories.

It is probable that KwaNdebele will not compete directly. Negotiations for Newco and Remle took only six days. Trust and complete between the parties Newco and Holiday Inns and took the operation according to the respective

Newco is 25 percent Sun and 75 percent Sun Remle is owned Sun Remle and Holiday Inns. Mr Kerzner and Safmarine is chief executive and former chief executive, chairman.

Mr Fiddian Green man. The other directors, managing director Sun, Mr Selwyn Mr Marsh, Mr Nigel Holiday Inns, and Remles.

Delegates slam new

constitution at UDF rally

By BRIAN POTTINGER and SYLVIA VOLLENHOVEN

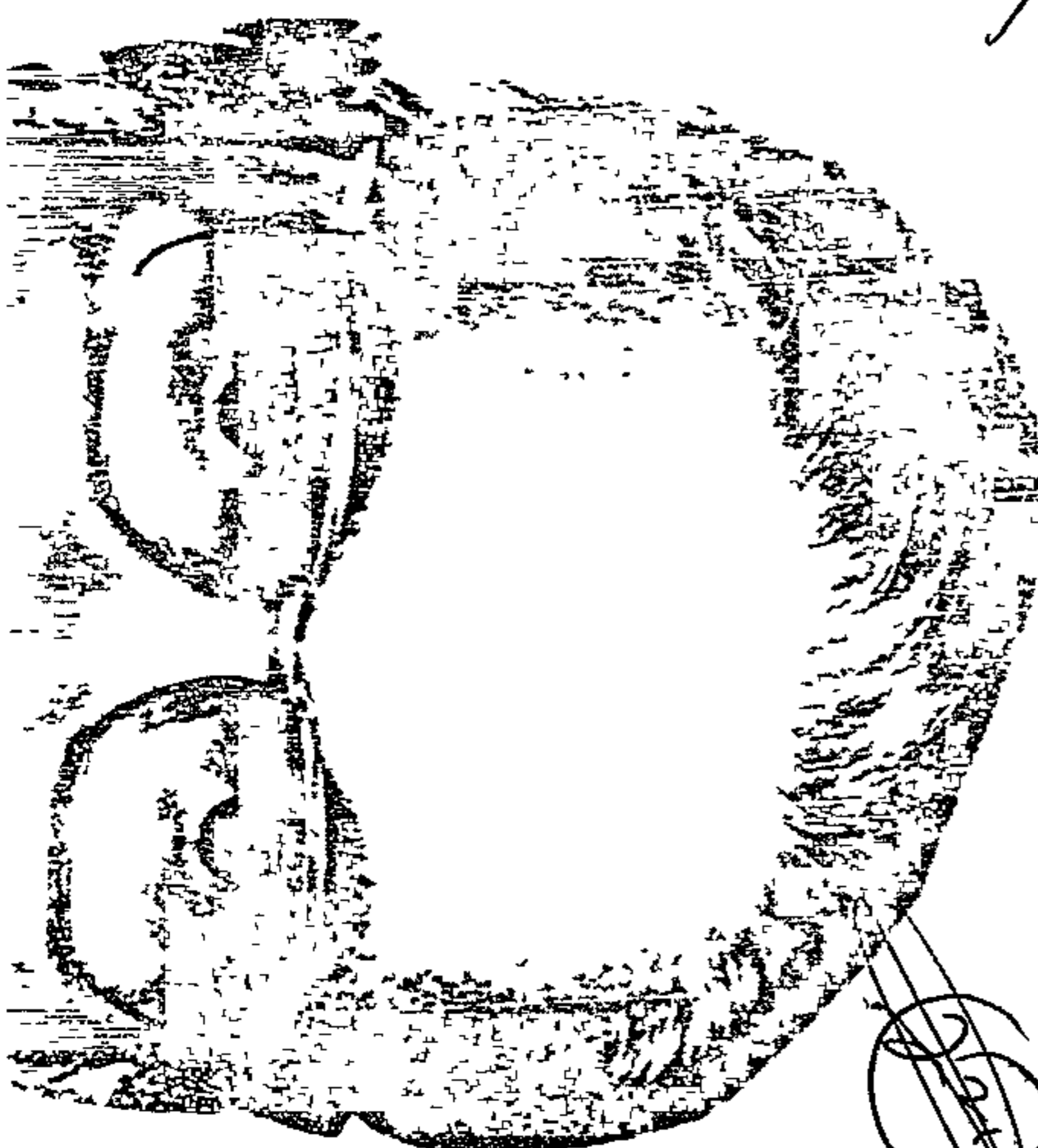
THE United Democratic Front was launched yesterday on a wave of enthusiasm at a mass rally in Cape Town which attracted between five and 6 000 people of all races from throughout the country.

The rally, one of the largest non-racial anti-Government congresses in years, heralds the beginning of a major campaign to smash the Government's constitutional proposals

More than 600 delegates, representing 400 organisations, adopted a series of resolutions condemning the proposed new constitution, the "Koorhof Bills", "Imperial

and Swapo were also read out at the meeting

In a well-received keynote speech at the rally after the closed session, Dr Alan Boesak, president of the World Council of Reform Churches, said the historic meeting was telling South Africa and the world "We are struggling for our human dignity and for the future of our children — we shall never give up."



Firework not like from UDF

Mr Pott

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Sol is set to build a gambling mecca

By DAVID CARTE Editor, Business Times

Stock Exchange in the next 18 months. They maintain one of the main reasons they decided to work together rather than against one another, was to pool international marketing strengths.

"The tiny share of international tourism South Africa has today is scandalous," says Mr Kerzner. "We attract fewer European tourists than Australia."

He is confident the new gaming giant in association with its partners, Southern Sun and Salmarine, can launch an unprecedented marketing effort abroad.

Multimillion rand "spectaculars" such as the boxing, golf, tennis and entertainment seen in recent years at Sun City, could become even more frequent and audacious in future as the new, stronger group attempts to grab world attention.

The new company will be able to offer globe-trotting gamblers a large variety of casinos on land and at sea, in the bushveld and at the coast, balmy weather, beautiful scenery plus first rate accommodation — at bargain prices.

One reason why it will be so competitive is the cheapness of the rand. Already it is possible for Americans to have a two-week, five-star holiday in South Africa for as little as R1 800.

If Mr Kerzner and his team have their way, they will communicate this bargain in tourism internationally, and they hope SA will soon lead the field.

Salmarine has already started looking for a passenger liner. "A five-star hotel on water", which will include a casino and says its chief executive, Mr Marmion Marsh, expects to start a service between Europe and South Africa within the next six to nine months.

Another service, cruising the subtropical seas of Southern Africa towards Mauritius, is also on the cards. "Let's face it, we'll be catering for the affluent," says Mr Marsh, "and there's no question that these passenger ships will pay."

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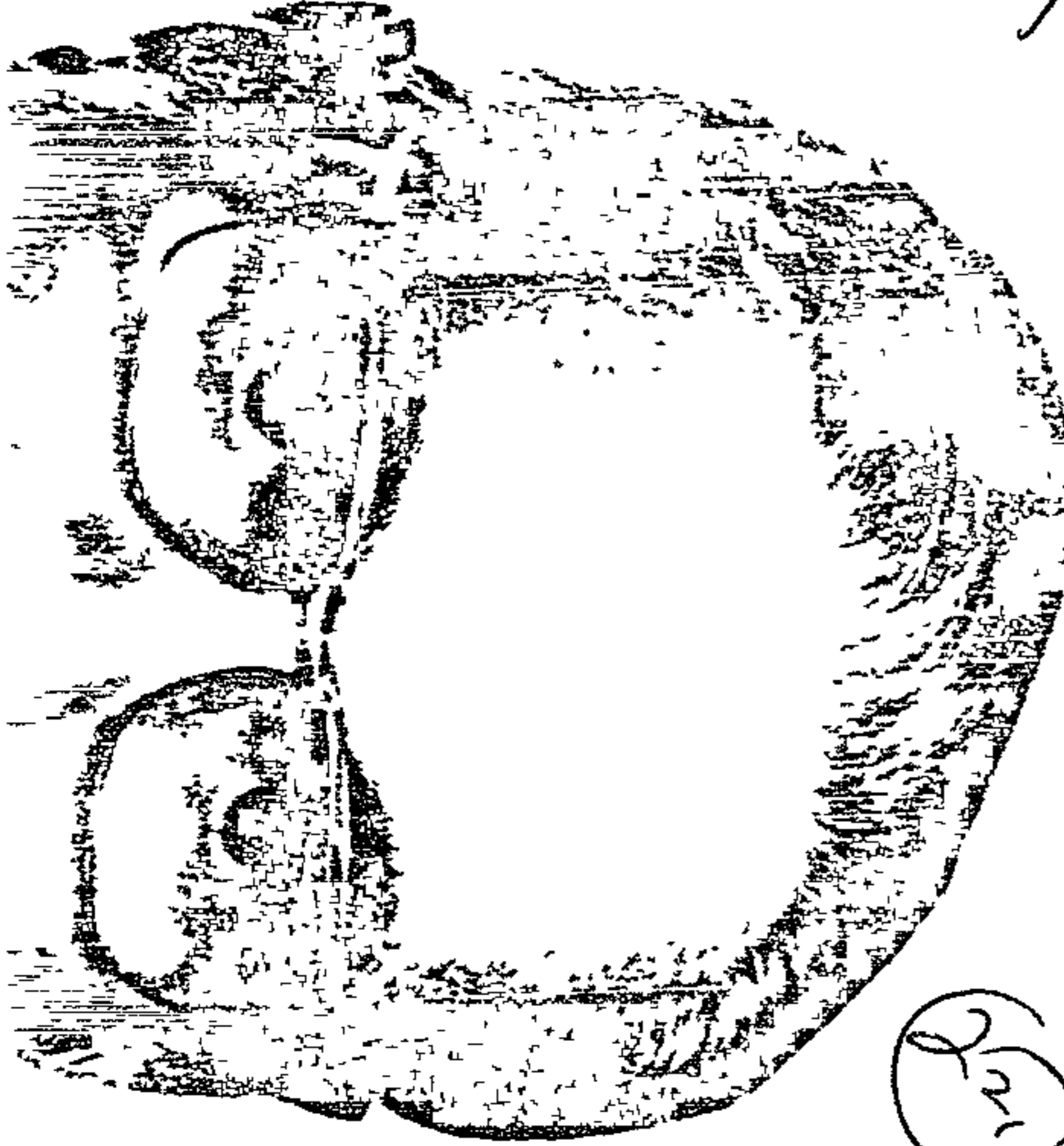
the Johannesburg

States slam new constitution at UDF rally

By BRIAN POTTINGER and SYLVIA VOLLENHOVEN

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"In a war the formation of a new constitution is a banner, and to educate people about the dangers in the constitution. Other resolutions slammed cornerstones of the apartheid society such as group areas and removals. One resolution attacked the alleged continuing use of force by the Gov-



(2/18)

Fireworks not likely

FROM UN'S

MR PLOD

By BRIAN POTTINGER in Cape Town

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Official silence on Secunda blast

Apr 22/2/83 260
Police and Sasol officials still refuse to comment further on the company's terse statement regarding an unsuccessful attack on the Secunda plant this week.

The attack took place about midnight on Wednesday but "no damage whatsoever" was caused, said a Sasol spokesman. A police spokesman said the incident was under investigation and no further statements would be made.

Although some residents of Secunda were reported to have heard an explosion followed by sirens, most people were unaware of the attack.

Police would not give details of the method used by the would-be saboteurs. Nor would they comment on reports that the attack had been launched from outside the installation.

Cape Times 22/7/83

Sasol 'attack' did no damage

Own Correspondent

JOHANNESBURG —

An unsuccessful attack was made on Sasol's Secunda installations on Wednesday night, a Sasol statement said yesterday.

The terse statement said "no damage whatsoever" had been caused and that the police were investigating the sabotage attempt.

An official Sasol public relations spokesman also declined last night to give further details, and referred all inquiries to the police.

However, a police spokesman in Pretoria also refused further information.

Attacks and attempted sabotage attempts at Sasol plants to date are:

● January 1980: R2-million damage caused when an explosion ripped through Sasol One at Sasolburg.

● June 1, 1980: Series of explosions and a massive blaze ripped through Sasol One. White security guard shot in the shoulder and minutes later five petrol tanks exploded.

● June 2, 1980: Three bombs planted at a Sasol-linked company — headquarters of the American firm Fluor — who were involved in the building of Sasol Two and Three. This attempt came 15 hours after the explosions at Sasol One and Natref in Sasolburg.

260

San. Exp. 3/7/83

TPA To earmark board on gifts to officials

Reports by
WILLEM
UTTING

THE Transvaal Provincial Administration (TPA) will now reimpose, in full force, standing regulations which prohibit any of its officials from accepting gifts unless they obtain proper permission

Officials who contravene the ban will face a departmental inquiry and, if found guilty of misconduct, will be liable to penalties ranging from a reprimand to dismissal from the service

However, the administration is not considering action against officials who were recently found by the de Kock commission of inquiry to have accepted gifts and favours from a group of pharmaceutical companies

This was announced in a statement issued on Friday by the TPA's liaison officer, Mr A Byrne

The statement denied a Sunday Express report which said the findings had sown "utter confusion in the administration"

"The report of the de Kock commission has been



● Administrator Mr Willem Cruywagen says it's not possible to reopen the commission

ing by officials without permission except under "that no action is concern-

THE REGULATIONS

THE RULES now reimposed for all officials of the Transvaal Provincial Administration

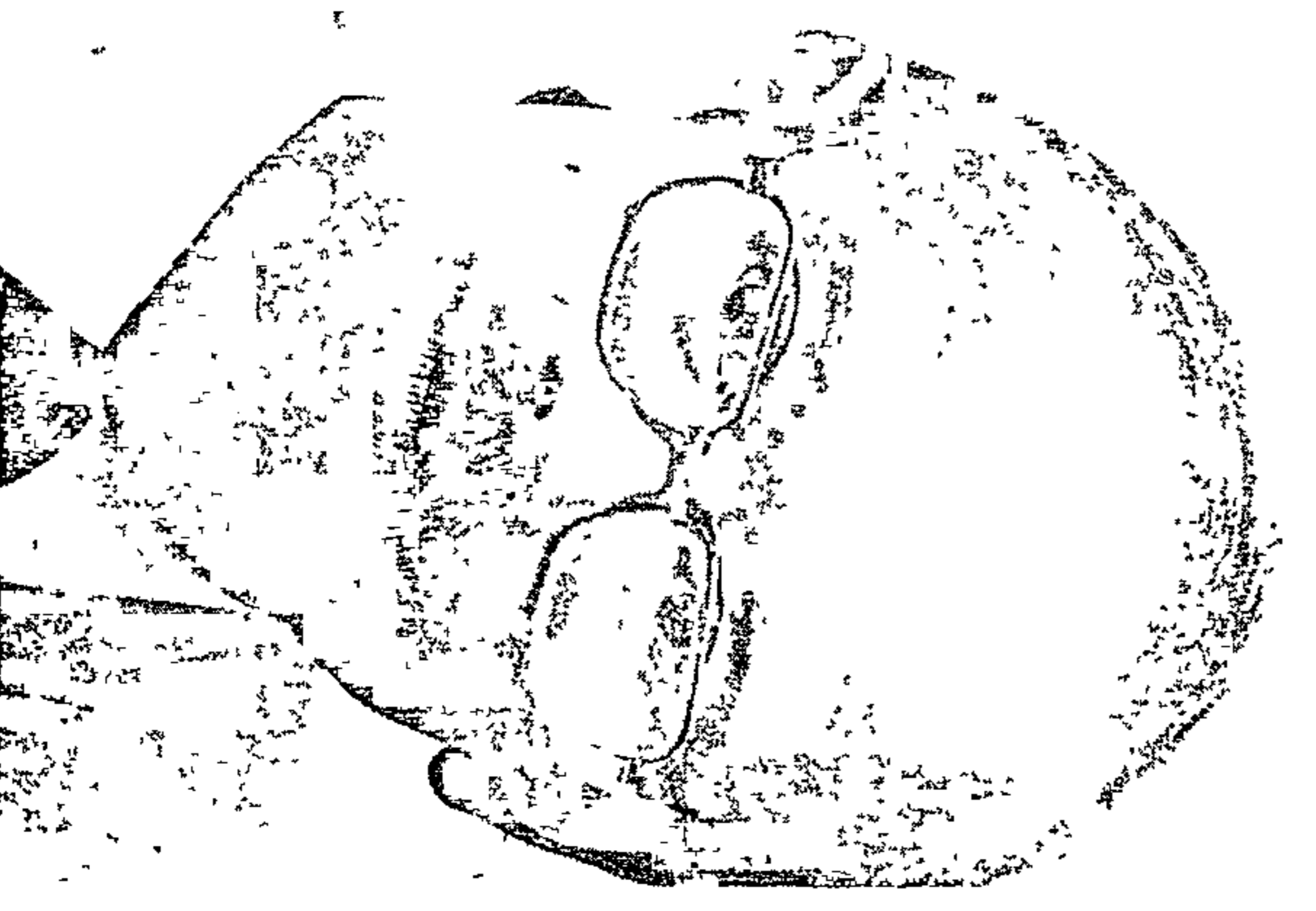
Public Service Regulation A/11/1 An officer or employee shall not accept without the permission of the head of a department, or in the case of the head of a department, without the permission of the Minister or Administrator, a gift, pecuniary or otherwise, offered to him by a member of the public by reason of his occupying or having occupied a particular office or post in the public service

Public Service Act 1957, Section 17 (n) An officer shall be guilty of misconduct if he or she accepts, without the permission of the Minister or Administrator or demands any commission, fee or reward, pecuniary or otherwise not being the emoluments payable to him in respect of his duties, or fails to report to his head of department or if he is the head of a department, to the Minister or the Administrator, the offer of any such commission, fee or reward, and disciplinary action may be taken against him

Public Service Act, 1957, section 18, says that if an officer is found guilty of misconduct the head of the department or the commission may recommend that

- The officer be cautioned or reprimanded or
- A fine be imposed by deductions from his salary, or
- He be transferred to another post, or
- He be demoted and his salary reduced, or
- He be discharged or called on to resign

In addition, Section 24 (4) says that where any remuneration, allowance or other reward whatsoever is received by an officer or employee in connection with the performance of his work in the public service, apart from his salary, such officer or employee shall pay into the State Revenue Fund an amount equal to the amount of such remuneration allowance or reward, or where it does not consist of money, the value thereof as determined by the head of the department in which he was employed at the time of the receipt thereof, and if he does not do so, it shall be recovered from him by the said head by legal proceedings "



● Mr Douglas Gibson says an impression has been created that "it is open season"

Any attempts to bring the administration, or any of its portance was not only the Public Service Regulation A/11/1 which categorically Dr Willem Steyn, provincial secretary / said the

"The report of the de Kock commission has been accepted in its entirety by the Administrator, and the findings contained therein will receive attention," the statement said

The Public Service Regulations (which ban gift-tak-

ing by officials without permission except under penalty) would once again be brought to the notice of officials, not only for "their own protection, but in the interests of the province as a whole".
"I wish to state emphatically," the statement said, "that no action is contemplated against either Dr Henne Grové (director of the department of hospital services) or Dr Gerrit Schepers (deputy director), or any other official in the Transvaal Provincial Council"

Any attempts to bring the administration, or any of its officers into dispute after the findings of the commission had been published were to be regretted, the statement said

The statement has further added to the confusion caused by the findings of Mr Lourens de Kock, who was appointed to probe possible misconduct by officials who accepted gifts and favours

Mr de Kock made no reference to the contravention of the regulations in his findings, but in a subsequent interview said he had decided to ignore them because "nowhere in the public service are they applied"

The giving of gifts was not an offence, the commission said What was of im-

portance was not only the spirit in which they were given but also the spirit in which they were received

Without referring to standing regulations, he suggested in his findings issued on July 20 that the province draw up guidelines for its officials, particularly of Hospital Services which, he said, was a "very rich field, ripe for irregularities"

However on February 17, answering questions from the Opposition in the provincial council on gift-giving, Mr Fanie Schoeman, MEC, said "it had not been found necessary in the past" to take action against officials as far as the acceptance of gifts was concerned

Mr Schoeman quoted

Public Service Regulation A/11/1 which categorically states that no official shall accept any gift from a member of the public without permission

He also quoted Section 17(h) of the Public Service Act of 1957 which forbids any official to accept a fee or reward without permission

These had been circularised to all officials in November 1974, he said

Commenting on the de Kock commission findings, TPA leaders said they were puzzled

Mr Daan Kirstein, MEC in charge of hospital services, said he did not know what the commission meant There were already strict conditions laid down

Dr Willem Steyn, provincial secretary, said the administration could not accept the suggestion made by the de Kock commission because the province did not have the power to draft new regulations

The leader of the Opposition in the provincial council, Mr Douglas Gibson, called for a fresh report from the commission so that it could spell out its proposals in detail

"The present position should not be allowed to continue for a moment longer because an impression is being created that it is open season, and that companies and other interested parties can give gifts to provincial officers who can in turn accept them with impunity," Mr Gibson said

The Administrator, Mr Willem Cruywagen, said it was not possible to reopen the commission for a further report, nor could the province reframe new regulations or guidelines, since they already existed

All the administration could do, he said, was bring the regulations again to the attention of all officials

"If there are then contraventions, nobody can complain they did not know about the regulations," Mr Cruywagen said

● Gifts and benefits given to Transvaal officials according to documents before the de Kock commission, included TV sets, cars, cash retainers, commissions, discounts on TV sets, washing machines and other goods, cases of champagne and other liquor, expensive perfume, weekends at hotels for officials and their wives, dinner and nights at the opera for officials and their families, and overseas trips for officials and their wives

~~Escom's~~
260
blacks
RWM
in wage
10/8/83
dispute

Labour Correspondent

AN "in-house" black union at Escom has declared a dispute over wages — which means that this year's black wage increase at Escom is likely to be decided by the Industrial Court

The union, the Electricity Workers' Association (EWA), declared the dispute after rejecting an Escom wage offer of 7%. This followed a decision by unions representing white and coloured workers to accept a 6% offer

Escom originally offered no wage increase at all, arguing that the state of the economy meant that wage rises should be deferred

Its personnel manager, Dr G F Lindeque, yesterday confirmed that EWA had declared a dispute. He said Escom negotiated with both EWA and a liaison committee for black workers

Normally the dispute would mean that the Minister of Manpower would be asked to appoint a conciliation board to settle the dispute. If this failed, the union would be entitled to conduct a legal strike ballot

However, because Escom is an "essential service", its workers may not strike legally and labour law stipulates that wage disputes in "essential" industries must be referred to the Industrial Court, which must then make a wage award

Dr Lindeque said yesterday that both sides had referred the dispute to the Minister, with a request that he refer it immediately to the court for arbitration

POLITICAL comment in this issue by Benjamin Pogrand Peter Bunkell newsbills by Michael Stent headlines and sub-editing by Paul Holroyd cartoons by David Anderson all of 171 Main Street, Johannesburg

ESCOM frees land for main centenary attraction

By James Clarke

Escom has saved from disaster Johannesburg's prime tourist attraction, the Gold Mine Museum, as well as the proposed multimillion-rand "Old Johannesburg" centenary project next door.

During the planning of the proposed Old Johannesburg centre 3 km south of the city centre, it was discovered that Escom had the right to slice through the area with pylons.

The Chamber of Mines had been working for months on a plan to recreate for centenary year the atmosphere of early Johannesburg with horsedrawn trams, old-shops and hotels and other Victorian buildings. Pylons through its centre would have put paid to

the plan

Mr Peter Bedborough, who is working on the plans, said "It not only went smack through our proposed town but it would have wrecked the atmosphere at the existing mine museum with its mock-up mining village."

"We discovered the servitude almost by accident and immediately realised that that was that."

Escom had obtained surface rights years before when the area was simply cheap derelict land. It was not to blame for the situation.

The Star's CARE campaign discussed the matter with Escom's environmental impact team and Escom agreed to meet the plan-

ners. Weeks of investigation and new surveys followed.

Today CARE received a copy of a letter from Escom to the designers of Old Johannesburg. It reads "Escom will cancel surface right permit number 190/77 across the property."

One of Escom's environmental planners commented "Everybody should help the city attract the world to its centenary. We were delighted to contribute towards that end."

Next Wednesday the Chamber of Mines executive committee, which has been studying the plans for Old Johannesburg, will decide whether it is feasible.

CANCELLATION OF SURFACE RIGHT PERMIT 190/77

I confirm that Escom will cancel Surface Right Permit No. 190/77 across the property on which you intend to extend the Gold Mine Museum. Our Rand and O F S Region will now be instructed to proceed with the cancellation of the Surface Right Permit.

The letter from Escom which brought the good news to the Gold Mine Museum.

The law provides for disputes in "essential services" to be referred to the industrial court, which must then arbitrate — decide on an increase

Both EWA and Escom want the Minister of Manpower to refer the dispute to the court for arbitration, and electricity consumers are certain to follow the dispute with mounting interest.

So too will labour-watchers, for it will give an insight into how the court decides a pay claim — something it has done before, but not in so sensitive an industry.

Arbitrations generally leave one side unhappy — whoever conducts them — and the dispute may again raise the question of whether wage disputes are not best left to employers and unions — no matter how "essential" the industry

RIVAL food unions affiliated to Fosatu and Cusa are at loggerheads at Irvin and Johr son's Springs plant

Last week, I&J tried to settle the issue holding a "verification" test in which union produced "stop orders" from asking that union dues be deducted on behalf

Cusa's Food, Beverage Workers produced stop orders for 52,7%, Fosatu Food and Allied Workers Union

The test settled nothing — claims some workers were "pr signing Food, Beverage form and says it wants another which I&J opposes

So events at I&J provide secret ballots are the most of deciding which of two will recognise

Sweet, Food has said plant, but I&J says it fore the "verification Food rejected this

Whatever the truth been increased by a ballot would t

MEMBERS, Allied Work receiving t Three briefly b in New tained The datur ly d r er a r

A WAGE dispute between Escom and its black workers may thrust the industrial court into the unusual role of setting wages

The dispute has been declared by the Electricity Workers Association, an "in-house" black union at Escom EWA rejected a 7% offer after white and coloured unions had accepted 6%

Normally, this could have led to a legal strike, but Escom is an "essential service" where workers may not strike legally

15/8/83

260 RDM

Escom 'won't lower its power tariffs

Mail Correspondent

PORT ELIZABETH — Escom will not reduce the price of electricity because of the reduced price of fuel, and the possibility is strong that electricity tariffs will be increased "to equal, or not very much higher, than the present rate of inflation"

That was the opinion of the president of the SA Agricultural Union, Mr Jaap Wilkens, who is also a member of the commission investigating Escom. He was speaking this week in Port Elizabeth where he attended the annual congress of the the Eastern Cape Agricultural Union.

Mr Wilkens said that last year a 1% decrease in tariffs had represented an extra R30-million which Escom needed to compensate for the reduction.

He said Escom had wanted

to increase tariffs last year by up to 18,3%, but to combat inflation increased tariffs by 14,2% — equal to the rate of inflation.

Therefore the reduction in the increase cost Escom R120-million Escom compensated for this reduction with a 10% saving on working capital.

Mr Dave van der Walt, Escom's senior general manager, said in Johannesburg this week that the cost of generating electricity was rising and the situation was being aggravated by additional expenses associated with the drought.

As a result of the recession, Escom's revenue was also lower than estimated. Electricity tariffs would have to be adjusted to match the cost of supplying electricity, Mr Van der Walt said.

R1 000m rights issue possible

Sasol Two is to go public

260
22/8/83

By JOHN MULCAHY

SASOL Ltd, which now holds 50% of Sasol Two, will soon acquire the remaining 50% from the Industrial Development Corporation and Konoil.

No date has been set for the acquisition, but Sasol has warned shareholders to exercise caution when dealing in their shares.

Sasol Two was constructed at a cost of about R2 500-million, and recent estimates have indicated that R1 850-million needs to be raised to repay loans, of which the public will be asked to contribute about R1 300-million.

To pay for the Sasol Two acquisition Sasol Ltd has the option of raising the funds by way of a rights issue, or through a loan in the open market, or a mixture of the two.

Sasol Ltd's issued ordinary share capital is 375-million, of which 262 500 000, or 70%, is in public hands.

A one-for-one rights issue at a price of 500c a share would raise about R1 328-million from the public.

Sasol Ltd acquired 50% of Sasol Two in 1979 for R50-million, and an agreement was struck at that stage providing for the subsequent acquisition of the IDC/Konoil's 50% stake.

The intended acquisition is disclosed in Sasol's preliminary profit statement, released last night, in which the group reports an attributable profit increase of 16,3% in the year ended June 25 to R232 226 000 from R199 670 000 last year.

Earnings rose to 61,9c a share from 53,2c and the final dividend has been raised to 15c from 13c, making a total of 28c for the year.

Speculation on a possible rights offer announcement from Sasol was rife on the Johannesburg Stock Exchange last week, and fuelled by "leaks" that the total dividend was to be 30c the share price reached 500c at one stage before slipping back on Friday, to close at 482c.

In last night's announcement the directors said they were of the opinion that the acquisition by Sasol Ltd of the IDC/Konoil interest in Sasol Two "should be considered at this stage".

They said discussions between Sasol Ltd and all other parties concerned had com-

menced, with a view to to acquiring Sasol Two, "in accordance with the mechanisms and conditions provided for in the prospectuses of 1979".

The August 1979 prospectus notes that an agreement was concluded on July 20 of that year which provided for the future acquisitions by Sasol Ltd of Konoil's interest in Sasol Two and Three.

Konoil, a wholly-owned subsidiary of the IDC, has a 50% interest in Sasol Two and Sasol Three, as well as substantial loans in each of those companies.

While the loans were initially to be interest-free, the agreement made provision for the payment of interest on half of the loan amounts, at a rate not exceeding that applicable to 10-year government stock, once Sasol Two, and later Sasol Three, exceeded a taxed profit level of R100-million a year.

The preliminary profit statement shows that Sasol Two made a net profit of more than R196-million in the latest financial year, while Sasol Three's net profit was R100-million.

According to the prospectus the price and terms of the acquisition of Sasol Two will be negotiated by Sasol and the IDC/Konoil, and their agreement will become effective after experts have confirmed that the transactions are fair and reasonable.

In determining the price the following factors will have to be considered:

- Sasol Ltd and Sasol Two's profit prospects and Sasol Ltd's consolidated financial structure after acquiring Sasol Two.

- Prevailing economic and financial conditions in South Africa and the industry in which Sasol operates.

- The historical growth rate in attributable earnings and dividends for Sasol shareholders.

- The reasonable expectations of Sasol shareholders in respect of dividend growth.

- The fact that the State, as its contribution to the success of Sasol Two, will have made funds available on favourable terms, but on the other hand, that Sasol as its contribution will have made expertise and management available at reasonable terms.

The agreement contains provisions to ensure as far as possible that no acquisition takes place at an inopportune time.

When a transaction would be unfair to either Sasol or IDC/Konoil

By GEOFFREY ALLEN
and JOHN MULCAHY

Govt now has stake in casino empire

THE South African Government — which has outlawed gaming within the country's borders — has found itself saddled with a significant stake in the multi-million rand over-the-border Southern African gambling industry.

The Government's stake in the gambling industry arose through a complex deal between Southern Sun, Holiday Inns, Safmarine Corporation and Mr Sol Kerzner

While politicians and churchmen debated the issue this weekend, reactions from the key parties involved in the deal varied

● The Minister of Industry and Commerce, Mr Dawie de Villiers, declared that the deal had "implications about which I am not happy" and went on television to say that he had ordered an urgent inquiry into the matter

● Mr Sol Kerzner said that he was "surprised" at that

reaction

● Mr A J van den Berg, executive chairman of the Industrial Development Corporation (which effectively controls almost 50% of Safmarine) said that he couldn't understand the fuss because the IDC (and therefore the Government) had been involved in Southern Sun (and hence its casino operations) since the hotel company's inception

"We are perfectly happy with the deal," he said

"People tend to read a lot into this deal, but there's not a cent of IDC money involved," said Mr Van den Berg, who in the same breath

confirmed that the total IDC holding in Safmarine, "when we add up all the interests, comes to around 50%"

Mr Van den Berg, who had been constantly on the phone answering questions from reporters around the world since 3am, said he couldn't understand all the fuss

"The IDC was involved with Southern Sun from its inception. Only three years ago we needed the cash so we sold our shares"

In terms of the IDC's 1972 annual report, the corporation is not allowed to invest or operate in the "homelands"

The report reads "The

geographical area covered by the activities of the corporation includes the whole of the Republic and South West Africa, but excludes the Bantu homelands

"In exceptional cases, where the national interest is clearly at stake, the IDC may even act outside the borders of the Republic"

Mr Marmion Marsh, executive chairman of Safmarine, said it was not the company's place to prescribe to other countries on the moral standards they should have

In an amusing sideline to Friday night's Press conference at which the deal was

announced; Mr Marsh confirmed, that gambling was not a new concept to Safmarine — in the 1970s, its luxury passenger liners had slot machines aboard

The Mail's Political Staff reports from Cape Town that the foundations of the Government's embarrassing link with Mr Sol Kerzner's casino empire were laid several years ago when the chips were down for a number of struggling shipping companies

The Government-controlled IDC moved in to help them survive the international shipping slump and to restructure Safmarine

Through the IDC's share in Safmarine, the Government now indirectly has an 18% share in the casino business

Dr Dawie de Villiers, Minister of Industries, Commerce and Tourism, confirmed yesterday that he had asked for more details of IDC's involvement

● See Page 2

22/8/83

2001
237
292
260

Sasol 2's profit soars to R196-m

ARKAS
24/8/83
260 ~~249~~

SOUTH AFRICA's synthetic oil-from-coal industry is flourishing, in spite of the decline in the international oil price

Sasol 2, the first of the new plants built to beat the Arab oil boycott, reports a net profit of R196,3-million for the year to June 26 — almost treble the R69,6-million made in 1981-82

The other major synthetic oil plant, Sasol 3, commissioned just over a year ago, reports a profit of R100-million for its first year of operation

SHOWED LOSS

In contrast, Sasol 2 showed a loss of R20,2-million in its first year of operation in 1980-81

However, Sasol officials admit that lessons learnt in starting up Sasol 2 helped to speed the start-up at Sasol 3

Sasol 2 is paying a final dividend of R30-million, making a total of R50-million for the year. This compares with a payment of R46-million last year

Sasol 3 is paying a maiden dividend of R20-million

LISTED ON JSE

Half of the dividends declared by Sasol 2 and Sasol 3 go to Sasol Limited, the company listed on the Johannesburg Stock Exchange

The directors of Sasol say they thought it advisable to maintain a judicious policy regarding the dividends of Sasol 2 and 3, especially in view of the intended acquisition of the remaining interest in Sasol 2

Shareholders in Sasol will be receiving a final dividend of 15c a share, compared with 13c last

year, making a total of 28c (24c) for the year

Sasol shares closed at 460c last night. At this price the shares are now giving a return of just over 6 percent

● Irvin and Johnson is paying an unchanged final dividend of 17c for the year ended June from a taxed profit of R9,7-million (R10,5-million), equal to 34,5c (37,5c) a share

Earnings were reduced by 3,6c a share as a result of a change in the basis of valuing the inventory

Turnover rose 11,8 percent to R350,9-million (R314,0-million), while pre-tax and pre-Lifo-adjusted profit rose 5,1 percent to R18,3-million (R17,4-million)

The company says it experienced recessionary conditions in both local and export markets

But although intense competition depressed prices and eroded margins, the effects were largely offset by effective asset management as well as by productivity and yield gains in all sectors of the company's business

Because of the uncertain business outlook and concern about the possibility of the drought-running into the summer of 1983, it cannot make a forecast for the current year's performance

Derek Tommey

Public issue best answer to Safmarine stake sell-off

By JOHN MULCAHY

OF the various options available to the Industrial Development Corporation for the sale of its Safmarine stake, the most correct route seems to be a public issue.

The IDC's direct and indirect (through Industrial Selections and National Selections) holdings in Safmarine total 50,64% (McGregor's Who Owns Whom — November 1982), and by virtue of its biggest single shareholding in the group, the IDC effectively controls the R290-million shipping organisation.

Methods open to the IDC in disposing of its stake include the sale of the full block of shares by public tender to the highest bidder, a private placing of the full block at a fixed price, an issue to existing Safmarine shareholders, offering them the opportunity of doubling their stake in the company, or a public is-

sue at a fixed price

The uncertain nature of public tenders for share issues, which in the past have not been entirely successful and do not guarantee a reasonable price, suggests that this option will be ruled out

Although the IDC could place a reserve price on the tender, the cost of making such an offer related to the uncertainty of its succeeding, is likely to sway the IDC's choice in other directions

A private placing of the whole block of Safmarine shares could open up a minefield of controversy, and especially after the flak that flew after Iscor's curious deal with Gencor over Samancor, it is almost certain that the IDC will want to avoid arousing public sensitivities

In any case, such an issue would in principle and in practice contradict any

genuine efforts in the direction of "privatising" the public sector.

A third obstacle in the way of privately placing the full block would be the requirement in terms of Johannesburg Stock Exchange regulations for the purchaser to make an equivalent offer to all shareholders

Depending on the price at which the placing would be made — and an individual institution would presumably be willing to pay a premium on the ruling market price for a controlling stake — the total value of the deal would be anything from R290-million

This is a significant sum in anyone's language, and there are few South African companies or institutions that could afford such a sum, which would again vest control of a strategic and valuable asset in the hands of one

of the mighty few

An offer to existing Safmarine shareholders would be a simple and relatively cheap method of selling the shares, but could again be construed as entrenching ownership of the privileged few, by virtue of the fact that Safmarine is very much an institutional stock.

The final option, and the only one that should be considered under the circumstances, is a public issue at a fixed price.

While giving every member of the public the opportunity to invest in a worthwhile asset, it does not prevent the Old Mutuals or Sanlams from putting in their own offers, and it would be a genuine privatisation of a Government-owned asset

The fact that the offer would be open to the general public obviates the need for a separate offer to minorities, and merchant banks could be called in to give the offer their stamp of approval and to monitor the distribution of shares in the event of an over-subscription

There are successful precedents for privatising by public issue, especially recently in the United Kingdom, where tenders have generally failed, while public issues have met with resounding success

With the Sasol rights issue pending, there is a school of opinion that another major public offer might not attract enough response, but the perennial dearth of scrip suggests that the South African investment market could comfortably cope with both issues

TO THE PUBLIC TOMORROW.

ARGUS 26/8/83 260

SA corporations thriving — Kantor

THE public corporations have been much more successful than the public has been led to believe, Professor Brian Kantor said in Cape Town

Professor Kantor, professor of economics at the University of Cape Town, was addressing the annual dinner of the Cape Society of Chartered Accountants

He said reports of large operating losses by public corporations such as Escom, Iscor, Posts and Telecommunications, and SA Transport Services should be treated with profound scepticism

"The true economic facts about them have been buried under illogical inflation accounting". He argued that depreciation allowances might be meaningless if the rate of inflation were such that assets, far from losing, gained market value over time

"If the prices of the goods the asset produces rise faster than the opportunity cost of financing it when the investment in the asset was made, then the firm will have made nominal and real profits

"If, in turn, the assets themselves rise rather than fall in market value,

the nominal and real value of the assets the firm owns will also have increased

"Allowing for depreciation in such circumstances is an economic nonsense"

The use of capital cost replacement principles of accounting by the public corporations had effectively disguised their profitability

This disguised profitability was useful in moderating pressures for lower prices

"It has also enabled the corporations to finance a growing proportion of their investment programmes out of internal cash flows. They have therefore succeeded "quite outstanding", despite its reporting accu-

mulated losses of R148-million in reducing the proportion of debt to equity"

Escom's results for the past five years were Sales had grown from R1,3-billion to R2,7-billion, or 15,7 percent a year, over the period.

Operating profits grew from R700-million to R1,7-billion, or at 18,5 percent a year

Cash retained by Escom after interest and financial charges had risen from R590-million in 1978 to R830-million in 1982

This was sufficient to finance 30 percent of capital expenditure in 1982

The other public corporations had also shown considerable growth in sales over the period

City car firm boosts Southern Cross Fund

A CHEQUE for R925 was today presented by Market Toyota to the Southern Cross Fund, the first contribution to the fund under a scheme created by the company

The amount is the first lump sum in the scheme whereby the firm will give R25 to the fund for every new car bought by soldiers returning home after military training

Managing director Mr Abe Sank handed the cheque to Mrs Anne Swart and Mrs Esme Chat of the Southern Cross Fund at the company's Cape Town premises today

eventually the authorised foreign exchange dealers — that is the principal banks — will provide all the forward foreign exchange cover.

FORWARD RISKS

To be able to do this the dealers need to cover all their forward risks, and partly to facilitate this one of the main changes is to be the payment of the gold mines in dollars

This will enable the dealers to buy dollars and cover their exposure. However, as initially the mines will have to sell their dollars to licensed foreign exchange dealers within seven days there is not much for the mines in this move

But by 1986 it is proposed that the mines will be able to sell up to 12 months forward in the foreign exchange markets the expected proceeds from their gold output

LESS VOLATILITY

One advantage of this is that low profit mines would be able to hedge against any possible drops in the gold price.

It would also allow the mines to take advantage of surges in the gold price and possibly lead to less volatility in this area

However, the changes are also intended to lead towards a more market-related exchange rate of the rand, though the Reserve Bank will still be able to intervene through purchases and sales of foreign currencies and by its interest rate policies

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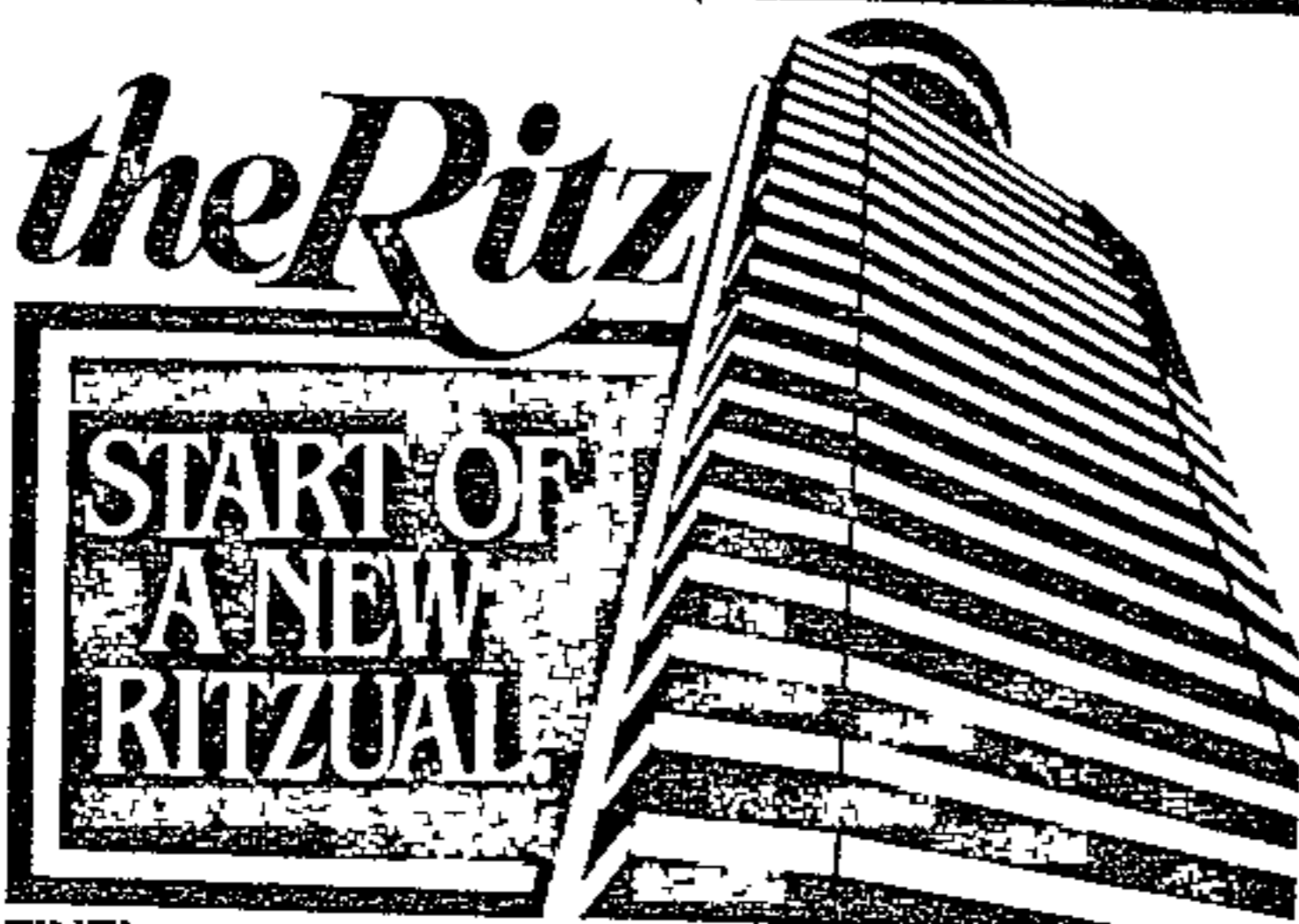
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Crane Hire

by

Wall St sags

NEW YORK — Stock prices sagged in quiet trading yesterday, continuing their moderate decline of the past two sessions

The Dow Jones average of 30 industrials, off 18,90 points on Tuesday and Wednesday, edged up 0,81 to close at 1185,06. The New York Stock Exchange's composite index dropped 0,26 to 93,18

Losers held a 2-1 lead over gainers among New York Stock Exchange-listed issues. Analysts noted that the market has been unresponsive lately to favourable news — Sapa-AP

Rand today

BARCLAYS BANK rates for the rand today

Fraser shares up

Argus Foreign Service LONDON — Shares in House of Fraser jumped 16p to 244p on the London Stock Exchange yesterday on persistent buying from about five main sources

The FT Index was up 0,8 to close at 717,4

Unit trusts

	Buy	Sell	Yield
Mutual	595,08 (595,22)	557,13 (557,43)	5,75 (5,75)
NGF	309,03 (309,31)	291,43 (291,69)	6,28 (6,27)
Sage	601,12 (599,72)	563,56 (562,25)	6,67 (6,69)
UAL	554,65 (587,42)	557,15 (554,82)	4,80 (4,82)
Sats	249,31 (249,31)	235,30 (235,32)	6,30 (6,30)
Sanlam	528,57 (527,54)	498,99 (498,00)	6,53 (6,54)
Trust	136,60 (136,75)	129,01 (129,16)	6,95 (6,95)
Santam	190,27 (189,44)	179,75 (178,99)	10,25 (10,29)
Inter	146,12	138,31	6,20

1967

FRIDAY, 26 AUGUST 1983

1968

1969

FRIDAY, 26 AUGUST 1983

1970

factors was this date of commencement decided upon,

Disappearance of parcel

(3) whether filling stations were informed of the date of commencement on 19 August 1983, if so, in what manner, if not, (a) why not and (b) (i) on what date and (ii) in what manner were they so informed?

*9 Dr A L BORAINNE asked the Minister of Transport Affairs

THE MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) It was established on 17 August 1983 that the cumulative losses of the oil companies were finally redeemed

(2) (a) and (b) With due consideration of all the practical implications, Monday, 22 August 1983, was the earliest date on which the price reduction could be implemented after the breakeven point with the oil companies was reached

(2) whether the investigation has been completed, if not, when is it anticipated that it will be completed, if so, what were the findings,

(3) whether he will make a statement on the matter?

(3) No

(a) As customary the oil companies and the Motor Industries Federation were informed before the official public announcement and in this case on 19 August 1983 that the price reductions will be implemented on 22 August 1983. These steps are taken to enable them to inform their regional offices, depots and resellers accordingly

The MINISTER OF MANPOWER (for The Minister of Transport Affairs)

(1), (2) and (3) S A Airways is not aware of the disappearance of the parcel in question. In order to afford the matter further attention it would be appreciated if the hon member could furnish me with more specific information

*10 Mr D J DALLING asked the Minister of Posts and Telecommunications

(b) (i) and (ii) The oil companies advised their respective regional offices of the date on 19 August 1983. The various regional offices notified resellers of the date on 20 and 21 August 1983, mainly by telephone and personal visits. The date was also made known by the media on 20 and 21 August 1983

What are the terms and conditions of the licence granted to the South African Broadcasting Corporation to broadcast through the medium of (a) radio and (b) television in terms of (i) section 7 of the Radio Act, No 3 of 1952, and/or (ii) section 78 of the Post Office Act, No 44 of 1958?

The MINISTER OF HEALTH AND WELFARE (for the Minister of Posts and Telecommunications)

*8 Dr A L BORAINNE—Law and Order—Reply standing over

The licence issued to the South African Broadcasting Corporation under section 7

of the Radio Act, 1952, covers broadcasting by means of both sound radio and television. To read out its terms and conditions would take some time and with leave of the House I shall lay a copy of the licence upon the Table

No licence has been issued to the South African Broadcasting Corporation under section 78 of the Post Office Act, 1958

For the sake of completeness I may inform the House that in terms of section 7(2)(b) of the Radio Act the holder of a broadcasting licence must, in addition to the conditions prescribed in the licence by the Postmaster General, comply with such conditions as the Minister responsible for the administration of the Broadcasting Act, No 73 of 1976, may determine

DEPARTMENT OF POSTS AND TELECOMMUNICATIONS BROADCASTING LICENCE

This licence is issued to the South African Broadcasting Corporation (hereinafter referred to as the "Corporation") under the provisions of Section 7 of the Radio Act (Act 3 of 1952), read together with Section 12 of the Broadcasting Act, 1976 (Act 73 of 1976)

The Postmaster General hereby authorizes the corporation to erect, maintain and operate such broadcasting stations in the Republic of South Africa as the Corporation requires to realize the objectives set out in Section 11 of the Broadcasting Act, 1976 (Act 73 of 1976). The authority granted herewith is subject to the following conditions

1 The Corporation shall meet all statutory or legal requirements, as well as all relevant regulations or agreements applicable to the Corporation and to the conditions of this licence

2 The Corporation shall operate its

stations on frequencies and within the power limits approved by the Postmaster General

3 The Corporation shall operate its broadcasting stations with such apparatus and in such a manner that the efficient and convenient working, maintenance or use of radio stations or any communication line of the Post Office is not adversely affected

4 The Corporation shall in every way possible co-operate with the Postmaster General to prevent interference. The Postmaster General shall in his turn try to prevent any radio station or other installation of the Post Office from interfering with the Corporation's broadcast

5 The technical operation of broadcasting stations of the Corporation shall be undertaken by competent persons and to the satisfaction of the Postmaster General. Furthermore the Corporation shall not, except with the express approval of the Postmaster General, allow anyone who is not a citizen of the Republic of South Africa to undertake the technical operation of a broadcasting station

6 The Postmaster General may under his signature authorize an engineer or other competent officer in the employment of the Post Office to inspect the Corporation's broadcasting stations and the Corporation shall provide all reasonable facilities to facilitate such inspections. However, an engineer or officer undertaking the inspection may not interfere with the general management or working of a station

7 This licence does not convey any authority to the Corporation to introduce telegraph and telephone

CAPE Times 29/8/83 (56) (260)

Armcor bids for 'trust'

Environment Reporter

ARMSCOR, in the wake of the De Hoop controversy, is carrying out a concerted public relations campaign in the Cape.

A spokesman for Armcor confirmed yesterday that such a campaign had been initiated.

"Our credibility has gone for a loop in the Cape. People don't trust us any more. All we are doing is setting the record straight, and this includes our nature conservation policy," the spokesman said.

The campaign, which has intensified in the past month, started soon after the shock announcement in March this

year that Armcor intended taking over the ecologically sensitive De Hoop area for a missile-testing range.

The campaign includes the recent appointment of a public relations consultancy in Cape Town.

● Environment reporters and columnists who have been writing on the De Hoop issue have been invited to visit Armcor's explosive factories at Somchem in Somerset West and Krantzkop near Wellington on Tuesday next week.

Among those invited is Mr John Greig, editor of African Wildlife Magazine, who attacked Armcor's conservation

record in the last issue of the magazine.

● Environment and other reporters have been invited to lunch with the executive general manager of Armcor, Mr Fred Bell, at the Mount Nelson Hotel on Friday next week

● A seven-page feature on Armcor's nature conservation programme in areas under its control appears in the latest edition of its in-house magazine Salvo.

● Military and environment reporters visited Armcor's existing missile-testing range in the St Lucia game reserve on May 10.

The visit backfired when an explosive warhead fired during a special demonstration for the press caused a large veld fire

● Lengthy evidence of Armcor's conservation efforts at their factories and at St Lucia was given in an unscheduled appearance before the planning committee of the President's Council on May 19.

Journalists were notified one hour before the hearing, which took place two days after the world-famous conservationist Mr Ian Player had told the council that the take-over of De Hoop as a missile range would be "disastrous".

260 Howard
Radio Act 31/8/79
Q. 61. 2001

*15 Mr D J DALLING asked the Minister of Foreign Affairs and Information

What conditions has he prescribed in terms of section 7(2)(b) of the Radio Act, No 3 of 1953, in respect of (a) radio and (b) television broadcasts by the South African Broadcasting Corporation?

†The MINISTER OF FOREIGN AFFAIRS AND INFORMATION

The conditions are contained in Government Notice No 1249 which was published in *Government Gazette* No. 6493 on 15 June 1979

3/18/83
260

Tour of Armcor factory by press

Environment Reporter

IN a further attempt to win friends and influence conservationists, Armcor yesterday took a party of seven journalists to their Krantzkop factory, established on part of a former private nature reserve near Wellington.

The trip, which forms part of a public relations campaign to re-establish Armcor's image in the Cape, also included a visit to their Somchem factory at Somerset West.

The briefing and slide show presentation was slick and professional. They openly discussed any questions raised and took the press party on a tour of the land under their control to show the work being done to eliminate alien vegetation and manage natural veld.

'Not experts'

Instead of trying to portray an image of being established nature conservationists, host for the day Mr Jacob van Wyk, general manager of Somchem, emphasized that they were not experts in nature conservation.

"We would like to think that we are experts in the production of explosives. What we do try to do is make the two compatible as far as possible," he said.

The press outing was also attended by Armcor's newly-appointed public relations consultant in the Cape, Mr Ben de Kock, of De Kock and Kerkhoff. He played a major part in answering questions.

Journalists frequently raised the De Hoop issue, but they were told that as this nature reserve was the subject of an inquiry under the chairmanship of Dr Douglas Hey, they would not like to comment until the findings were made known.

Mr John Greig, editor of African Wildlife magazine, which has strongly criticized Armcor's conservation record, said he had no quarrel with Armcor's nature conservation intentions. "But from a purist conservation point of view, it did not offer a long-term contribution to the preservation of the Western and Southern Cape."

'Consulted experts'

Mr Van Wyk said Armcor had consulted experts from the Department of Forestry and the Cape Department of Nature Conservation on the management of the veld and on running a conservation programme.

He pointed out that varieties of buck and fynbos might have been wiped out had it not been for Armcor's presence.

Mr Chris Vermeulen, assistant general manager at Krantzkop, said his personal belief was that if Armcor took over the De Hoop area it would be to the benefit of nature conservation.

Mr De Kock said that even if the De Hoop issue were satisfactorily resolved, Armcor would still have undertaken the present public relations campaign.

BECAUSE HE BLEW AT MANDELA'S BIRTHDAY

By SIPHO JACOBS

City Press 4/9/83

THE SABC has slapped a ban on Hugh Masekela's music — because the ace trumpeter-in-exile blew his horn at a birthday party for ANC leader Nelson Mandela in London recently.

The gag, described by an SABC spokesman as a "suspension" came into effect about two weeks ago and will continue until the SABC completes its "investigation" into Masekela's activities.

The controversial concert took place at London's prestigious Albert Hall in July to mark Mandela's 65th birthday.

SABC's Press liaison officer, Mr Eric van der Merwe, confirmed the "suspension" — which means Masekela's music, including his latest album, *Working for a Dollar Bill* — will no longer be heard on any of the corporation's radio stations.

But he refused to comment further.

News of the ban was greeted with anger by Masekela's South African distributor, Stanley Nkosi of Priority Records.

Fumed Nkosi: "It happens with every record they feel is unsuitable for broadcast. And they never even bothered to tell us."

Among those who joined Masekela on stage at the Albert Hall celebration were well-known exiled SA musicians Dudu Phukwane and Julian Bahule, and the concert was attended by a host of dignitaries including diplomats from a number of African States.

City Press was unable to contact Masekela for comment yesterday.

ANC 'no' to
SABC offer

9/83 HA HA 260

From JOHN BATTERSBY

LONDON — The African National Congress has turned down the surprise SABC-TV invitation to its president, Mr Oliver Tambo, to be interviewed for a programme to be screened in South Africa

The ANC "no" was contained in an official statement released from its Lusaka headquarters and confirmed in London

Mr Tambo will hold a press conference in Amsterdam this morning at which he is expected to disclose details surrounding the invitation and give his reasons for refusing to be interviewed

The ANC's decision to turn down the extraordinary offer follows the rejection by the Pan Africanist Congress of a similar invitation

Both the ANC and PAC are banned organizations in South Africa and Mr Tambo is a banned person whose views may not be quoted without ministerial permission, which is seldom granted

The invitation for Mr Tambo to be interviewed by SABC commentator Mr Cliff Saunders was made two weeks ago in a telex message from the SABC to the ANC's London headquarters

The invitation to the PAC was extended about a week later

The invitations were followed up by telephone calls from Mr Saunders to both the PAC and ANC and a personal meeting with the ANC's Lusaka-based information and publicity head, Mr Thabo Mbeki, who happened to be in London at the time

Mr Saunders also spoke to the PAC's chief representative in Britain, Mr Hamilton Keke, who left South Africa in 1980, who was both banned and detained in South Africa

UNVEILED:

HOW SA PAYS FOR CASINOS

260
S. exports
11/9/83

THE South-African government has for years poured many millions of rands — in cut-rate subsidised loans — into the construction of all the major casino centres in Southern Africa.

The loans have been provided through the Industrial Development Corporation at 6% less than market rates

This long-standing interest in the construction of gambling centres has emerged in the wake of a row over the government's accidental acquisition of a stake in Mr Sol Kerzner's casino empire

Dr Dawie de Villiers, Minister of Commerce, Industries and Tourism, was so shocked last month by the discovery of the government's interest in gambling

By MARTIN WELZ

that he summarily ordered it to be sold

Now he has vowed to stop the loans too "If in future I am satisfied that loans are to be used to expand the casino industry, I will personally block them"

He ordered the IDC to rid itself of a R130-million holding in Safmarine when he learned Safmarine was a partner in Mr Kerzner's new casino development firm

However, the IDC loans mean that taxpayers have for long been helping to pay for such gambling centres as Sun City, the Wild Coast Holiday Inn and even the Swazi Spa

The chairman of the IDC, Mr Abie van den Berg, yesterday confirmed that loans for the construction of the Wild Coast casino hotel alone totalled R24-million

The loans were in the form of export credit to pay the South African construction companies, suppliers of building materials and consultants who had contracted to build the casino hotels

"Provided at least 70% of the goods or services originate in South Africa, they qualify for loans to finance the exports at an interest rate about 6% lower than the current open market rate," Mr van den Berg said

"We did not pay for the actual casino equipment that did not come from South Africa," he added

"We paid the South African building contractors and consultants direct and then Holiday Inns or Southern Suns took over liability for repayment of the loans.

"Provided they qualify as South African exports, there

is nothing to stop them from getting further such loans in the future," he said

Dr de Villiers immediately disagreed when asked for comment "The government guarantees the loans, so I and the Minister of Finance have the final say"

Dr de Villiers also revealed that the government intended "entering into discussion" with neighbouring states in an attempt to discourage them from allowing further expansion of the casino industry in the region

Technically the loans were granted by the government-sponsored Credit Guarantee Insurance Corporation and finally approved by the reinsurance committee, comprising senior public servants responsible to the Ministers of Commerce and Finance

Dr de Villiers said "The loans to the hotel groups were given to finance South African exports on the same basis as applies to all other exporters

"We were financing the construction of hotel complexes, not casinos. We also have no say in what additional facilities are then provided in the complex, such as films and shows which we might not approve of

"In future, however, if it is clear to me that the main purpose of the project is in fact to expand the casino industry, I will not approve such loans"

III
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People near Koeberg told to plan evacuation

Argus Staff Reporter 15/9/83

ESCOM has appealed to people living within 16 km of the Koeberg nuclear power station to find "personal relocation points" outside the area to which they could evacuate their families in an emergency

The appeal was made yesterday by an Escom spokesman at a media briefing session in preparation for a simulated emergency exercise on Tuesday next week

The authorities are also planning "mass care centres" for people who do not have or are unable to reach their personal relocation points

"PLUME EXPOSURE ZONE"

The spokesman said people living within the 16 km radius — described as the Plume Exposure Zone — should make arrangements now with relatives or friends living further away about personal relocation points (also described as "family relocation points")

The Plume Exposure Zone includes Atlantis, Melkbosstrand, Philadelphia, Van Riebeeckstrand and the Escom village of Duynfontein

People living within the zone would be warned through public address systems, by police in cars equipped with loudspeakers, and the SABC

TRANSPORT ARRANGEMENTS

Families with their own transport would be encouraged to use this to reach the relocation points, while Escom would use transport companies, including City Tramways, to evacuate others to the mass care centres

The spokesman said the emergency controller in charge of the situation would be able to evacuate the entire city of Atlantis — about 25 000 people.

Planning for the mass care centres would be completed by the time Koeberg went operational — expected to be in January

People living within the 16 km radius would be told by Escom where their mass care centre was before Koeberg went operational

● See Page 3.

CAPITAL MARKET

Escom postpones issue

260

The Electricity Supply Commission (Escom) this week postponed its R75m fund raising operation in fairly dramatic and controversial circumstances. Escom was scheduled to come to the market for R100m, but conditions were such that the amount was scaled down.

Last Friday Escom and the merchant banks handling the issue, Standard Merchant Bank and Senbank, held a lengthy meeting to discuss whether to go ahead with the borrowing. These operations are generally done at speed.

It was decided that, although the rates in the gilt market were softening and the gold price was starting to weaken, they would nevertheless go ahead with the issue. They also agreed to monitor closely the gold price over the weekend.

Escom and the banks wanted to do a public issue without any sub-underwriting. A sub-underwritten issue takes too long and key rates can move against it being a success quite quickly.

On Monday morning it was decided to pitch the rates and sound out the market on the assumption that the gold price, which was then falling under \$400, would recover to that level. It proved, with hindsight, a crucial assumption.

Indications, however, of what the rates would be had started appearing in the press by then. The big investing institutions, which make up this market, and their advisers reacted a little cautiously.

But the borrower and the banks still pressed ahead. Three loans were on offer, all reissues of existing stocks. They were

loans 154, 158 and 159.

The yields were fixed at 13,45%, 13,56% and 13,60% respectively. The yardstick, 154, was yielding only 25 points above a comparable RSA stock.

It had already been pointed out that Friday's differential of 35 points was a little on the fine side. Indeed in the not too distant past the differential has been between 50 and 60 points.

As luck would have it, the JSE witnessed a black Monday with share prices falling out of bed and the gold price dropping fast. The yields on gilts rose as prices weakened under a little selling and some speculative position taking.

This meant that by the afternoon the Escom rates looked even finer than when they had been pitched. It was then decided to postpone the issue.

The original decision to go ahead had been taken partly on the grounds that a great attraction of subscribing to the stocks was that payment did not actually have to be made until early December. It was calculated that this probably meant an extra eight to 11 points on the yield.

But with gold looking ill and rates in the money market under some upward pressure, whatever the clear intentions of the Reserve Bank in wanting to keep the present rate structure, this plus point for the issue was eroded fast.

The marketing was due to start on Tuesday morning and be completed by Wednesday afternoon. The market gave the thumbs down sign.

On Tuesday Escom flashed up on its

screen an announcement that the postponement had been made because of the dramatic fall in the gold price and the effect this had had on the gilt market.

The air was thick with criticism. The rates were far too fine, it was argued. They should not have gone in the first place.

It was a matter of fine judgment. Escom has pulled out of issues in the past, possibly three times in the last three years. It was therefore no disgrace to postpone again.

Where the borrower and the banks do admit to some validity in the critics' argument is that they should perhaps not have fixed the rates and let them be known. They should have postponed the issue on the Monday morning and not been left with the proverbial egg on their faces.

But one merchant banker not handling the issue did admit that had he been in their shoes, he would have found the decision inordinately difficult to take.

Escom has to think of the pattern of trading in the secondary market in its stock. One key stock being reissued had peaked recently at 13,80%.

It was argued that Escom did not borrow at 20 points below that level when it appeared that interest rates generally were more likely to go down rather than up. The cost to Escom and therefore to the consumers of electricity would be that much higher and hence unacceptable.

The people involved in the affair are convinced that if the gold price had stayed above \$400 the issue would have succeeded. There was the possibility of investors paying before the due December date and actually trading in the stock to make capital profits. And this, in turn, meant an improvement in the marketability of Escom stock, which is a desirable objective.

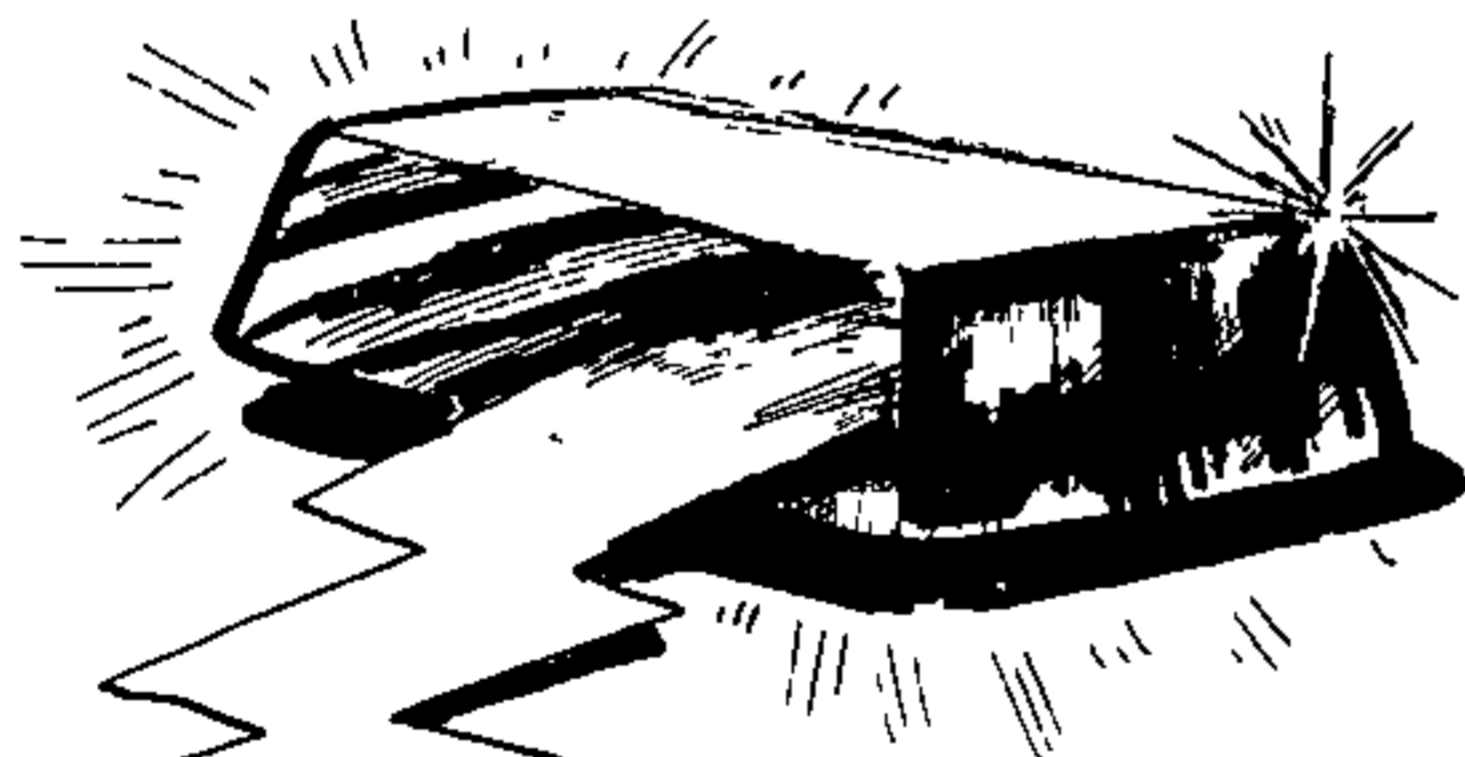
But they accept that events moved too quickly for them. The markets have become so volatile that it is likely to happen again, argued one of the participants.

Escom will return to the market. No date has been fixed, but doubtless it will be after those involved in the exercise have had few good nights sleep.

FOREIGN EXCHANGES

Testing times

The long-awaited test of the new system arrived last Tuesday when commercial orders of possibly \$100m or more were passed round the market. Dealers widened their quotes by as much as 20 points at times in search of the right level, in what commentators described as a learning process.



Fm 14/10/83

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ELECTRICITY

New formulas for Escom?

Industrialists who were expecting heavy increases in electricity tariffs may be in for a pleasant surprise energy experts believe they could comfortably be under the rate of inflation

Some in the know may already have sensed the way the wind is blowing as chief economist of the Federated Chamber of Industries (FCI), Arthur Hammond-Tooke says if the increase is more than 5% he "will want to know the reason why"

Escom's announcement could be made early next month

If this happens, it means that Escom has found a radical solution to financing its accumulated R154m deficit and the unforeseen costs of about R100m so far incurred by the drought. It also suggests that the commission has finally yielded to pressure from government and the private sector to balance its books by means other than tariff increases

Some of the drought measures have gone towards the scheme to supply water to major power stations in the drought-stricken eastern Transvaal and some towards running less efficient plant in areas where water is still available

"The drought costs are an inescapable fact of life," says Rudolph Fockema, chairman of the FCI energy sub-committee and member of government's energy policy committee

"If Escom recovered them immediately, the tariff increase would be well above the

rate of inflation, but they may have decided not to do so"

Escom has three possible methods of covering its deficit. It could ask for direct Treasury assistance, it could pay for less of its capital expenditure from tariffs and more from loans, and it could scale down its expansion plans which have in the past assumed a 7% a year growth in electricity consumption

The appointment of the De Villiers commission of inquiry into the supply of electricity last year is clearly a signal from government that at least one of these measures must be employed to keep electricity cost escalations under reasonable control. And to save face all around, Escom may well announce at least a partial solution to

the problem before the report is published.

Secretary to the De Villiers commission, Ters Oosthuizen says "Closing date for representations is October 31. We have already done a great deal of work. In fact we are pushing ourselves to get the task finished and get back to our desks"

Escom officials are tight-lipped on the matter, but Fockema says, "I am sure they have re-examined their expansion plans as we have not had the growth expected"

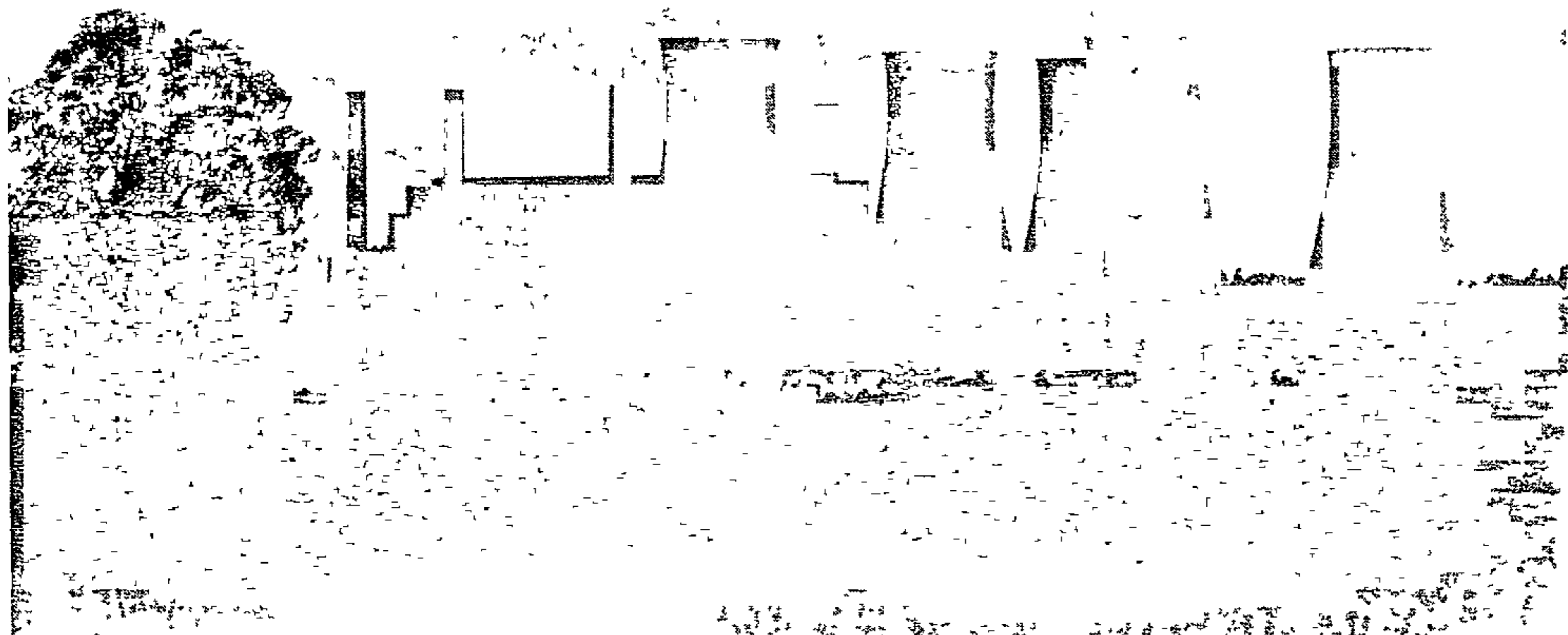
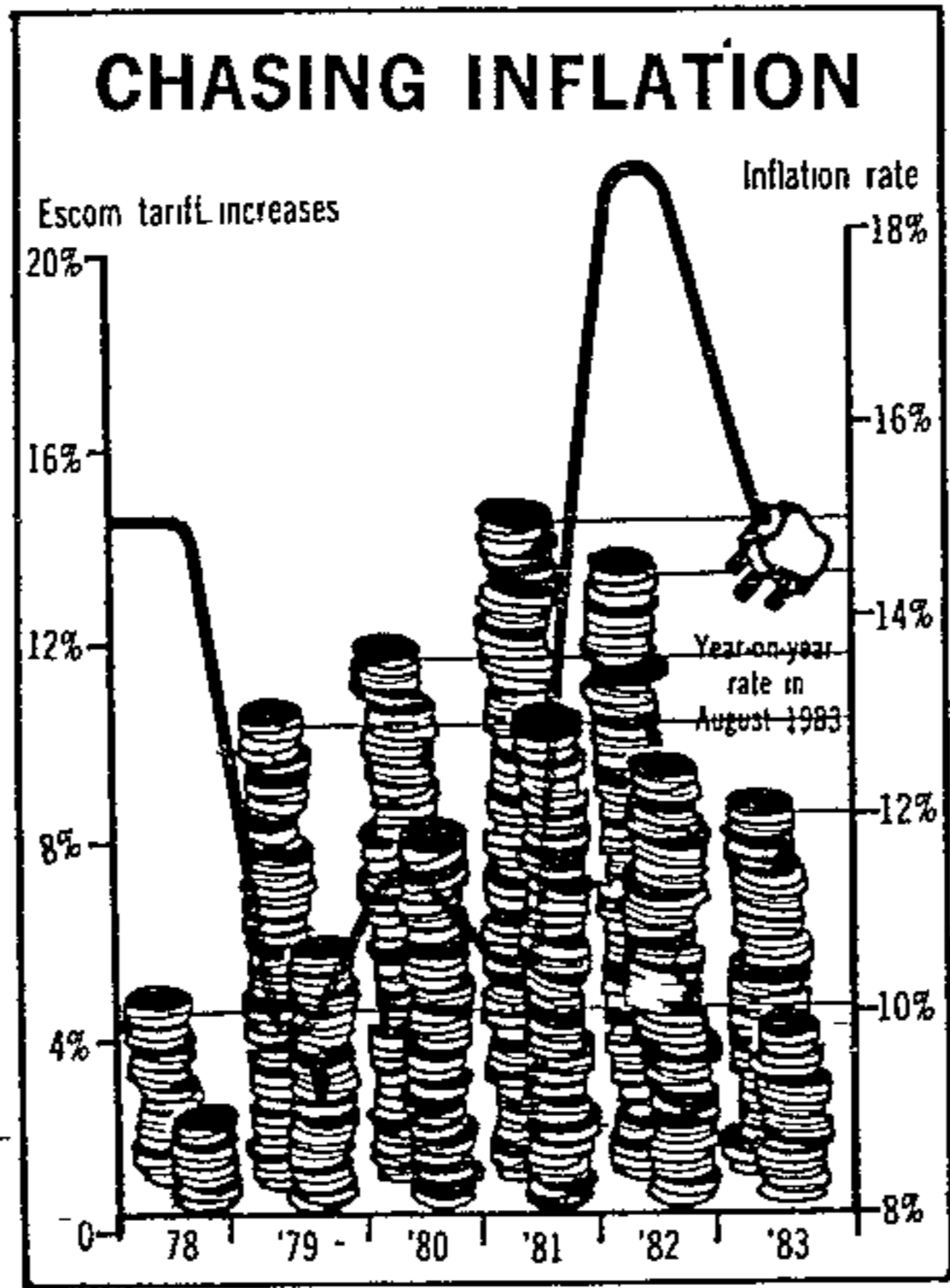
This could have a significant impact on tariffs as some 50% of Escom's capital expenditure in this capital-intensive undertaking comes from tariff revenues. Some industrialists also believe that Escom's growth projections could not be sustained if tariffs continue to increase as they have in the last few years

Last year sales grew by only 2,4% — the lowest growth in 35 years. This compares with a rate of 7,2% in 1981, and an average annual rate of 9,1% against the SA gdp growth of 4,4% in the last 17 years

Growth this year is not expected to be much more than 1%. While this bears out the predictions of some industrialists, it also puts pressure on Escom's margins, necessitating further measures to balance revenue with expenditure

Fockema points out that Escom is also being troubled by rising coal costs

"It faces higher fuel increases because certain suppliers have had higher cost escalations than anticipated," he says



State should sell Escom, says Kantor

ARGUS 20/10/83 (260)

Argus Correspondent
PRETORIA. — The case for privatisation of state corporations was overwhelmingly strong, Professor Brian Kantor, professor of economics at the University of Cape Town, told the annual congress of Assocom in Pretoria today.

He said the huge success of the South African public corporations could be properly appreciated only if attention was diverted from earnings and focused on the cash generated by their operations.

The benefits from privatisation would be large, available to any cohort of taxpayers and voters sensible enough to do the obvious — that is, to persuade the Government to sell its stake and use the proceeds to eliminate perhaps all of the national debt.

CASH FLOWS

The differences in the reported earnings of the public corporations and their cash flows was huge, as indicated by an

analysis of Escom, Iscor, the Department of Post and Telecommunications and South African Transport Services

Escom's trading losses of R58-million in 1982 converted to operating profits, before finance charges and depreciation allowances, of R1 700-million

Iscor's net losses of R22-million converted to operating profits of R410-million.

The R95-million losses of SATS turned into operating profits of R1 400-million, of which the Airways' loss of R58-million became a positive cash injection from operations of R70-million.

OUTSTANDING

Post and Telecommunications' operating surplus of R76-million increased to R226-million before finance charges and depreciation.

Investment ratios of the public corporations made impressive reading. Escom's results were outstanding seen from the perspective of any investment analyst.

The ratio of sales to investment expenditure had averaged about 55c in every rand

The return to investment had been excellent, which was why the contribution from internal sources to the costs of financing Escom's huge investment programme had risen from R709-million in 1978 to R1 657-million in 1982, sufficient to finance about 60 percent of capital expenditure made in 1982.

GROWTH COMPANY

Escom was thus the growth company par excellence

If one assumed this performance could be maintained over time and expected cash flows were to be valued, Escom could be worth R27 600-million, which after subtracting the market value of its debt of about R6 700-million, left an equity stake of nearly R21 000-million.

This was sufficient in itself to equal almost the entire value of total marketable Government debt.

260 RDM 21/10/83

Benefits to taxpayer in selling off Escom

By SIMON WILLSON

ESCOM has been a spectacular financial success — and there would be immense benefits to the taxpayer from selling it to private enterprise. Other public corporations have also done far better than is generally realised.

This view was put to the annual congress of the Association of Chambers of Commerce in Pretoria by economist Professor Brian Kantor of the University of Cape Town.

He said: "Escom's results are quite simply outstanding, seen from the perspective of any investment analyst."

Escom was the prize jewel in the taxpayer's portfolio and the corporation's management deserved credit for running such a profitable enterprise and for preventing the general public from realising, until recently, what was going on.

Prof Kantor said the huge success of public corporations could only be properly appreciated if attention were diverted from earnings and focused on the cash generated by their operations.

Proposing a motion urging the Government to accelerate the privatisation of the public corporations, Professor Kantor said the differences between the corporations' reported earnings and their cash flows was huge.

"The rational investor is more concerned with cash flow and in particular with growth than with earnings."

"The market in the stocks of private corporations can be seen to value expected cash flows"

Shifting the emphasis from re-



PROFESSOR KANTOR
... parastatals thriving

ported earnings to cash flow would convert Escom's reported trading losses of R58m in 1982 into operating profits of R1,7bn before finance charges and depreciation allowances.

On the same basis, Iscor's net losses of R22m would convert into an operating profit of R410m, and the R95m losses reported by South African Transport Services would become operating profits of R1,4bn.

Posts and Telecommunications' operating surplus of R76m would increase to R226m cash generated before finance charges and depreciation allowances.

The public corporations had used capital cost accounting principles to disguise their true profitability.

The estimated increases in the cost of replacing the corporations' assets over any one year because of inflation were regarded as an expense equivalent to a depreciation allowance and were charged to operating profits, he said.

Such expenses did not mean any outflow of cash from the corporations and the difference between earnings and cash flow was exaggerated.

"What is important for us to recognise is not whether the accounting procedures of the public corporations — and especially their liberal use of replacement cost depreciation allowances — is justified or not.

"The important question is how the market would value their performances."

The market would pay close attention to cash flows generated by operations and their likely growth relative to the cost of financing the growth.

"The ratio of sales to investment expenditure has averaged about 1 over the past five years while the ratio of operating profits to sales and to investments has been very attractive at 0,54 and 0,58 respectively.

"The return on investment has been excellent, which is why the contribution from internal sources to the costs of financing Escom's huge investment programme has risen from R709m in 1978 to R1,657bn in 1982, sufficient to finance 60% of capital expenditure made in 1982."

If this performance could be maintained over time and the expected cash flows were to be valued, Escom could be worth R27,6bn.

From this figure should be subtracted the market value of its debt of about R6,7bn, which would leave an equity stake of nearly R21bn. This was equal to almost the entire value of marketable Government debt.

Iscor, by contrast, showed increasing financial strength though little recent growth.

Iscor was a large and profitable organisation, but not a growing one for which investors were prepared to pay a premium.

Argus Correspondent

PRETORIA — Iscor, South Africa's steel producing giant, has recorded a huge R243,7-million loss — the biggest in the corporation's history.

This was disclosed by the chairman of Iscor, Dr Tom Muller, in his chairman's review published in the annual report released today

Though the loss recorded for the 1982/83 financial year which ended in June is more than 10 times greater than the R22-million loss for the 1981/82 year, there appears to be little chance that Iscor will lay off more workers

During the year it reduced its workforce by 11 400 workers, or by about 16.7 percent

Rather, Iscor will concentrate on further improving its productivity and continuing its modernisation programme aimed at phasing out old unprofitable units

Brighter

But Dr Muller painted a brighter picture for the 1983/84 year, which is already nearly four months old

He said prospects seemed to be "considerably more encouraging and although total profitability does not yet seem likely, operating results for this year should be better"

Though measures had been taken to scale down operations and reduce costs, the full benefit would only be felt when domestic steel sales and international steel prices again returned to normal, which he hoped would be in 1985

He warned that unless active steps were taken to remove disparities between South African conditions and its major trading partners "by effecting a permanent reduction in either the rate of inflation or the rand/dollar exchange rate, exports of most South African goods will become unprofitable



Dr Tom Muller

Modernising

"The efforts on the part of the authorities to combat inflation, such as the recent reduction in fuel prices, are greatly appreciated and are also most essential if South Africa is to remain competitive in export markets," he said

Iscor's sales to the local market dropped by as much as 20 percent

However, Dr Muller gave no indication of a possible steel price rise

R243.7-m loss

Iscor in the red with

NATIONAL/INTERNATIONAL

NR&US 26/10/83

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CAPL Times
28/10/83

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Escom 'opposed Koeberg'

Environment Reporter
ESCOM had been opposed to the building of Koeberg nuclear power station but had been pressed into the scheme because opinion in Cape Town was "tremendously" in favour of it, an Escom official told a meeting yesterday.

Speaking at an Institute of Citizenship lunch-hour meeting in the Cathedral Hall, the regional information officer for Escom, Mr Andre van Heerden, said that among the many accusations levelled against Koeberg was that Cape Town had not been consulted and that the station had "suddenly appeared".

He said it was first mooted in 1968 that Koeberg be erected and about 30 research bodies studied the possibility of it being sited in the Cape Town area.

After six years of research it was decided that it was feasible and the first contracts were signed in 1974.

But Escom was not enthusiastic about erecting the power station. It was not justified economically and it was felt that it should be delayed for a while.

"However, there was a lot of pressure on Escom to build Koeberg in that area and people in Cape Town were tremendously in favour of it," said Mr Van Heerden.

He said the City Council, ratepayer organizations, farmer groups, churches and local, provincial and central government had all stated that they were in favour of Koeberg.

At the time the old Table Bay power station was spewing out sulphur and carbon dioxide, there was an economic recession and "there was pressure to build the station".

Attitudes changed

He conceded that since then the disaster at Three Mile Island had changed attitudes in Cape Town. Local people were now asking themselves: Do we need it? Is it safe and why should it be here?

● Koeberg is to be presented with an award for "the most outstanding civil engineering achievement of 1982" by the South African Institute of Civil Engineers.

Atlantis residents oppose N-plant

Environment Reporter
IN THEIR first public stand against the commissioning of the Koeberg nuclear power plant, residents of Atlantis yesterday urgently appealed to the Atomic Energy Commission to refuse any further licences to Escom to open Koeberg.

The appeal was made in a statement issued by a branch committee of Koeberg Alert formed at a public meeting held in Atlantis on Wednesday night.

The statement said:

● "We were not consulted about the building of Koeberg. Neither Escom nor the Divisional Council communicates with us."

● "We object to our groundwater being threatened, as referred to by Professor Sparks of UCT."

● "We object to the transport of nuclear waste past Atlantis."

● "The cost of electricity is higher in Atlantis. When and how much and for whom will electricity costs come down if nuclear power is supposed to be cheaper?"

● "We are dissatisfied with the secrecy of the evacuation plan and are concerned about not being able to insure ourselves and our property against damages resulting from a nuclear accident."

● "We demand that the Divisional Council properly maintain our houses so that they can provide shelter in the event of an accident."

The statement said these objections became urgent considering the power station was due to start operating within three months.

ISCOR waiting for right sell-off time

28/10/83

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RND W

WERE ALSO UNDER PRESSURE.

ISCOR's chairman, Dr Tom Muller, and other members of the board favour the principle of denationalisation — but think the time is not yet ripe for a sell-off.

In the corporation's report for 1983, Dr Muller acknowledges Iscor has often been the subject of denationalisation speculation.

The most recent occasion was at last week's annual congress of the Association of Chambers of Commerce when delegates heard that Iscor showed great financial strength and approved a motion calling on the Government to consult the private sector and accelerate denationalisation.

"Despite its connection with the State, Iscor operates in all respects like a private-sector enterprise on highly professional standards of scientific management and sound business principles," Dr Muller says.

"The corporation's key objective is profit-based, with due regard to the interests of of industry and the national economy."

The corporation was funded and capitalised like a private-sector undertaking, maintaining a balanced relationship between equity and debt financing.

This relationship was aimed at retaining an optimum relationship between profitability, liquidity and solvency over the long term.

"In view of the fact that the economic climate locally as well as the international state of the steel industry is currently very negative, the present is definitely not the most suitable time to embark on full-scale denationalisation.

"When the time is opportune, however, Iscor will be ready in terms of business and management objectives to continue taking its rightful place in the economy under such a dispensation."

Lower sales and production cut turnover to R2 296m in 1982-83 (R2 529m) as losses, calculated on a current cost basis, rose to R244m (R22m loss).
Net internal cash flow contin-

ued to be positive, however, contributing R107m to the 1982-83 financing requirements.

Cash flow also helped to restrict debt ratio to about 43% (39%), close to the corporation's target for the year of 40%.

Steel price increases were kept below the rate of inflation by improvements in productivity, which netted the corporation a cumulative saving of R1 374m.

Because no immediate growth in international steel production is expected, prospects for iron ore exports remain unfavourable and further decreases in export tonnages are foreseen in the current financial year.

JOHANNESBURG. — The Sasol Ltd rights issue to raise R750m will open on November 25 and close on December 9, and the remaining R1,9 billion of the cost of Sasol II will be met out of existing resources and a staged payment over five years.

The formal agreement under which Sasol Ltd is acquiring Sasol II from the Industrial Development Corporation and Konoil will be signed on Monday, and Sasol II will become a wholly-owned subsidiary of Sasol Ltd, effective retrospectively to June 26 this year.

The agreed price for the sale of Sasol II to Sasol Ltd is R2,620 billion, to be financed as follows:

- The net proceeds of the rights offer — the government has a 30 percent stake in Sasol Ltd, and its share of the rights offer will amount to R250m, the balance coming from the private sector

- Cash totalling R350m will be provided out of Sasol's existing resources

- The balance will remain owing to the IDC, Konoil and the State Oil Fund (SOF) and paid over five years

Formality

An announcement from Sasol says that

after the signing of the agreement, and this is likely to be no more than a formality, it will proceed with a rights offer of 187,5m shares.

The offer will be made on a one-for-two basis, and although the price has not yet been announced, consensus is that it will be pitched at 400c.

Sasol closed at 415c yesterday, down from a peak of 500c before the preliminary results were announced in August.

An investment analyst said yesterday that normally the price at which a rights offer was pitched did not make a great deal of difference, and the only change came in earnings a share statistics.

But in the original Sasol prospectus the assurance was given that the Sasol II and Sasol III deals would not result in a dilution in earnings a share.

The promise given in the prospectus puts Sasol under pressure to meet its commitment,

and for this reason the price is likely to be pitched at 400c.

Every effort is being made to explain the offer to all shareholders.

While market research has shown Sasol's advisers, Finanskab, that the major institutional holders will broadly support the issue, there is the bulk of the shareholding population to convince.

Shareholders

Sasol has 47 shareholders who account for 82 percent of its issued share capital, while the remaining 18 percent is spread across 26 000 shareholders, either individuals or companies.

There is every reason for all shareholders to support the issue, as the long-term prospects for Sasol make it almost a sure-fire winner.

If a parallel is drawn with chemical giant AECI, the prospects for Sasol's future become obvious.

AECI is generally happy with the profits it can make from a plant operating at 70 percent of capacity. If capacity use moves up to 80 percent the gearing effect is significant, and profits improve out of proportion to the percentage change in production.

At Sasol, given the volatile oil supply situation, production will continue at full tilt for the foreseeable future, and the long-term effects on profit of a chemical plant operating at full capacity are going to be dramatic.

This is well understood by the major insti-

tutions, who are likely to subscribe fully to their rights, and will even top up their holdings if any shares become available, but some private investors may not realize the long-term value of their investment, and could be tempted by the sagging gold price and the consequently soggy industrial market to relinquish their rights.

This would be folly, as the Sasol price may have been staid and moved slowly since the first privatization move, but this is because the institutions have satisfied their needs through rights issues and private placings.

These are not going to be repeated indefinitely in the future, and at some point down the line, especially when the fuel price starts moving well above Sasol's production cost, the upward pressure on Sasol's share price will come.

An amazing irony has arisen in the build-up to the rights issue. Originally intended for some time in 1984, the government is believed to have exerted pressure on Sasol to bring the offer forward.

The rationale was that the industrial share market was overheated, the money market was awash with cash, and some means had to be found to release the pressure on the market and to mop up some of the liquidity.

Argument

Sasol, from all accounts, rejected this argument, saying that it was an independent company and had to look to its own needs, and should not be called on to manipulate factors in the economy.

To page 16

Sasol rights offer

From page 14

However, the government's view prevailed, and Sasol agreed to bring the issue forward.

Simultaneous to the announcement of Sasol's results for the year to June, came the news that Sasol Ltd was to acquire Sasol II, and would need to raise up

to R1,0 billion from the public for the acquisition.

This announcement was made on August 20, at a time when the industrial market was testing new highs and the gold market perceived to be on the march upward.

Since then, everything has changed. The money market is in a quandary over how to deal with an immense shortage, the gold price has sagged and the industrial market is skidding downward in a controlled, but steady spiral.

Dampening factor

Enter the government, warning that the issue now would be disruptive to the money market, and would also be a serious dampening factor on Johannesburg Stock Exchange activity.

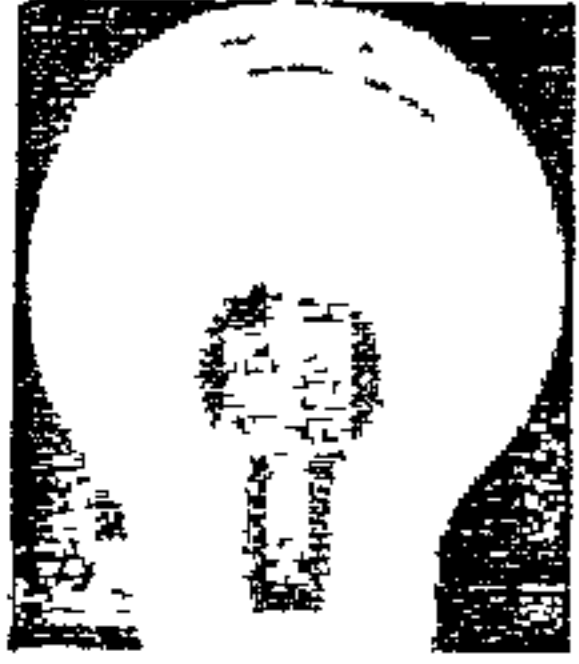
It would be better, is what the government is believed to have said, to delay the issue until next year.

But this time Sasol prevailed, and the issue is going ahead, not oblivious to the circumstances, but with the knowledge that the institutions will follow their rights, and that private investors can also be persuaded to go along with the issue.

Sasol Ltd to raise R750m in rights offer
 BY JOHN MULCAHY Cape Times 4/11/83

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Escom wrestles with tariffs



A recent survey in the US found that most people regard their electricity supply as a God-given right, rather like water or air — and that the authorities should ensure that it is always on

tap at a nominal price

Most SA businessmen used to have the same attitude until recently. But a more than four-fold increase in tariffs over the last eight years has shattered the illusion. This has led to the appointment by government of a Commission of Inquiry into electricity supply.

Focus of the study is Escom, the supplier of 94% of SA's electrical power. The commission has not yet completed its work, but the signs are that Escom is at last heeding pressures to keep tariff hikes in check (*Business* October 14).

The meeting on Friday of Escom's governing body, its own commissioners, could thus be an historic event as they will probably be asked to approve radical measures to achieve this. Whether they do so will probably be known next week when the announcement of next year's electricity tariffs is expected.

SA's electricity prices are still among the cheapest in the Western world, apart from countries with vast hydro resources such as Canada and Sweden. Nonetheless, escalating tariffs are now threatening the viability of certain major industries, especially those in the export sector, says Federated Chamber of Industries (FCI) chief economist Arthur Hammond-Tooke.

These include some gold and coal mines, ferro-alloys producers and the aluminium industry — all of which are electricity-intensive. In addition, escalating electricity tariffs have pushed up railage costs, which affect all local industry as well as the agricultural sector.

Organised industry maintains that one reason for the problem is that Escom is financing an increasing proportion of its expansion from tariffs rather than long-term loans — in other words, that consumers are paying too much up front for new power stations before they are built.

Last year some 29% of Escom's capital expendi-

For many years Escom has run its affairs as if a law unto itself. It is now becoming more sensitive to the community it serves.

ture was self-financed compared to about 14% in the early Seventies. To the dismay of industry, Escom executives argue that if foreign loans are to be attracted in the long term, the figure should ultimately be raised to the region of 50%.

Chief source of the self-financing is the capital development fund (CDF). It was established under an amendment to the Electricity Act which empowers Escom to set aside funds for expansion from tariff revenues. In 1972 and 1973 only about 5% of the

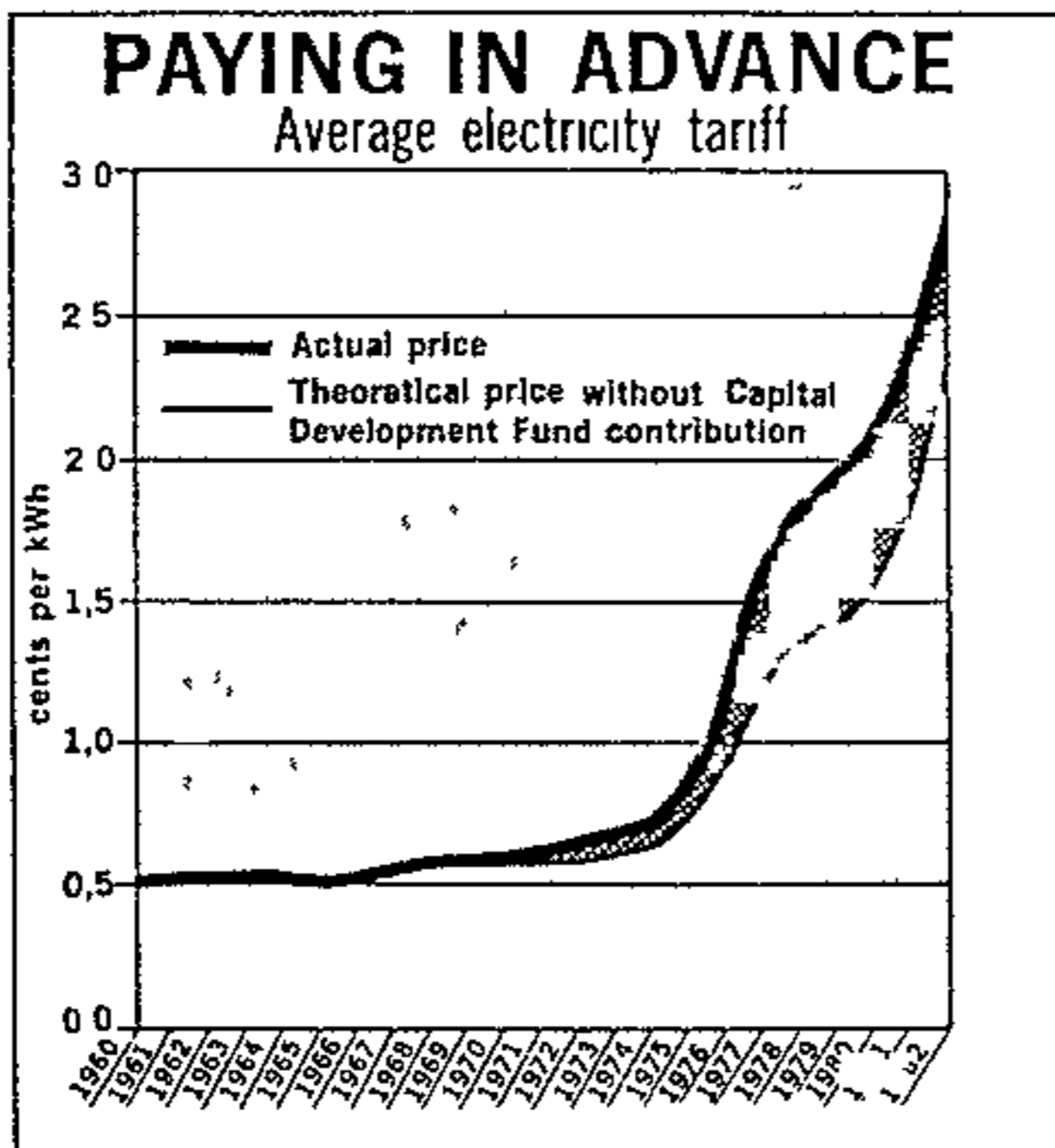
tariffs paid by consumers was put into the CDF (see chart). But in the years after Soweto, when foreign finance was harder to come by, the figure went up and reached a high of 25,14% in 1979. In this period electricity tariff increases were at their highest ever.

Escom admits that it is now "very welcome" in foreign capital markets, but last year it still set aside 16,3% of tariff revenue, some R476m, to the CDF. At the same time it recorded a deficit of R58m for the year and an accumulated three-year deficit of R154m despite the fact that it is obliged by the Act to operate as far as possible at neither a loss nor a profit.

Observers say that Escom has no cash shortages despite its reported deficits — and that it should have used these cash resources to cover its deficits before salting away more funds in the CDF. Had it done so, it would still have been able to enrich the CDF to the tune of R322m or 11,9% of last year's tariff revenue.

They say that by deliberately failing to cover its deficits, and adding to the CDF, Escom provides itself with an excuse to raise tariffs.

These practices are not in accordance with established accounting procedures. To make the point, organised industry has commissioned the Financial Research Unit of Stellenbosch University to unscramble Escom's accounts and to re-present them as if they came from a normal business undertaking. It is expected that on this basis the organisation would have shown substantial profits in the years it reported deficits.



Escom's Jan Smith ... not set against change

Critics say that another cause of the high tariffs is Escom's projections of electricity demand. This has led to an expansion programme bigger than that of any other electricity utility in the Western world.

In the next decade Escom plans to increase its generating capacity by 83% at the cost of R20 billion in today's money (see chart). On a historical basis this does not appear ambitious as far higher actual growth rates were maintained during the last three decades.

But it is argued that with tariffs going up the way they are, consumers will not be able to afford electricity under the present self-financing philosophy.

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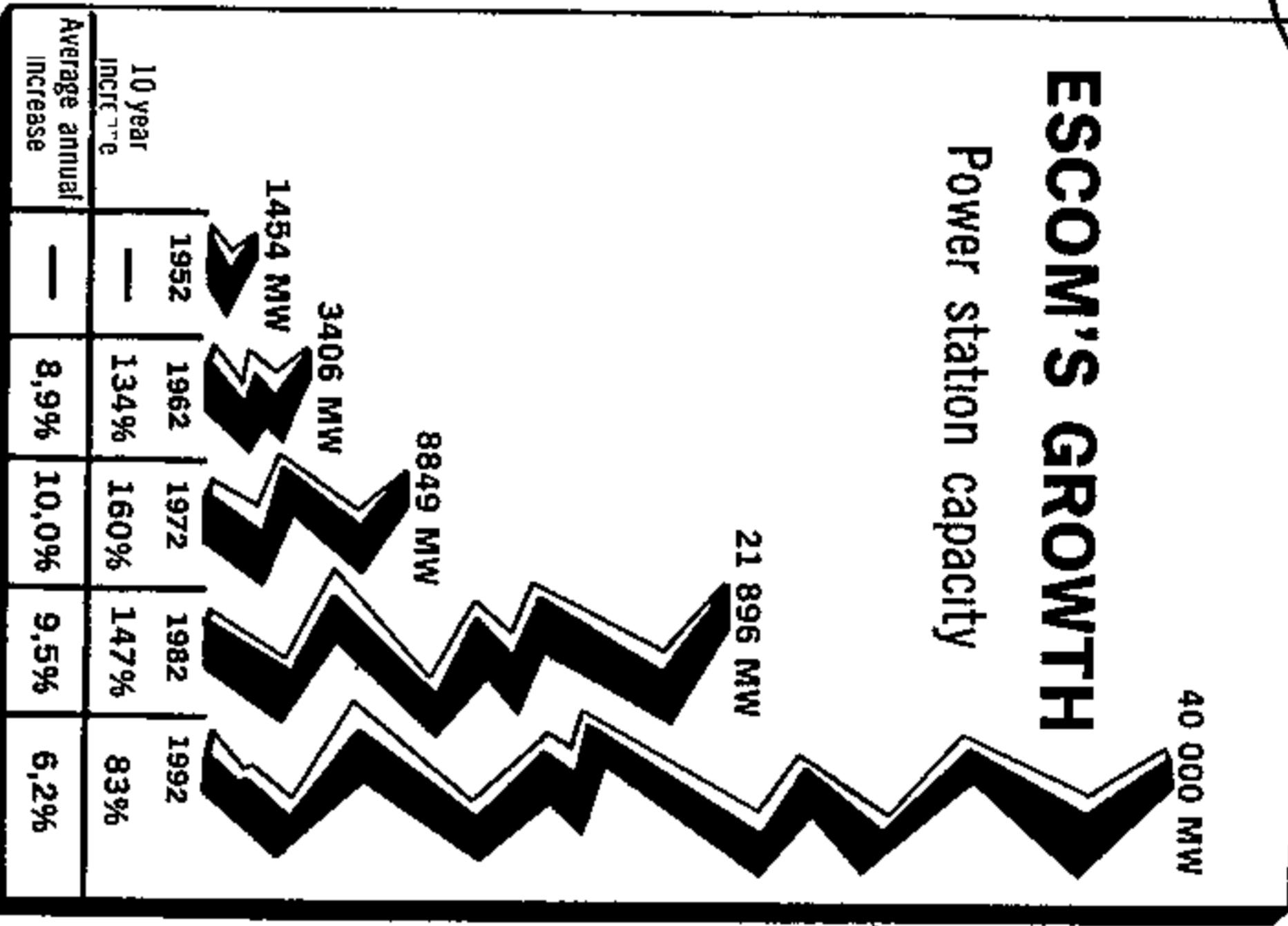
A further upward pressure on tariffs is the fact that Escom does not accept responsibility for absorbing increasing costs of coal, an item which accounted for 22% of its costs, or R593m, last year. The organisation has little motivation to press its suppliers to keep the coal prices down as it automatically passes on any adjustments to consumers in its tariffs. The last such (upward) adjustment occurred without fanfare this winter.

In the present debate, government and the private sector are, for once, on the same side as they both maintain that electricity prices are too high.

The Prime Minister has made his sentiments clear by publicly calling upon the organisation to reconsider its proposed 16,3% tariff increase last November. Although not obliged by law to heed his call, it scaled down this tariff hike to 14,5%. But only weeks later, Escom officials were suggesting that this year's increases would have to be even bigger to make up for the resulting shortfall in revenue.

Another cause of concern is that Escom has a surprising degree of autonomy. It is beholden to no shareholders. It pays no taxes. It uses no state funds and government has no say in its day-to-day running. The only controls are the Act itself and the State President who has the power to appoint the chairman and members of the Commission, its governing body.

These provisions were no doubt written into the Act in 1922 to keep Escom out of the political arena. But since then it has become one of the 12 biggest electricity utilities in the Western world with last year's turnover at R2,59 billion, and now plays a pivotal role in the SA economy. There have thus been calls from inside and outside gov-



ernment for a greater degree of accountability from the organisation.

Escom's own staff is split by the contrary. One faction maintains that the only way the organisation can fulfil its charge to provide for the nation's electricity requirements is to maintain the *status quo* by keeping the Act in its present form and persevering with present policies. The other favours the views of the outsiders.

"It has never been important before but suddenly we are having to take account of the outside world," says one Escom staffer who asks not to be named. "The drought had the wonderful effect of bringing us into

contact with our customers, and for the first time, mutual understanding is starting to grow.

"The realisation is now dawning that we cannot just charge everything to our cost account and pass it on to the consumer.

Top management, however, refuses to discuss the matter, which is perhaps another sign of the turmoil going on in the organisation. But remarks by chairman Jan Smith suggest that he has not set his face against change and that Escom is finally finding a new path out of its present difficulties.

In a speech to a conference on SA and the international financial markets, he called for greater foreign investment in Escom — a sign, perhaps, that Escom may be moving away from its policy of high self-financing.

He said "The real issue concerning electricity supply is how we are to cope financially with increasing demand. If our estimates of future needs materialise, capital expansion could be problematic. The prohibitive cost may result in an electricity price which could compare less favourably with the price in other countries and, in turn, affect the competitiveness of exports, particularly electricity-intensive goods."

This may be the first official indication of a change in Escom's thinking. If it is so, industrialists have cause to rejoice. But at the same time they should realise, that however the organisation does its books, in the final analysis, they, the consumers of electricity, are the ones who foot the bill.

What they have in essence to argue about is whether they pay most of the bill now or a greater proportion of it in the future. Greater attention to conservation could be material in moderating the cost.

SASOL expects to increase its earnings and dividend more than the inflation rate this year — in spite of spending R3 000-million on the half-share of Sasol 2 that it does not already own.

Joe Stegmann, managing director of Sasol, tells Business Times that he expects Sasol to earn 72c a share in the year to June 1984 and pay 32c.

According to Mr Stegmann, Sasol should pay a final dividend of 18c in addition to the recent interim of 14c

Last year the petro-chemical giant earned 61,9c and paid a total of 28c, so earnings are expected to rise 16% and the dividend by 14% — in spite of the 187,5-million new shares that will be issued

Mr Stegmann's figures imply that Sasol will increase its taxed profit attributable to shareholders by 74% to R405-million (R232,2-million)

He says the main reason for the steep rise in profit was much increased production at both Sasols 1 and 2

The softer rand against the dollar had also helped, as the prices paid to Sasol for its fuel were converted from dollar petrol prices

Declining world petroleum prices, on the other hand, had been negative.

Mr Stegmann's forecast will do much to dispel concern about earnings and dividend dilution ahead of the rights issue to finance the transaction

He would not be drawn on the price at which the shares would be offered, saying only that this would be decided nearer the time

At this point all Sasol has disclosed is that the half-share of Sasol 2 that it does not own will be bought for R2 620-million

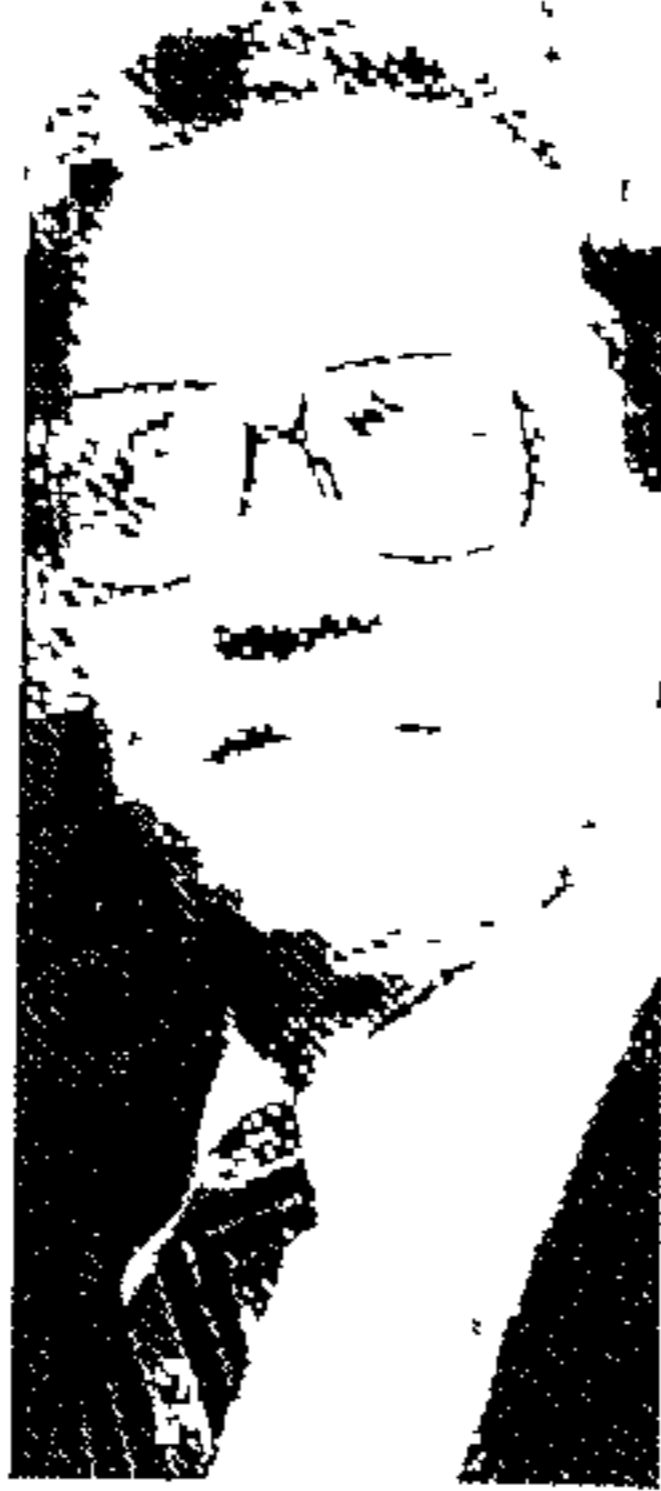
This and a loan of R337-million bring the total outlay to R2 957-million

This will be settled by the issue of 187,5-million shares at a still-undisclosed price, R350-million in cash and a loan to be repaid over five years

Many analysts have expected the price to be pitched at 400c, 15c less than the current price, but, unless the entire stock market declines, Mr Stegmann's positive profit forecast could lift the issue price to 425c or even as high as 450c

At 400c, the prospective

By David Carte



JOE STEGMANN
Dispelling concern

dividend yield is 8% — extremely high for a petro-chemical company anywhere in the world

Some industrial analysts say Sasol should be valued more highly than other international petroleum counters, as it is uniquely placed strategically

At 450c, the yield to investors would be 7,1%, still "extremely attractive", according to those analysts who like Sasol

But if Sasol were to fetch this price, the market price would have to move up towards 500c, as a discount of at least 10% is generally required in a rights issue.

Many Sasol watchers expected the rights issue to take place in two tranches, but Sasol is taking its money in one bite

It reckons this will not be a shock to financial markets, as the big holders were prepared in advance and have cash set aside

Mr Stegmann says the issue will not force up interest rates, as the IDC will be putting up a large part of the money and then taking back a large part

Asked about the long-term profitability of Sasol in light of the current international petroleum glut and the Government's harder attitude towards protection of strategic industry, Mr Stegmann said he was optimistic.

"We have a diversified business. Fuel and refining are the biggest profit contributors, but we also have thriving coal, chemical, fertiliser and gas businesses

"And, while lower petroleum prices and a stronger rand can run against us, I am confident we can make up with improvements in production by improving continuity and removing bottlenecks

"Ours is a constructive position. We don't need a continuing energy crisis to thrive

"This depends on us and our efficiency. We showed in the 1960s that we could do well in perfectly normal circumstances"

Sasol received only 15% import protection

Its only other protection from the Government was an undertaking that its fuel prices should be attached to international ones.

While dividends will be paid on the new shares, only for the second half of the year, for accounting purposes the transaction will be backdated, so that it is effective for the full financial year

This means the number of shares in issue for the purposes of Mr Stegmann's forecast is not weighted

SASOL predicts

S.T. Times 6/11/83

boom

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Consumers applaud Escom's restraint

Mail Reporters

ESCOM's announcement of an average tariff increase of 6% from January has been greeted with relief by major electricity users

A much higher increase had been feared

Throughout Reef municipalities, town and city electrical engineers welcomed the moderate Escom increase

Spokesmen said that it was significantly lower than forecasts earlier this year which put it as high as 14%

The increase, which takes effect from from January 1, was also significantly lower than the 15% Escom levied at the beginning of 1983

"Dramatic measures were necessary if the country's inflation level were to be brought down to that of SA's main trading partners," said Escom's chairman, Mr Jan Smith

He pointed out that 80% of all electricity was used by industry, SA Transport Services, mining and commerce

A spokesman for SA Transport Services said the increase would amount to an additional expenditure of R3 300 000 to the end of March

"A contained electricity tariff increase for 1984 is our contribution to assist our consumers in their fight against inflation," said Mr Smith

But, though internal financing levels have been temporarily lowered, Escom warned that this could not continue indefinitely although the cost-cutting campaign has been successful

Mr Smith said these savings, together with the deferment of project expenditure, were expected to total R85-million this year

The Commission has also decided not to reduce the accumulated deficit, at

least during 1984

Escom's decision to contain tariff increases had, Mr Smith admits, been taken as a calculated risk in view of serious short-term problems

These include the effects of the drought and present marginal growth in electricity sales

The 6% increase in tariffs has been based on predictions that inflation will be reduced to below 10%, and that electricity sales will be increased by at least 7% in 1984

"Consumers will pay the usual quarterly adjustment for any increase in fuel costs. This should not exceed 2% in the full year," said Mr Smith

But despite this, the Johannesburg City Council will pay an effective 8% increase. Half of this will be passed on to consumers

Johannesburg's City Electrical Engineer, Mr Wessel Barnard, said yesterday that technical rationalisations by Escom earlier this year, which affected different municipalities in different ways, meant that Johannesburg had to pay an added 1½% over and above the 6% increase announced yesterday

Mr Barnard said he had decided to round off the 1½% to 2% to allow for expected increases in the coal price

He said the average domestic consumer who used 900 units of electricity of month would pay an increase of R1,53 a month from R38,25 to R39,78 from January 1.

The account of small domestic consumers using 500 units a month would increase by 85c from R21,25 to R22,10

Mr Barnard said industrial consumers would also face a 4% increase

And Roodepoort's City Electrical Engineer, Mr Piet Botes, said the city's

domestic consumers could expect increases of between 3% and 4% from January.

Big industrial consumers would have to shoulder the burden of the whole 6% increase

Small non-domestic consumers using about 10 000 units will face an increase of about 2,4%

In Germiston the domestic increase will only be about 2,4% on average and the electricity bill of residents using a thousand units will increase from R40,02 to R40,97

The Acting Germiston City Electrical Engineer, Mr Steve Verster, said industrial consumers would, however, also have to shoulder the full 6% increase

According to the Sandton Town Electrical Engineer, Mr Tony Hugo, Sandton domestic and non-domestic consumers would shoulder the full 6% increase

The monthly electricity bills of domestic consumers will increase on average between R4 and R5

The Randburg Town Electrical Engineer, Mr Max Clarke, says the council will still have to decide how much of the increase will be paid by consumers and how much will be absorbed by the council.

● The Consumer Council has welcomed the responsible manner in which Escom has handled the increases

The director of the council, Mr Jan Cronje, said in a statement issued in Pretoria, that this positive step could play a role in the lowering of the inflation rate to under 10%

"I wish to appeal to municipalities as well as the private sector," Mr Cronje said, "to keep their own increases to within the announced levels"

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(1) technicality
(1) sources

ppf shifts outward due to greater productivity due to

boundary

A ppf. ca also shift inward, when there has been a loss of technical advance (capacity) or perhaps a shift in the structure of production to produce to ppf frontier

Sasol booms

By David Carte

SASOL is making enormous profits — at the expense of other oil companies.

While Sasol pushes up production and profits, the three refineries using imported crude oil have cut their production drastically and, according to reliable sources, are operating at about half capacity.

Sasol managing director Joe Stegmann told Business Times last week that his oil-from-coal colossus would increase taxed profit 70% to R400-million — thanks to increased production at Sasols Two and Three

Crude-oil importers feeling the pinch

But rising production for Sasol has meant an equally steep fall in production for the other petrol refiners — Caltex, Shell, BP and Sasol's own natural crude-oil refinery, Natref

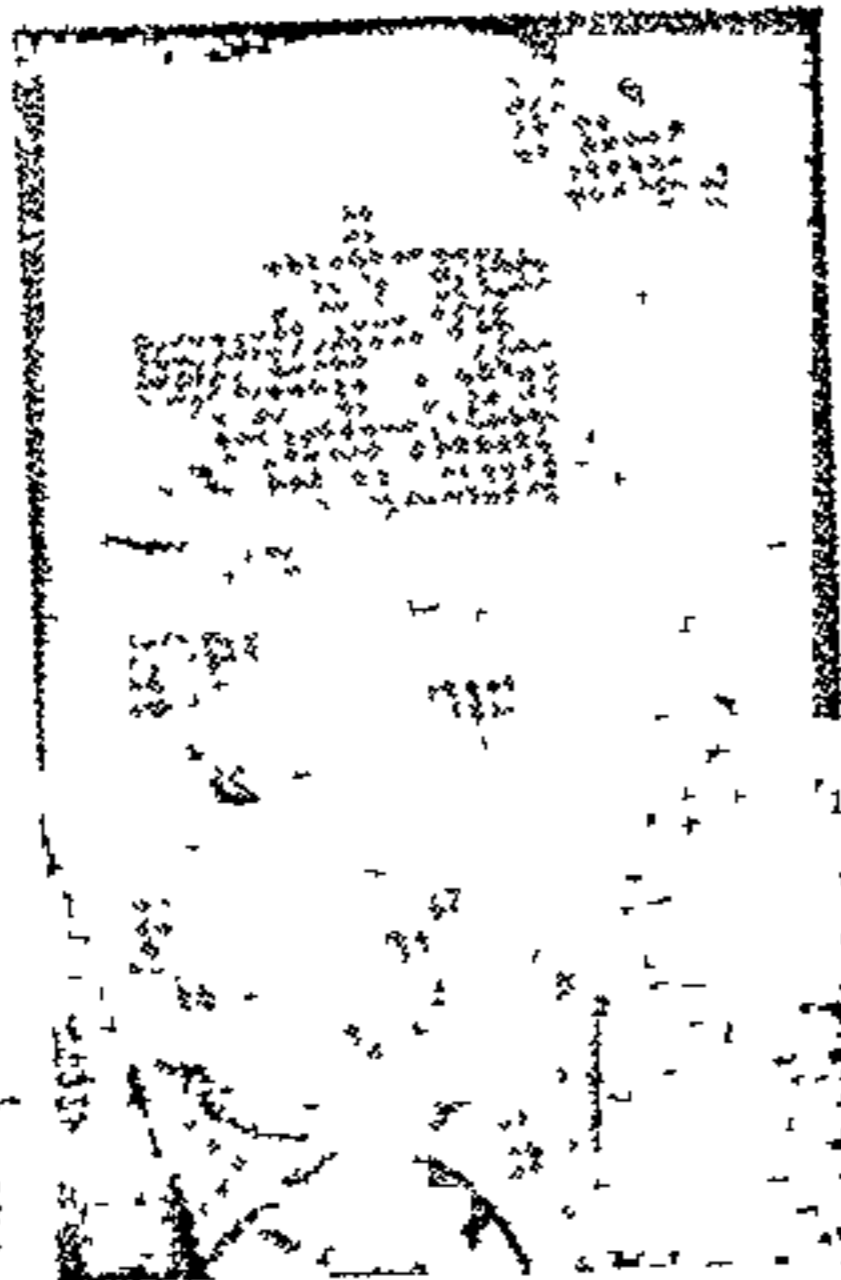
As a result, their profits are declining as markedly as Sasol's are rising. This is because oil refineries are capital-intensive and carry enormous fixed costs. Declining production hits their profits more than proportionately.

While he would not comment on capacity use at the Shell/BP refinery in Durban, John Wilson, chairman of Shell, confirmed that refineries reliant on imported crude oil were suffering as more and more indigenous coal-based fuel came on stream. "There's not much we can do about it," he said, "except demand equality of suffering for all imported crude-oil refiners, including Sasol's Natref."

Dennis Fletcher, chairman and managing director of Caltex, also confirmed the situation, saying his refinery was not nearly fully loaded and profits were suffering. "Personally, I just keep buying Sasol shares," he laughed.

BP would not comment for fear of the Petroleum Products Procurement Act.

Mr Stegmann said it was not a question of Sasol's taking away from the other oil companies



DENNIS FLETCHER
"I just buy Sasol shares"

"Indigenous fuels," he said, "are merely replacing imported fuels in accordance with Government policy. The fact that Sasol makes indigenous fuels is completely incidental."

"All the natural crude refineries are suffering equally. Natref is also operating below capacity."

He said the coastal refineries were operating at less than capacity back in 1978 "in normal conditions before the international oil crisis of 1978."

They increased their capacity after 1979, following the announcement of Sasol Three. In doing so, they had

overestimated growth in the SA market.

Oil-industry sources said the Caltex refinery in Cape Town was operating at 45% of its capacity and estimated that the Shell/BP refinery in Durban was producing at a similarly low level. Neither Mr Wilson nor Mr Fletcher would comment on these estimates.

Oil consumption has traditionally grown at 3.5% to 4% a year, so, if the capacity estimates are correct, it could be 10 to 12 years before Shell, BP and Caltex are operating at capacity again.

Mr Stegmann told Business Times last week that Sasol could increase production still further by stepping up continuity and efficiency at Sasols Two and Three. This means the other refiners' problems are likely to get worse before getting better. At the same time, Mr Stegmann said Sasol could not make the enormous gains in production that it has achieved from 1982 to 1983.

Now the imported crude-oil refiners are desperately worried that, if Sasol or any other local interest builds a third synthetic-fuel refinery, they will suffer even more.

Because of the Petroleum Products Procurement Act, tight secrecy surrounds the industry, but the big oil importers are clearly unhappy at the situation.

Sasol issue — 415c a share

Business Times Reporter AS forecast by Business Times last week, Sasol's share issue is at more than the widely forecast 400c.

The oil-from-coal giant is asking 415c a share for the 187.5-million new shares it is to issue in order to take over the half-share of Sasol Two it does not own.

Sasol expects to earn 32c in the current year and pay 72c,

so the issue price offers a prospective dividend yield of 7.7% and a forward PE of 5.7. The issue price is a 9% discount to Friday's closing price of 457c.

The discount is unusually small, but longer-sighted investment analysts reckon it is "highly attractive."

The rights issue will bring in R778-million. The Industrial Development Corporation (IDC) has 30% of Sasol, so

will contribute R233-million of the total.

Because the IDC also owns the 50% of Sasol Two being bought, it will take the entire proceeds of the issue plus another R350-million of Sasol's own cash — a total of R895-million.

This means the issue actually absorbs R545-million of institutional and public money. The balance of the R2 600-million purchase price will be loan-financed.

— Other refiners starve

a desperately needed boost from the past week's generous rains.

The most dramatic improvement was at the strategic Grootdraai Dam where the water level rose from 18 percent last Monday to 29 percent yesterday

The level of the giant Vaaldam is rising slowly but steadily after 26,5 mm of rain

Hopes that water restrictions will be relaxed are rising along with the water levels, but the Department of Environment Affairs has warned that until dams are 50 percent full, curbs will not be eased

Last week dams were still only an average of 35 percent full as opposed to 51 percent at this time last year

Although the water level of the Vaaldam is expected to stabilise soon at around 23 percent, a spokesman for the Department of Environment Affairs said this was more than enough to keep the recently completed Grootdraai emergency scheme functioning

However, he said, the level of the Grootdraai Dam was expected to rise another few percent, which meant Vaaldam water could be conserved

The rise in the Vaal and Grootdraai levels meant that the Sterkfontein Dam — an important reserve for the PWV area — could be left untouched

The Tugela, he said, was now flowing more strongly, and a full 11 cu m of water per second could now be pumped into the Sterkfontein Dam, which is over 47 percent full

The Crocodile River is reported to have risen over the past week, causing the level of the Hartbeespoort Dam to increase from 20 percent last Monday to 22,4 percent yesterday

Eastern Transvaal dams have benefited from drenching rains over the weekend and the Loskop Dam is up from eight percent full last week to 10,2 percent yesterday after 22 mm fell in this region over the weekend

Witbank's municipal dam, which augments the water supply to power stations on the Eastern Transvaal Highveld, rose from 45,7 percent full to 52,3 percent after 33 mm was recorded in the area at the weekend

Our Durban correspondent reports that soaking inland rains at the weekend pushed up the levels of the Midmar and Albert Falls dams.

A spokesman for the Directorate of Water Affairs in Durban said the level of Midmar Dam — where 35 mm of rain fell at the weekend — was back to the September 23 level of 18,36 percent of its capacity

Hollywood's attic junk is big money



Private sector eyes State-run enterprises

By Michael Chester, 24 Hours Team

National leaders of the Chamber of Commerce movement today urged the Government to launch formal talks on a gradual hand-over of key sections of the State corporations to the private sector

Mr Bill Yeowart, president of the Association of Chambers of Commerce (Assocom), said discussions were likely to begin with Mr Owen Horwood, Minister of Finance, and Dr Dawie de Villiers, Minister of Industries and Commerce, in the new year

Assocom believes both Ministers would be receptive to proposals that several State enterprises — such as Escom, Iscor and SA Transport Services — should relax their stranglehold on various business sectors and transfer sections to private enterprise

Sasol's decision to offer the public R750 million in shares in its oil-from-coal complex at Secunda is also regarded as a significant change in the Government's attitude towards allowing the private sector a bigger stake in State-owned operations

The share issue, which opens on November 25, will help to finance the takeover by Sasol of the interest held by the Industrial Development Corporation and the State Oil Fund in Sasol 2

Moves by Assocom to persuade the Government to allow the private sector a stake in more State operations will have the backing of the Federated Chamber of Industries and the Afrikaanse Handelsinstituut.

Mr Yeowart, who will lead the Assocom negotiators, said today "We believe it has become vital to press for an increasing participation of private enterprise in State undertakings and to end encroachments by the State into business operations

"Lately, the Government has made several statements indicating its support of free enterprise principles, so the current climate for negotiations seems to be encouraging"

unions and a highway near a power plant, police said bombs were detonated at the weekend here and in Oruro, 1 to the south. Police found red flags with the hammer and "Sendero Luminoso" on them near the bomb sites — Associated Press

Amnesty accuses Syria of torture

LONDON — Amnesty International has accused Syrian forces of torture, political killings, detaining thousands of without trial, and other systematic human rights violations — one (in Syria) can depend on the protection of the law," the independent human rights group said here. It said Syrian were liable to arbitrary arrest or abduction as the security operated with impunity under emergency laws which have in force for the last 20 years — Associated Press

Japanese go up in suicide smoke

TOKYO — More than 750 Japanese committed suicide last by setting fire to their homes, an average of more than two a Government report said today. It said 753 people committed arson-suicide, eight more than in 1981. It accounted for almost 10 percent of the 1 849 people who died in all fires. Bad domestic problems were thought to be the reasons for suicides — Reuter.

Welsh anarchist is jailed

CARDIFF — A self-confessed anarchist who gave himself police after three years on the run was jailed for nine yesterday for his part in a bombing campaign by extreme-manding Welsh independence Dafydd Ladd (33), an unemployed translator, pleaded guilty to two charges of possessing making materials. Judge Sir Donald Farquharson sentenced to concurrent prison sentences of seven and nine years — Associated Press.

Niger Prime Minister is sacked

ABIDJAN — Niger President Seyni Kountche yesterday sacked his Prime Minister and formed a new Government with no tary officers. Prime Minister Oumarou Mamane was replaced by a technocrat and acting Finance Minister, Mr Hamid A. The new Finance Minister was named as Mr Boukari Ad manager of a top Niamey bank. There was no immediate nation for Mr Mamane's removal although his closest friend had been accused of being involved in the failed coup attempt on October 5 — Reuter

Chinese editor out on parole

PEKING — The former editor of a Hong Kong Communist paper, sentenced to 10 years in prison here for allegedly for the United States, has been released on parole, the Daily said yesterday. The official, English-language newspaper said Lo Fu (62), also known as Luo Chenxun, was paroled after serving about one year of his sentence but is still police supervision. The Peking Intermediate People's Court judge, Mr Liu Yunfeng, said the parole decision had not been influenced by outside influences — Associated Press

Trouble simmers in the Caribbean

FORT DE FRANCE (Martinique) — About 20 people were injured, four of them seriously, when a series of bombs exploded in the French Caribbean territory of Guadeloupe yesterday. Casualties were all in a single blast in a car park at the government offices, police said. Earlier, armed men set off a large bomb at the Radio Caribe broadcasting station causing severe damage. Two other bombs blew up a small aircraft water company's offices. A fifth bomb was defused outside a police station — Reuter



Ex-champ James is out of the marriage hunt now

LONDON — A year after meeting on a Marbella beach, world champion racing driver James Hunt (36) and racing

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Oil pumped from SA wells

Cape Times 17/11/83

Own Correspondent
 DURBAN — Oil in commercially exploitable volumes has been found at Wakkerstroom, on the border of Natal and Transvaal, and crude oil is being pumped using a process perfected in the United States.

Oil first flowed on Tuesday, and 1500 litres were pumped in the first 24 hours.

The process has been successfully adapted for

local conditions, and could change South Africa's attitude to oil exploration.

Ten barrels of oil could be pumped from each well each day. It is not known how many wells will be sunk.

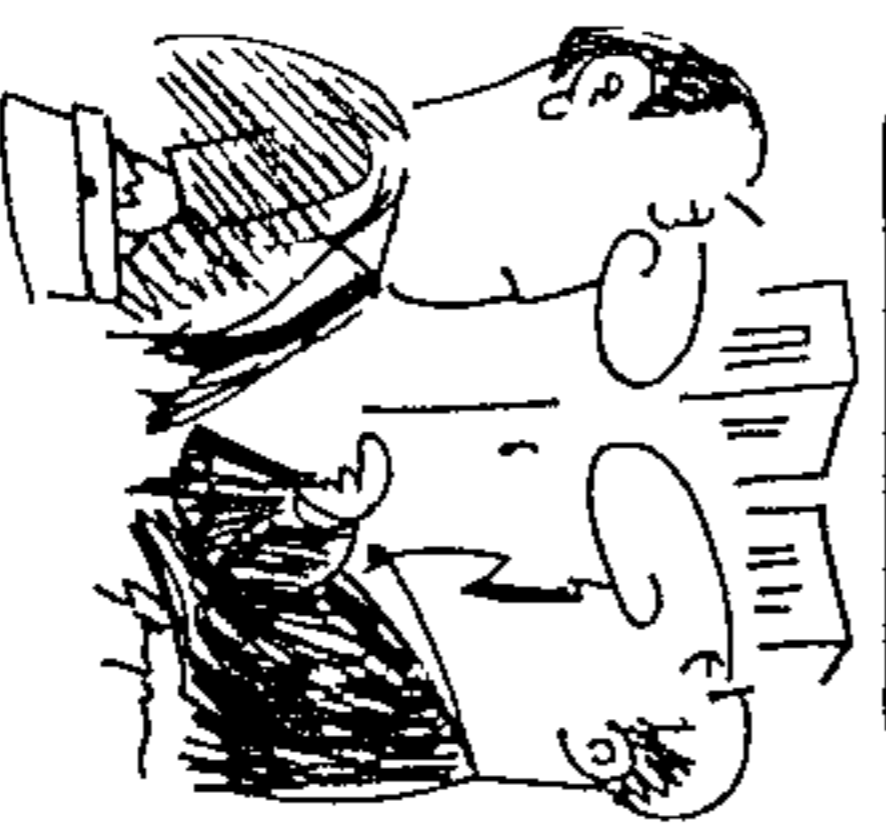
Known as "fracing", the process involves blasting an underground well into which the oil seeps.

Water is pumped out of the well allowing the oil to accumulate. The process, used extensively in Oklahoma and Kansas, employs a number of small wells headed by the "nodding donkey" pump.

During the past 15 years concerted efforts to find oil within South Africa's boundaries have met with scant success. The most promising results from Southern Oil Exploration Corporation (Soekor) efforts have been the series of wells drilled off Mossel Bay during the past five or so years.

Well over R300 million has been spent on the search for oil under the sea, but so far the results have not been commercially viable.

Crack of dawn



"Fanie Botha has resigned because it will be embarrassing for the government to have any skeletons in the cabinet"

Boy, 8, gored to death

Crime Reporter

AN 8-YEAR-OLD Richmond boy has died in the Kimberley Hospital after a black wildebeest he shot with his catapult charged at him and punctured his chest with one of its horns.

The boy, Willem Koenaad, of the farm Verlange Oordfontein, and a group of friends went bird shooting with their catapults on the farm on November 5.

The boys came across the black wildebeest outside the farm's borders. Willem climbed over a fence and shot the animal with his catapult.

His friends watched in horror as the enraged animal stormed Willem and gored him.

Major Eddie Snyman, a police liaison officer for the South Western Districts, said one of the horns had punctured Willem's chest.

Willem was rushed to Richmond hospital, then transferred to a hospital in De Aar and later to the Kimberley hospital where he died on November 8.

Pilot dies in Impala crash

Cape Times 17/11/83

Own Correspondent
 DURBAN — Lieutenant Short, 21, was killed when his Impala Mark II jet trainer crashed into the sea and exploded on impact in a massive plume of spray and fire off Durban's Brighton Beach soon after 9am yesterday.

Lieutenant Short, who was single, was the son of Mr and Mrs M H Short of the farm Wheatlands in the Pearston district of the Eastern Cape.

He was based at Six Squadron in Port Elizabeth and was piloting one of four single-seater Impalas taking part in a routine formation training flight from the SAAF base at Louis

Botha Airport when his aircraft dived into the sea while it was banking to the right soon after take-off.

An eyewitness, Mr Ian Erskine, who was fishing on the beach, said the four Impala aircraft flew over the Bluff at 9am heading out to sea.

"They were heading east behind one another. The last two peeled off to the south, but the last one didn't come out of the turn. It simply went straight into the sea and exploded on impact," he said.

Lieutenant Short's body was retrieved together with pieces of floating wreckage by a SA Navy vessel.

Cigarette prices up

Staff Reporter

THE PRICE of cigarettes goes up today.

The Johannesburg company Cigarette Importers and Distributors announced yesterday that the price of cigarettes sold to the wholesale trade and distributed by the company had been increased by between 3,3 and 6,3 percent with immediate effect.

"It can be expected that the retail price to the consumer will increase by 1½ to 2½ cents per 10 cigarettes," the statement said.

Hooligans hit Luxembourg

Own Correspondent

LONDON — Every available policeman was on duty in the tiny Grand Duchy of Luxembourg yesterday as English soccer hooligans went on

England and Luxembourg.

They were faced by more than 700 police armed with pistols and long rubber batons but still went on a sickening

and customers were assaulted.

One barman had a bottle smashed across his head and is in a serious condition in hospital. Doctors say he may

rough, described the behaviour of the English fans as "frightening and disgusting — they are a disgrace to England".

At least one English

Hail, thunder delay flights

Staff Reporter

vaal and Natal.

A South African Airways spokesman said Flight 623 was supposed to have arrived in Cape Town at 10pm after stops at those cities. It arrived after 1am today.

Grand
 WE'VE DONE IT AGAIN!

POTATOES
 Grade II MEDIUM

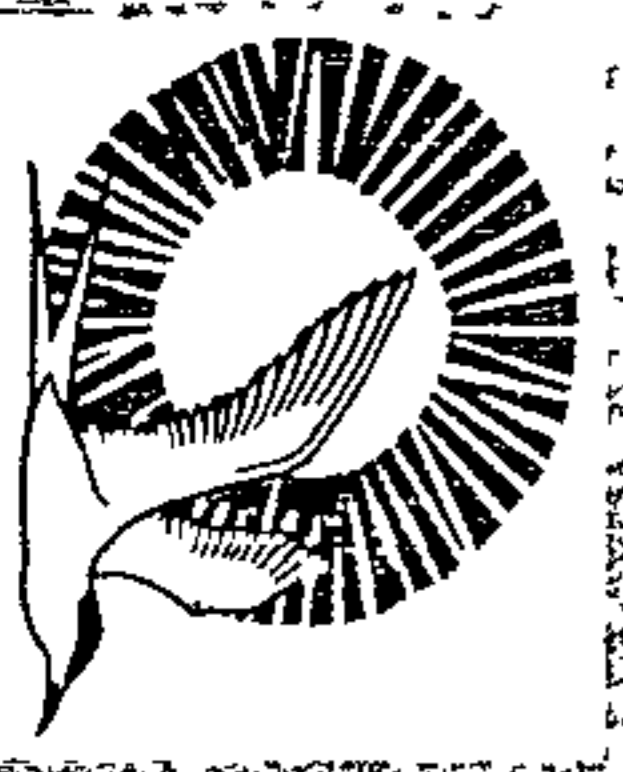
289

15 kg pocket

GST EXCLUDED

CABBAGE
 EACH **12c**

York Imperial/Class 1



17/11/83 ADVERTISING

Sasol rights issue looks attractive

22/E ARGAS 19/11/83

260

ONE of the perks of being a shareholder in a company is the right to subscribe for extra shares from time to time whenever it makes a rights issue.

Companies make rights issues of their shares whenever they need extra share capital and one of the attractions of these rights issue is that the shares are usually offered at below the current share market price

This is done to encourage shareholders to put up the extra capital the company wants, and it can have considerable monetary value when the shares are offered at a large discount to the market price

However, this is not the case with the Sasol rights issue, of which details were announced this week

R780-million

Sasol, the country's oil-from-coal producer, is planning to raise almost R780-million by offering 187.5-million shares to existing shareholders in the ratio of one new share at 415c for every two shares already owned

Although Sasol shares have been up to 505c earlier this year and as recently as September they were standing at 480c, they were trading this week at just over 420c — only about 8c above the rights price

Nonetheless, this should not deter Sasol shareholders from taking up their rights, for the share price will not remain this low once

INVESTMENT

By DEREK TOMMEY

the rights issue is out of the way

The drop in the share price can be attributed to a great extent to the size of the rights issue

Sell rights

The news that a company is making a rights issue normally does depress its share price. It is assumed, usually correctly, that some shareholders will not take up their rights but instead will sell them on the share market

This usually enables other investors to subscribe for the rights at below the market price. Thus on news of a rights issue, buyers hold back and it is quite common for the share price to drop

In the case of Sasol, which is seeking the huge amount of just under R800-million, it is understandable that the share price should fall fairly steeply, especially when the economic climate and market conditions are already poor

However, there are also two other reasons which could have affected the price

Issued at 415c

One was that the rights issued was pitched at 415c instead of 400c as the market expected. This could have squeezed out some speculators and led to selling of the share

The other reason is

that although the shares are being issued on a prospective dividend yield of 7.7 percent, the first dividend payable on the new shares will be 18c in October next year

In other words, for the next 10 months the investor will be getting a return of only 4.3 percent on his money. This is not so hot when it is considered that fixed interest stocks are now yielding 14 percent or more

Yet in spite of these factors Sasol shares do have some attraction at 415c

Strategic

One reason is that any signs of an upturn in the South African economy could bring increased overseas investment here, and one share they will obviously go for is Sasol — with beneficial effects on its price

Another reason is that Sasol is a strategic industry. As long as there is a risk of an oil boycott against South Africa Sasol will get 100 percent Government support, so the possibility of Sasol operating at a loss or not making steady profits are extremely thin

Then, while there is a glut of oil in the world markets at present, this is not likely to be the case in three or four years when the interna-

tional economy gets on its feet again

Therefore Sasol would seem a justifiable investment at 415c for anyone taking a four to five year view

But can non-Sasol shareholders get Sasol shares at 415c? The answer is no. But they can get them for just a few cents more by buying Sasol share rights

5c or less

On current performance of Sasol's share price, these rights should be obtainable for 7c. However, it would not be surprising if they were to fall to 5c or less

Anyone buying these rights, therefore, will be able to subscribe for Sasol shares at 415c each. However, a word of warning when buying rights

They become worthless once the subscription date is passed, which is December 9, so if you want to buy Sasol shares you will have to do it before then

This is a case where it will pay you well to work closely with your stockbroker. Although the rights themselves will be listed only on December 8, letters of allocation, which are rights in a different name, will be traded in the stock exchange from Monday November 21

Summing up, the slump in Sasol's price does give investors wanting a long-term investor, or capital appreciation over the next year or so, the chance to get in on the ground floor

262 ~~33~~ Feb 25/11/83

SHAKY FORECASTS

Rating Sasol's share prospects and rights issue is an exercise bedevilled by inadequate facts on key factors like production levels. Forecasts are also hazardous because of the wide fluctuations possible in international oil prices and the rand/dollar exchange rate.

This general uncertainty inevitably exerts some bearish impact on the share. More bearish at present is concern that overseas oil prices, which SA uses as a basis for its prices, could crack further. These factors probably account for the share's relatively high yield of 7,7% on the 415c share price. The chemical sector, whose profits are more vulnerable than Sasol's, yields an historical average 6,7%.

The rights issue and the Sasol 2 takeover changes the company's financial structure radically. The consolidated *pro forma* balance sheet shows shareholders' interest rising from R984m to R1,84 billion, total assets from R1,64 billion to R5,5 billion and total capital employed from R1,27 billion to R4,67 billion. Potentially worrying, the long-term debt jumps from a negligible R56m to R2,61 billion. This takes the debt equity ratio from a barely-gearred 0,07 to around 1,7.

However, the high debt need not cause

concern. Alan Hill, analyst at Sasol's sponsoring broker Ed Hearn, calculates that the tremendous cash flow from Sasol 2 and Sasol 3 in future will allow the company to repay debt from internal funds starting at R350m/year and going to more than R400m in three years.

Sasol 2's profit history shows that operating margins at the new plants are high — over 50% at Sasol 2. This suggests gross cash flow of about R720m for the enlarged Sasol Limited in 1983. If Sasol 3 was consolidated now, gross cash flow for the group would be about R1,4 billion (before financing charges) at 1983 prices and full output.

Reversion of interest payments on Sasol's government loans to a market related rate will increase interest payments by about R150m for this year. However, the injection of Sasol 1 into Sasol 2 will give immediate tax benefits amounting to R1,32 billion, lasting about three years. Thereafter, there are tax allowances on Sasol 3, initially about R2 billion, of which a substantial portion will still be available. The group's effective tax rate should be below 10% until 1987.

Sasol Limited's dividend payment would absorb about R154m and capital

expenditure would take about another R150m. Increases in working capital would be low. This would leave this year's net cash generation about R350m, and sure to improve significantly, Hill calculates. There is also considerable scope for removing bottlenecks and further improving operating efficiencies. Additional investments can be made fairly cheaply that will have a relatively high return. Hill expects that by 1985 the gearing will be down to typical levels for a capital intensive, industrial company. Sasol in fact confirms it expects its debt equity ratio will be down to 1,0 by the end of this financial year.

What is particularly significant is that he is convinced there will not be another rights issue when Sasol 3 is eventually taken over. He contends this will happen only in the late Eighties, when it can be funded internally and by normal loans, without undue sheet strain.

None of this says that Sasol will become a high-flying share. It should remain one of the most solid shares on the JSE, producing consistent dividend growth averaging around 15% annually. Increased confidence in oil prices and further demonstration of its cash generating capabilities will enhance the share's image.

Andrew McNulty

crude has declined from \$34 in late 1981 to about \$28,50. However, it is the rand oil price that counts. Thanks to the weak gold price, the rand has compensated by softening by 20% from \$1,038 in January 1983 to \$0,83 this week.

Uncertain oil markets may have diminished the share's popularity. But there is little doubt that oil prices will react to increased demand eventually. "The short-term view is hard to predict," concedes Stegmann. "But there is over-complacency overseas. I feel very comfortable on the long-term outlook."

Since the rights issue price of 415c was announced on November 11, the share price has declined from 435c to 415c on Wednes-

day. Sasol has forecast a dividend of 32c for the year to June 1984, placing the share on a prospective yield of 7,7%. This is well above the chemical sector historical yield of 6,7%, suggesting a low rating.

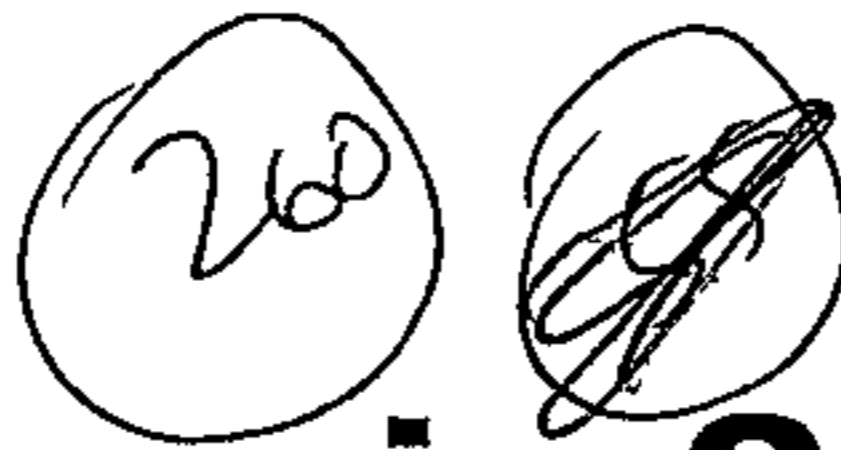
Of course, the *raison d'etre* of Sasol is not really commercial. It is to supply the country with vital fuel if imports cannot be obtained. The more this can be done commercially the greater the benefit. The fact that Sasol feels it can fund itself to such an extent from private investors is a tribute to its managers' technical success so far. It suggests, too, that they believe oil prices will finally rise strongly and be sustained at relatively high levels.

And that is precisely where the worry of

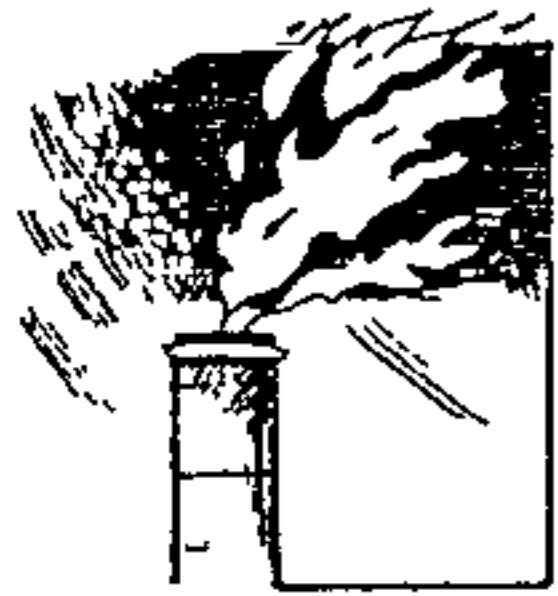
investors might lie: that the extent of Sasol's commercial success is predicated on rising oil prices, which in turn are a general inhibition on economic growth. Conversely, the lower oil prices are the greater will be SA's prosperity.

Investors who go enthusiastically for Sasol's rights are tacitly agreeing that oil prices will rise and SA and many others will suffer. They may be wrong. There are some experts who think so. Those who believe that conservation, substitution and generally moderate rates of economic growth are likely in the decade ahead are going to want to see this reflected in the issue's yield.

Andrew McNulty



What investing in Sasol means



Sasol is a rare bird. It is a concept born in free enterprise but nurtured by the State to grow into a unique phenomenon: the world's only commercially viable oil from coal enterprise. And

Sasol's R778m rights issue sets another record for the world's only commercial oil from coal plant. And it pushes Sasol further into the private sector. But what is good for Sasol may not always be good for SA.

what should be a model for State corporations, the private sector has been drawn to owning and financing what has become a genuine blue-chip investment.

This week Sasol takes the next major step towards reducing government ownership. Its R778m rights issue — SA's biggest ever — is necessary to achieve this. To Sasol itself this issue is important as a symbol of its maturity and its credibility as a leading private corporation. Its management believes it to be more significant than Sasol's listing on the Johannesburg Stock Exchange in 1979. This is because it is a much larger whittling down of government's interest, made possible by enormous commercial and technical success.

"This is the most exciting year ever for Sasol. Everybody in the organisation has felt it, and been invigorated," enthuses MD Joe Stegmann. An issue of this size would not have been possible, he explains, if Sasol's new plants were not very successful.

Visions, and their fulfilment, have been a powerful force in Sasol for many years. Of course, considering Sasol's unique place in its field, technical prowess naturally occupies a high place in the company's collective consciousness. But the achievements

since the public listing surpass those that came before, and they spread into many fields.

The rapid commissioning of the new Sasol 2 and 3 plants at Secunda heads the achievements. Without it, the takeover of Sasol 2 could not have been done at this time. Sasol is making the rights issue because it needs R2 620m to buy the 50% stake in Sasol 2 which is owned by the IDC/Konoil. It is issuing 187,5m new shares on the basis of one share for every two shares held by present shareholders. The new shares will raise R778m. Sasol will provide a further R350m from cash flow and R1 490m from long-term loans. In practice, because of IDC's cross shareholdings, only a net R545m of the rights issue will actually change hands. So the impact of the particularly large issue on the banking system will be restrained.

Far larger

The two new plants are far larger than the first Sasol plant at Sasolburg. Sasol's 1979 prospectus estimated that Sasol 2 and 3 would be fully commercial by 1985-86. And, until recently, analysts did not expect the Sasol 2 rights issue before 1985.

Sasol 3, a duplication of Sasol 2, started coming on stream 15 months ago. Already it is in full commercial production and has reached the same level of operating efficiencies as Sasol 2. "In our wildest dreams we did not expect such a smooth commissioning," says Stegmann.

And Sasol's Bosjesspruit coal mining complex at Secunda reached virtually full production timeously this year. Using mechanised extraction methods, it has an

installed mining capacity of 29 Mt, making it the world's largest underground coal mine. However, when Sasol 3 notched up production earlier than forecast, its coal demand outpaced the Secunda mine's output. The Secunda mines are owned by Sasol 1, and earned extremely useful income for Sasol Limited from sales of coal to Sasol 2 and Sasol 3.

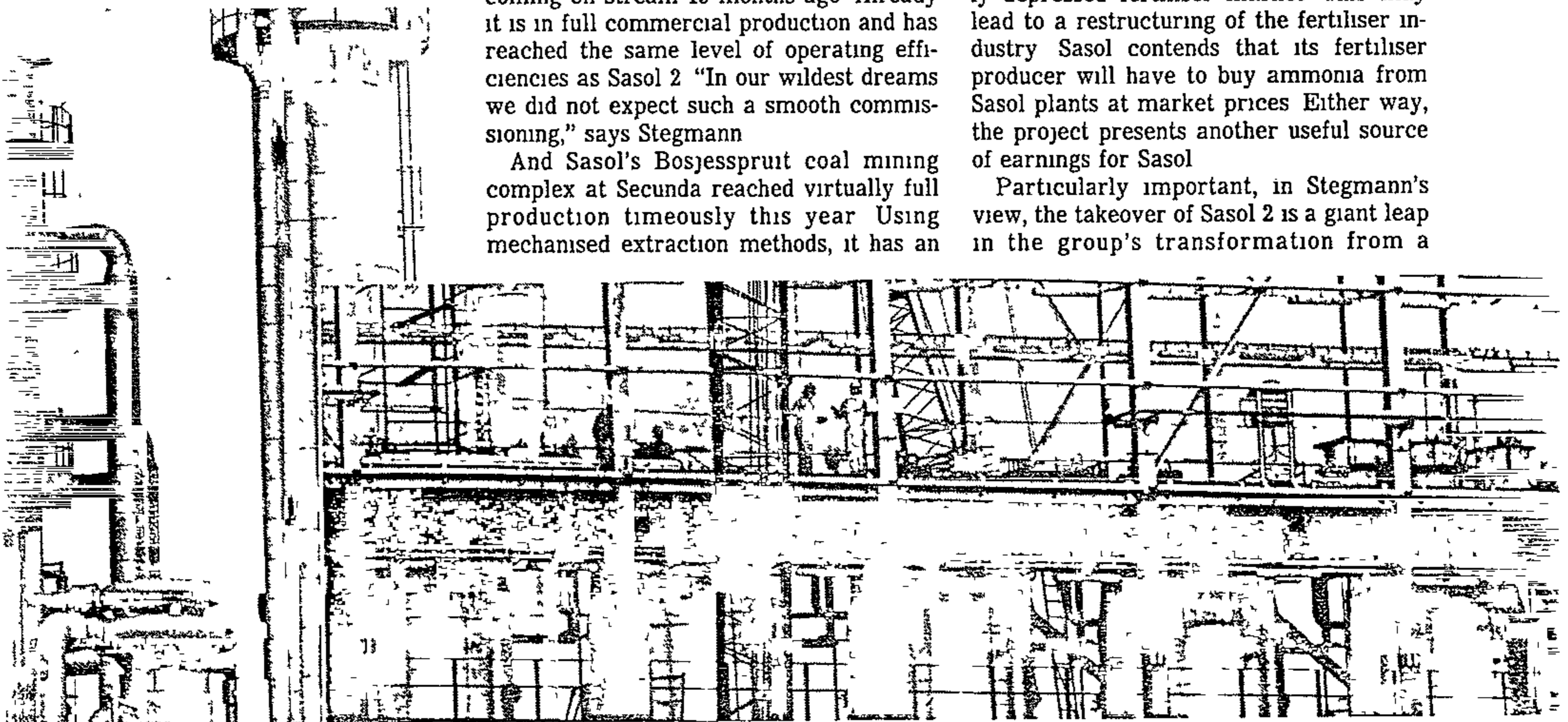
Capacities and production levels of the two new plants' main products — liquid fuels — are secret. Unofficial estimates of the group's contribution to SA's liquid fuel requirements vary between 40% and 60%. Certainly, the true figure is very substantial.

Sasol has also become a powerful force in other industries. As leading local supplier of chemical feedstocks it is the hub of the SA chemical industry. The Sasol plants produce large tonnages of chemical raw materials like ammonia and ethylene as co-products (a term Sasol prefers, because the plants were specifically designed to produce them) which are either sold to local processors such as AECI or processed by Sasol. In the year to end-June 1983, the group earned R378m from sales of about 80 chemical products. Exports of chemicals earned more than R47m.

With its production volumes and product ranges expanding, Sasol is causing concern in another industry — fertilisers. It has invested R120m in a fertiliser plant based on ammonia and plans to enter the market on a significant scale early in 1984.

Established producers fear that Sasol, with its vertically-integrated production, could take from 10% to 15% of the presently depressed fertiliser market. This may lead to a restructuring of the fertiliser industry. Sasol contends that its fertiliser producer will have to buy ammonia from Sasol plants at market prices. Either way, the project presents another useful source of earnings for Sasol.

Particularly important, in Stegmann's view, the takeover of Sasol 2 is a giant leap in the group's transformation from a



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wholly-owned State body to an organisation in the private sector. The fact is, of course, Sasol remains a special kind of company a publicly-owned enterprise over which government retains elements of control. Its memorandum and articles of association state that the Minister appoints four of the 11 directors. The State-owned IDC appoints another three, ensuring government holds ultimate control. State control may be passive, but it is an anomaly that provides useful ammunition for charges of government intervention.

Distinctive culture

Stegmann refutes suggestions of monopoly or favouritism. "I have always been a strong supporter of free enterprise. Sasol believes in competition and it doesn't like dominating markets. In fact, we have promoted the establishment of other companies as far as we could," he asserts.

Sasol has evolved a distinctive culture and atmosphere, which Stegmann has helped propagate since his appointment as chief executive in 1976. The senior management, he says, is strong on the team approach. He describes them as relaxed, with little personal conflict. "I know of no other company whose people are so relaxed and free of tensions," he says. "But, at the same time, I have seen few companies where there is so much tension when it comes to achieving results. Excellence is our only criterion for assessing people."

Indeed, it is quite likely that the company has felt severe growth pains, considering the scope of the expansion since 1975, when work started on Sasol 2. Head office management alone has grown from several dozen to exceed 150 in the last two years.

Standards, systems and disciplines are inevitable in a company by nature so technology-orientated. Yet Bloemfontein-born Stegmann (57) typifies a holistic view that is not uncommon in Sasol. He qualified B Sc



Visions and their fulfilment are important to MD Stegmann

electrical engineering at the University of the Witwatersrand and took an MBA at Pretoria University. He is a dedicated amateur photographer and maintains an interest in music and theatre. In stressing that Sasol is not run by narrow technocrats, Stegmann notes that chairman David de Villiers is a lawyer by training. "Nobody thought about his background. He was simply the best leader," notes Stegmann.

New shake-ups in the next five years may accelerate the changing culture. Stegmann and his deputy, Jan Bezuidenhout, are due to retire in 1986. Below them is a tier of youthful, highly qualified talent. It includes such men as senior GMs Andre du Toit (44), Dirk Mostert (46) and Paul Kruger (45).

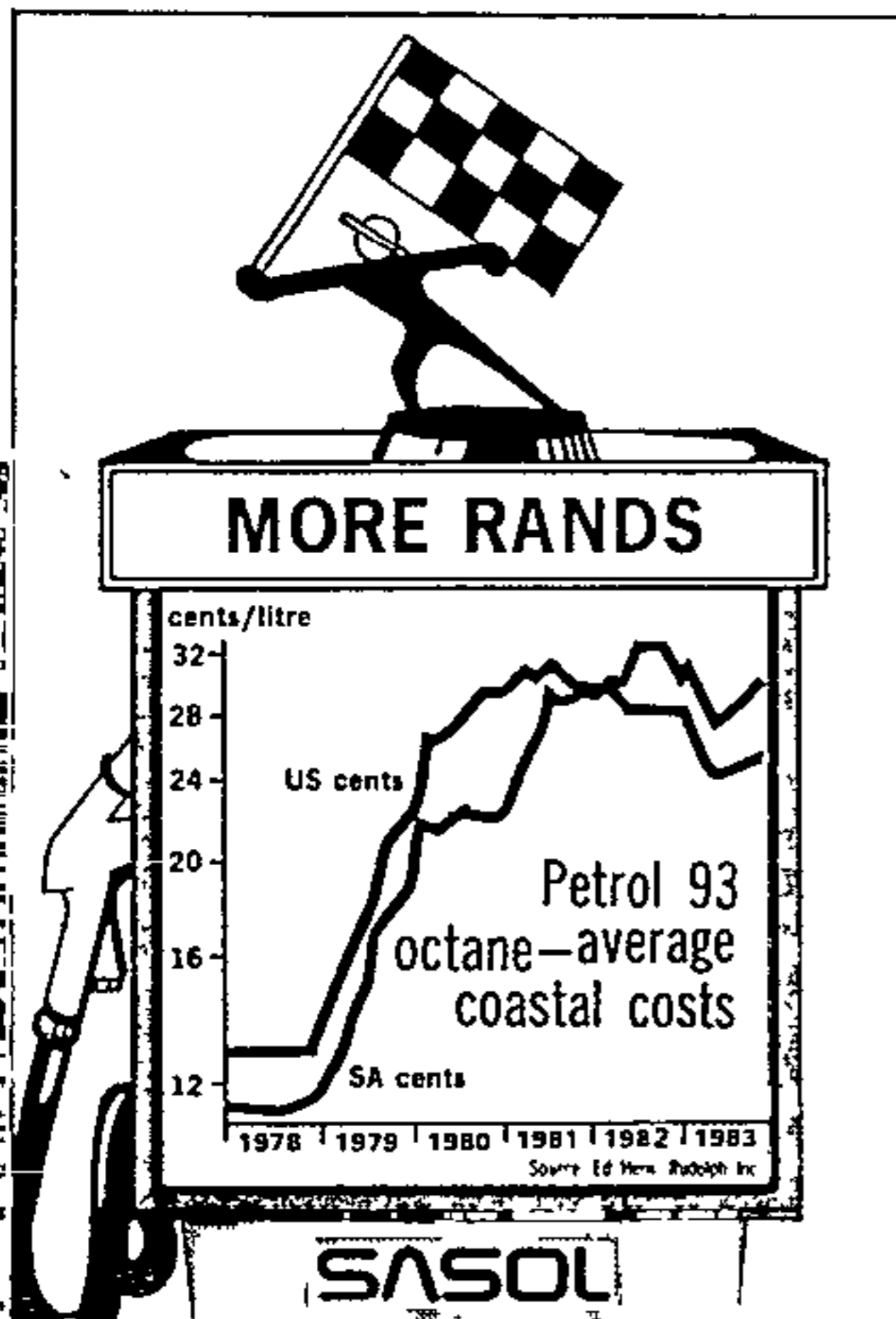
There is no gainsaying that throughout the expansion and consolidation of earlier phases, Sasol has produced earnings comparable to other chemical groups. The company has more than justified the excitement generated among investors when its shares were listed in 1979 at a price of 200c. Earnings a share have climbed from 32,4c in 1980 to 61,9c in 1983, with annual growth rates of 37%, 19,8% and 16,4% in the last three years.

Very few other industrial companies were able to increase dividends by 12,5% as

Sasol did in the year to end-June. And other companies in the chemical sector, depressed by domestic recession and distressed over government moves to loosen protection against imports, cannot approach Sasol's resilience to economic adversity.

Critics and gleeful investors argue that the State's heavy influence on Sasol's board infers that government will provide protection if Sasol's profitability is ever threatened. Besides, SA has invested massively in the oil-from-coal plants (Stegmann, however, counters "We face risk like any other company but we are well protected by the diversity of our product range"). The company enjoys protection of 15% duty on fuel, but essentially has to compete against overseas prices, which are used to set SA's fuel prices. Clearly, however, government might well step in if overseas prices sink to unacceptable levels.

But that applies to worst case scenarios, from the viewpoint of investors in Sasol, amounting to a collapse in overseas oil markets. Sasol argues there has been no undue government influence in its management and nor is profitability guaranteed. In fact, the company has suffered to some extent from lower oil prices in the past two years. The Middle East spot price for light



(260) ~~260~~ S. Eppens
4/12/83

Iscor MD to retire next year

THE chairman of Iscor, Dr Tom Muller, yesterday announced his retirement and a reorganisation of the corporation's top management structure

Dr Muller, who has been chairman of Iscor for 13 years, will retire in May next year.

The Cabinet had decided to appoint the present managing director, Mr Floors Kotzee, as the new chairman.

A statement released in Pretoria by Iscor's board of directors said the reason for Dr Muller's retirement were the increasing demands of

his private interests and other directorships he holds in the Iscor group, which will not be affected when he leaves office.

The Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers, had decided to appoint the present divisional managing director (steel industry), Mr Willem Van Wyk, in Mr Kotzee's place as managing director

"In view of these appointments, the increasing role Iscor has in the management of its subsidiary and associated companies and organisations, and the added burden placed on top management by the takeovers of the Hlobane colliery and the Dunswart steel works, the board of directors have decided Iscor's top management structure must be reorganised."

A number of other senior appointments were also announced in the statement. — Sapa

A CRISIS within South African Airways has been averted by a deal which encompasses a 12% across-the-board salary increase and vastly improved pension and other benefits for the airline's 520 pilots, cabin crew and ground staff.

The multi-package deal, described as the biggest breakthrough of its kind in SAA's history, was disclosed at a time when many of SAA's pilots, bitter and discontented over working conditions and financial benefits, were threatening to quit their jobs or call for stay-away action.

But in terms of the agreement, discussed by pilots and management this week at a closed meeting in Johannesburg, all SAA personnel stand to gain substantially in several ways.

And in the case of pilots, flight-pay schedules and other payments — in addition to basic salaries — will also be improved.

The biggest breakthrough, however, came in the field of pension cover — the main cause of dissatisfaction among pilots and other staff which, at one stage, threatened to lead to a head-on clash with management.

Pilots are paid on the basis of a two-tier system — basic salary and flight pay.

A 747 Boeing commander, for example, who earns, say, a total R48 000 — made up of basic salary and flight pay allowances — receives pension coverage for only two-thirds (R38 000) of his gross salary.

Faced with a first-option retirement at the age of 50, and a compulsory retirement at 58, senior pilots — there are about 100 Jumbo captains in SAA's fleet — felt their pension cover was inadequate.

However, in terms of the deal, their full salaries (basic plus flight pay) now become pensionable. And with a 12% salary increase, this means jumbo commanders will earn R50 000 a year and more — with maximum pension cover.

By KITT KATZIN

The pension benefits apply to all SAA staff and come into effect next month.

This more than any other grievance — and the basic 12% salary increases to railwaymen and other South African Transport Services (SATS) staff — has repaired deteriorating relations between staff and management and gone a long way towards creating a new era.

Financially pressed and understaffed in certain crucial categories, SAA is struggling to contain losses that topped R90-million last year.

The deal also provides for:

- Improved flight pay schedules for Boeing 737 and Air Bus commanders, bringing them into line with senior gradings.

- Salary increases exceeding 12% for certain pilots flying on domestic routes, mostly Boeing 737s.

- A commitment by management to pay out customary bonuses — virtually a double salary cheque — in April next year.

- On-going negotiations to solve remaining grievances concerning working conditions, and overtime payments.

Details of the plan were discussed between the pilots' association and SAA management, represented by Mr Gert van der Veer, the airline's new chief executive, at a special meeting this week.

The meeting was said to have marked the "beginning of a new era" and Mr van der Veer, who has been in SAA's hot seat for only two months, was warmly applauded.

Over 200 pilots, including 27 Jumbo captains — a record attendance for the association — were present.

The deal emanates from a complex and prolonged investigation into the grievances and working conditions of SAA staff by a special committee headed by Dr A.T. Moolman, deputy general manager (personnel) of SATS.

The association was represented by its executive committee headed by Captain de Villiers Steyn, president, and Captain Lynn Barratt, vice-president, who have served on the executive for eight years.

SAA has been hit by recession and monetary problems, and SATS itself, which also controls railways and harbours, has reduced its staff by 35%.

New deal averts SAA crisis

SUNDAY EXPRESS 11 December 1983

260 IDC gets all Soekor and SFF

By GAIL PURVIS

RAM

the new year and re-establish it as a separate organisation." 14/12/83

SFF (Pty), the Sasol and Industrial Development Corporation company, as well as Soekor, will be wholly acquired by the IDC.

The IDC's chairman, Mr A J van den Berg, says "SFF buys crude oil and markets it to petroleum companies. As Sasol is now a fully public company, it would be awkward for it to have to deal not only with shareholder's business but with what is essentially Government business. To obviate this clash of interests IDC will take over the company in

SSF employs more than 500 people. Nursing it from an in-house Sasol operation into an establishment with an identity of its own will be the responsibility of the IDC's Mr D R Voster assisted by Mr Nico Van Niekerk.

IDC has not paid anything for the extra 50% stake in SFF.

"Soekor is established as an independent company with its own management team and no changes are expected."

PUBLIC SECTOR - GOVT. - STATE ENTERPRISE

1984

JANUARY _____ DEC.

Zambia's rocketing prices cause anxiety

260 RUM 28/1/84

THE effects of rocketing prices — which have resulted in constant anxiety and hard feeling between the party and its government on the one hand and trade unions and workers on the other — have reached uncomfortable levels as this nation approaches budget day. It has now been established that tomorrow Zambia's budget will be announced in Parliament by the Minister of Finance, Mr Luke Mwananshiku. The country has, during the past 12 months, passed through its worst financial period, with relations between the masses and rulers reaching their lowest ebb. While the government has explained the constantly

PRESIDENT KAUNDA is to announce his budget this week amid rising discontent among the populace over the rising cost of living and wage freezes which have plagued Zambia

soaring prices as being beyond its control, the labour movement and the masses have accused it of ignoring their well-being and maladministering industries

The hard feelings were particularly pushed to high levels by conditions imposed by the International Monetary Fund (IMF) for its R263 750 000 special drawing rights standby credit, which expires this March

These included the abolition of subsidies on essential goods and the introduction of higher economic prices which, ironically, was coupled with the imposition of a 10% wage freeze

The result was that the labour movement — under the Zambia Congress of Trade Unions (ZCTU), headed by its chairman-general, Mr Frederick Chiluba — protested and rejected the wage freeze for many months

At one time, as the government insisted on the freeze — but continued to introduce higher prices for essential goods and decontrolling goods which were once price-controlled — ZCTU issued a one-month ultimatum for a national strike unless the wage freeze was lifted

President Kaunda had to step in, and it was with

PRESIDENT KENNETH KAUNDA — relations between the masses and rulers are at their lowest ebb

his personal involvement in the negotiations that the unionists gave up their stance and agreed to the freeze, which should end in April this year

This agreement was almost wrecked about six weeks ago when the parastatal conglomerate — Industrial Development Corporation (INDECO) — increased prices of edible oils and detergents by more than 42%

In reaction to these increases, ZCTU immediately called for a special general council of its unions

Mr Chiluba even warned that the government should not expect any co-operation from the labour movement, in view of the

soaring prices. President Kaunda has since admitted that he is not happy about the soaring prices and he spent last week touring shops and markets in Lusaka to check on prices

He has even directed party militants in the country to fight a war against exploiters, dubbed as "price sharks".

His concern is understood. Mealie meal — the nation's staple food — has gone up unreasonably over the past year

But as budget day approaches is the government going to avoid the embarrassment of introducing yet higher prices and taxes on the already impoverished masses?

Sale of public corporations could ease State's burden

W/E ARGUS
4/2/84
260

OK

The Government could ease its serious financial situation by selling off some of the public corporations to the private sector, says Dr Rory Knight, a senior lecturer in the Department of Accounting at the University of Cape Town.

Dr Knight, who also lectures at the university's Graduate School of Business, told a Summer School session this week this would bring immediate benefits to taxpayers and greatly reduce the national debt.

He estimated that the sale of Escom, Iscor and SA Transport Services would bring the Treasury about R45 000-million.

Dr Knight said the Government should no longer be in the business of providing electricity, steel and transport services to the public.

Losses

There might have been some justification for the Government to be active in these fields when the private sector was unable to provide the services or could do so only at a loss.

But this was no longer the case. The three organisations were profitable on a cash flow basis and there was no longer any economic reason to justify their remaining in the hands of the Government.

Where there were losses it was usually the result of their making exceptionally heavy provisions for depreciation and inflation.

Supplies

He said the public corporations tended to follow an accounting policy of making today's users pay for tomorrow's supplies.

Calculations by Dr

Knight based on figures in the corporations' latest balance sheet puts Escom's total assets at current market prices at around R28-billion and net assets at R21-billion after allowing R7,0-billion for debt.

He estimates that Iscor has about R1,7-billion worth of assets and R1-billion worth of debt resulting a net worth of around R700-million.

SA Transport Services is estimated to have total assets of R28-billion and debt of R5-billion giving it net assets of R23-billion.

Benefits

Selling these enterprises to the private sector would bring immediate benefits to the taxpayers as the Government would have a much smaller national debt to service. He added that interest payments accounted for about 12 percent of Government expenditure.

Escom reported a loss of R58-million for 1982, although its cash flow was in the vicinity of R1 700-million.

Iscom had a loss of R22-million on a cash flow of R410-million, while SA Transport Services had a profit of R95-million from a cash flow of R1 400-million.

The accounting policies of the public corporations were also attacked earlier this year by Professor Brian Kantor, professor of economics at the university.

Scepticism

He said the reports of large operating losses should be treated with profound scepticism.

"The true economic facts about them have been buried under illogical inflation accounting," he continued.

The use of capital cost replacement principles of accounting had effectively disguised their profitability which was useful in moderating pressures for lower prices.

It enabled them to finance a growing proportion of their investments out of internal cash flows and to reduce the proportion of debt to equity.

The Financial Editor writes that the sale of some of the public corporations as called for by Dr Knight would greatly help the Government's finances.

It would enable it to substantially reduce its borrowings and save hundreds of million of rands in interest payments which have to be paid out of taxes.

The retention by the Government of the public corporations could possibly be justified if it could be shown that they were getting a real return on their investments out of which they were making substantial contributions to the Treasury.

But seeing that they are making losses or only small profits in spite of the employment of large quantities of free capital acquired as a result of large profit ploughbacks, their efficiency would appear to be low and they would not seem to be employing their assets as profitably as they could be.

The argument that their profits are low because their prices are kept low to help the consumer is not a valid defence.

It would mean that they were not charging a fair economic price for their products and services and therefore that they were misusing and squandering scarce resources.

Escom increase in cost
+ thousand
260 Q. Col 184 15/2/84
85 Mr C UYS asked the Minister of
Mineral and Energy Affairs †

- (1) (a) What was the average increase in the cost per kWh to Escom of generating electricity in 1982 and 1983, respectively, and (b) what were the average announced tariff adjustments in 1982, 1983 and 1984, respectively.
- (2) What were Escom's operating surpluses and/or deficits in 1981, 1982 and 1983, respectively?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) (a) 1982 0,417 cents per kWh
1983 Not yet available
- (b) January 1982 13,1 per cent
July 1982 6,6 per cent
January 1983 14,5 per cent
January 1984 6,0 per cent
- (2) A deficit of R77 million and R58 million, after provision has been made for the Capital Development Fund, for 1981 and 1982 respectively. The figure for 1983 is not yet available

18/2/80
210

Mine deaths: Isacor blamed

Own Correspondent

VRYHEID — Iscor, owners of the Hlobane coal mine, should be held criminally responsible for the death of 68 mineworkers in a methane blast on September 12 last year, the magistrate presiding over the joint inquiry and inquest on the disaster has found.

Delivering his findings in the Vryheid Magistrate's Court yesterday, Mr M J Reynders said the explosion was due to the negligence of miner Mr T J Bezuidenhout — also killed in the disaster — who had failed to test for gas properly on the morning of the blast.

Mr Reynders said that from interpreting the Criminal Procedures Act widely, the company should be held liable for Mr Bezuidenhout's negligence and for the disaster.

He said his finding was being forwarded to the Attorney-General of Natal, who would then decide whether or not to prosecute the mine, which was owned by Iscor.

Mr Donald Morris, the Deputy Government Mining Engineer, who assisted Mr Reynders, agreed with the finding.

He said he would also be sending a report to the Attorney-General on contraventions of the Mines and Works Act regulations at the mine which were not directly related to the explosion.

Explosive

Earlier, Mr Denis Kuny, SC, representing the relatives of five of the dead, submitted a list of 21 regulations which, according to evidence, had been contravened at Hlobane. Some of them had been contravened up to 14 times.

Mr Reynders said the explosion had come about because there was methane gas present in explosive quantities and some source had ignited the gas. In addition coal dust had played a role.

There had been a lot of evidence that an earlier holing operation had created a significant opening which should have been sealed. It was the fault of Mr Petrus Claasens, the shift boss, and Mr Robert Morgan, the miner, that it had not been sealed.

The mine captain, Mr P Swanepoel, was not criminally responsible in this regard.

Mr Reynders found that Mr Claasens and Mr Morgan had been negligent but their negligence was too remote to be a direct cause.

ed: NP plit ier

NP attacks NRP

Political Staff

HOUSE OF ASSEMBLY

— The NP yesterday fired the first salvos in its predicted bid to put an end to the NRP, reeling after its defeat at the hands of the PFP in the Pinetown by-election

The shots that signalled the end of the honeymoon between the two parties — which started with NRP endorsement of the NP's "yes" campaign in the referendum — were ironically fired in the House by a former United Party MPC, Mr Kent Durr, MP for Maitland

Mr Durr said the NRP "inescapably will have to make a choice, and the time for it is now, as they will not be able to escape the truth much longer"

He said there was no excuse for the NRP failure in Pinetown. The party had had a strong candidate and the organization established from the referendum. The NRP couldn't continue to "obfuscate the political scene"

Ignoring the direction of the attack, the Natal NRP leader, Mr Ron Miller, slammed the "campaign of disinformation" waged by the press during the by-election

"If there is no future for the philosophy of this party, then there is no future for peace and stability in South Africa," he said

One thing that could not be said about the NRP, he added, was that "we have run away from the realities of South Africa"

And, he said, addressing himself to his "colleagues in the NP", the NRP "will not deviate from its accepted policy"

The NRP, he maintained "will walk hand-in-hand with the NP whenever it is in the interests of South Africa"

The attack on the NRP from the NP was predicted by NP MP's towards the end of last week following the dismal showing of the NRP both in terms of organization and result in the Pinetown by-election

Business

Hulley: Sell off large State corporations

Political Correspondent

HOUSE OF ASSEMBLY — An Opposition MP appealed to the government yesterday to sell off large State corporations to help pay for the huge costs of the new constitutional arrangement

Mr Roger Hulley (PFP Constantia) estimated that the cost of the new deal could amount to R1 000 million

He said during the mini-budget debate that this money, and funds for schools, housing and defence would otherwise have to be raised through higher taxation, higher tariffs or loans

These were all undesirable methods of financing, particularly as South Africans were becoming one of the most heavily-taxed communities in the world

'Ripe for privatization'

Pointing to the success of selling Sasol shares to the public, Mr Hulley suggested that other State corporations ripe for privatization included Escom, SA Transport Services, Iscor, Posts and Telecommunications and the Industrial Development Corporation

He said the State could retain control by selling only 49 percent of these organizations to the private sector. This would still raise a minimum of R16 500-million in equity capital which did not carry an interest burden

It would also provide a new outlet for investment funds, flowing in at about R10-million a day, which were being used to swallow up small companies and sent stock exchange prices to artificial levels

Mr Hulley criticized the Prime Minister, Mr P W Botha, for telling Parliament this month that the costs of the new dispensation could not be determined

"If a managing director told his board he was embarking on a massive expansion programme but could not say what the costs involved would be, he would not be managing director for very long"

Mr Hulley said the costs of the new deal would not be the provision of new chambers and facilities for coloured and Indian representatives, but the vast "own affairs" bureaucracies they would need, and the cost of establishing new coloured and Indian municipalities

"There is talk that we will have to look at new sources of finances, like a turnover tax. Money will have to flow in from outside to make the system viable. It is an extremely alarming prospect"

The government was pressing ahead with a scheme for ethnic government in spite of the fact that the failure of ethnic government in SWA/Namibia threatened to bankrupt that territory

"It seems there is no end to this government's preparedness to pour vast amounts of the nation's treasure into the apartheid dream, nor to what it is prepared to sacrifice on the altar of colour politics," he said

Durr rebukes PFP over removals

Political Correspondent

HOUSE OF ASSEMBLY — A Nationalist MP yesterday rebuked Opposition members for their "moral indignation" over forced removals

Mr Kent Durr (NP Maitland) pointed to large-scale removals elsewhere in the world

He was responding during the mini-budget debate to Mr Brian Goodall (PFP Edenvale) who had said earlier

"It is still government policy to move people to satisfy the designs of grand apartheid. This is as hurtful to people as anything else"

Mr Durr said Mr Goodall was full of moral indignation on the issue

"In Nigeria two million people have been summarily ejected from their country," he said

Switzerland, a so-called civilized country, had sent hundreds of Italian nationals home during the recent recession

Mr Durr told the PFP that South Africa was a "miracle country" and they should be proud of its achievements

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22/2/84



Left, Lynton, Riedewaan, Nicolette, Quantah and Leticia, from school, Grassy Park, had a chance to play with the new Disa '84 exhibition at the Good Hope Centre yesterday. The exhibition runs until Saturday.

Kids show big businessmen what they do

Grassroots allows the use of mothers' skills by providing day care for children and in the long term, sound early education is an investment in higher education.

Daunting

Yesterday, 10 children from the Harmony Nursery School, Grassy Park, and their teacher, Mrs Annie Chadwick, were looking after the stall. They were using various types of pre-school

equipment made and sold at the Grassroots shop.

"Very often our schools are held in multi-purpose halls or churches, and every day equipment has to be packed away. This can be a daunting task, so over the years our furniture has evolved to be easily assembled and put away," said Ms Pooler.

Two examples are the shelves which slide on wheels and can be fold-

ed in two to be locked at night, and a wonderful arrangement in the fantasy corner which could be a house, puppet show, letter box or shop. This equipment is available to any school from the organization's shop.

The first community nursery school was opened with Grassroots' help at Schotsche Kloof in 1969, and today they are associated with 35 schools. This year the target is another eight schools to be established up the west coast.

Most of the schools are open from 7am to 6pm, requiring a lot of staff, but often there is only one qualified teacher. Grassroots also aims at training teachers and helping equip the generation of tomorrow.

The exhibition is open from 10am to 7pm daily until Saturday.

Body to keep an eye on Iscor

Staff Reporter

THE Minister of Industries, Commerce and Tourism, Dr Dawie de Vilhiers, has appointed a committee to investigate the impact of changes in the international steel market on Iscor.

Dr De Vilhiers made the announcement in a press statement released in Cape Town yesterday.

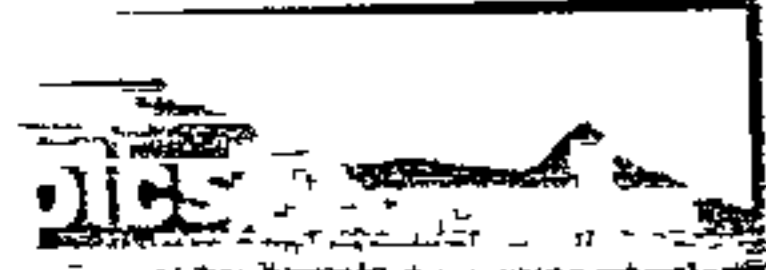
"The government is concerned as to the impact the changing international market for steel, and consequently iron ore, will have on Iscor and in conjunction with Iscor's board of directors, has decided to appoint a committee to investigate the matter," the statement said.

"The committee, of Messrs JB Maree, RA Plumbridge and JL van den Berg, has been requested to investigate and submit proposals as to how the detrimental consequences on the utilization of the existing organization, infrastructure and facilities could best be headed off.

"The investigation under the leadership of Mr Maree will be done with the full support of the Central Economic Advisory Service, and after consultation with the Iscor board of directors and management, the South African Transport Services and other parties concerned."

A spokesman for Mr De Vilhiers' department said the committee was needed because of the depressed state of the international steel market.

He agreed that the committee could be a precursor to privatization of Iscor, a move strongly supported by economists.



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5 to Fridays)

STORY CLUB meets 6-

RDM 24/2/84

REC-103 260

4 000 recruited brings 'a breakthrough at Sasol'

By STEVEN FRIEDMAN
Labour Correspondent

THE Chemical Workers' Industrial Union (CWIU) says it has achieved a major breakthrough by recruiting 4 000 workers — a majority of unskilled and semi-skilled workers — at Sasol's Secunda plant.

The CWIU, affiliated to the Federation of SA Trade Unions (Fosatu), says Sasol has granted it "stop order" facilities whereby union dues will be deducted from workers' pay. It says it will now seek recognition at Secunda.

The union says it will hold recognition talks with Sasol soon.

A spokesman for Sasol confirmed yesterday that talks were planned, but said the granting of "stop orders" to the union had not yet been finalised. He said "administrative details" still had to be sorted out before this was done.

He also confirmed that the CWIU had members at Sasol.

If the CWIU reaches an accord with Sasol, it will give emerging unions their first foothold at the key Secunda complex. It would also be the biggest advance yet for these unions in State and semi-State enterprises.

The CWIU says its Sasol recruiting drive has more than doubled its Transvaal membership. It believes it now "stands on the verge of massive expansion".

However, observers believe that recognition talks between the CWIU and Sasol will be tough and could develop into a major test for both sides.

The company's position is strengthened by the fact that Sasol is an "essential service" in terms of labour law and its workers cannot strike legally.

The CWIU says it began

organising workers at Sasol more than a year ago.

During the recruiting drive, the union says, it approached Sasol for facilities but was told it could not have "stop orders" until it had recruited a majority of workers.

A union representative said yesterday that, since the CWIU recruited a majority, Sasol had granted it "stop orders" and the first ones had been processed this month.

The union says it will now seek a "full recognition agreement" at Sasol.

Sasol's spokesman said a meeting would be held shortly "to discuss the union's request for stop orders". He said "a number of things still have to be cleared up" before the union is granted these.

At the meeting, Sasol would also discuss with the CWIU its policy on union recognition, he added.

Profit seen for Iscor in 1984

Argus Correspondent
PRETORIA — Iscor, South Africa's steel producing giant, has turned a record R244-million loss around and will register a profit this year

This was announced last night by Mr Floors Kotzee, managing director and chairman-designate of Iscor

Speaking at the annual awards made to Iscor's officials for increasing productivity, Mr Kotzee said Iscor would show a profit in spite of the poor economic conditions and the low demand for steel

He said one of the major factors for the dramatic change in Iscor's fortunes was productivity improvement, and programmes where employees using their own initiative and time sought solutions to production problems

At the ceremony certificates and trophies were presented to Iscor em-

ployees who had saved the corporation about R53-million during the last year, most of which will be ongoing saving

In an interview Mr Kotzee said Iscor's profit would be slight, but a profit nonetheless

He said a profit would be made in spite of losses incurred on iron ore exports, and Iscor's situation would have been even rosier if it were not for these losses

TURKEY

Mr Kotzee said one of the problems was that the demand for iron ore had fallen off over the last few years

As a result Iscor would only be exporting 4,2-million tons of ore to Japan, and at a price in line with that paid for Brazilian ore — about 11 percent lower than previously

Iscor's contracts with European mills for ore ended last year and the

corporation will have to try and negotiate individual sales. It will also sell small amounts of ore to Turkey

BLEAK PROSPECTS

Mr Kotzee said while there were signs that the domestic steel market would continue to improve there was little hope for a revival in ore exports and Iscor was looking at a gradual recovery to about 10-million tons

But this was less than the 1982/83 figure of nearly 12-million tons of ore exported, and far below original projections of up to 40-million tons being ferried for export on the Sishen-Saldanha railway line yearly

The continued slump in ore exports, and the bleak prospects for a recovery appear to be among the reasons for the recent appointment of a commission of inquiry into the future of the railway line

ROM 27/2/84

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RECOGNITION of emerging unions in key enterprises owned or partly owned by the State is likely to become an issue again this year.

The last time this emerged was during the dispute between the General Workers' Union and SA Transport Services at East Cape docks.

Now Fosatu's Chemical Workers' Industrial Union says it has recruited 4 000 workers at Sasol's Secunda plants.

This, it says, is a majority in the operator and labourer jobs where it is organising and it now plans to push for full recognition at Sasol.

Its Sasol campaign is a major boost for CWIU. Not only has it more than doubled its Transvaal membership, but it opens the prospect of for a bargaining advance which would be the new union movement's biggest for some time.

Sasol confirms it will be meeting CWIU but is not saying what its attitude to the union is.

Already, a difference has emerged CWIU says it has been granted "stop orders" by Sasol - the company says this still has to be discussed.

Like Sats, Sasol is in a strong position. Its black workers are migrants, housed on company premises, and it is an "essential service", which means workers may not strike legally.

Even worker meetings at Secunda often require permission from Sasol.

Unionists say Sasol's attitude so far has been much more flexible than Sats.

But whether it is willing to strike a bargaining deal with CWIU remains to be seen.

SASOL IN MYSTERY COURT CASE

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A case — innocuously titled “M Sellier and others vs Sasol Ltd and others” — is due to begin in the Rand Supreme Court on March 12. It may be one of the biggest legal hearings ever to come before a SA court.

The case is expected to be heard *in camera* and lawyers say that everyone connected, including the opposing legal teams, have been asked to sign undertakings not to reveal details. However, talk surrounding the case indicates that “hundreds of millions” could be involved.

No details are available about “M Sellier” — but he is believed to be part of a business consortium representing both SA and overseas interests.

High-powered legal teams are representing both sides, and there are believed to be three defendants: Sasol, the

Strategic Fuel Fund Association (SFFA), and an as-yet unidentified party.

The SFFA is a commodities-purchasing organisation with both State and private connections. It was identified in Parliament as the organisation that, in all innocence, bought the *Salem's* oil cargo before that ship was scuttled by international racketeers to hide the fact that they had sold the SFFA oil that properly belonged to Shell.

The SFFA has some directors in common with Sasol. A tight-lipped Sasol spokesman told the *FM* this week: “Sasol is exempt from any action resulting from a SFFA transaction.” He was not prepared to comment further.

Sellier (the man in whose name the case is being brought) and his associates are represented by Des Williams of Werksmans, and by Sidney Kentridge

SC, Clive Cohen SC, and Peter Solomon. Cohen and Solomon refused to discuss the case with the *FM* this week.

The attorney for Sasol and the SFFA is Billy van der Merwe of Hofmeyr Van der Merwe and Botha, and the advocates on the Sasol team are Fanie Cilliers SC, and Wim Trengrove.

J F Vos of the Pretoria firm of Gildenhuis and Liebenberg with W Cooper SC and J du Plessis, represent the mystery third defendant. Vos refuses to disclose the identity of his client.

Nothing was known about Sellier or his partners at the time of going to press — apart from the fact that some of them are from London. Talk in legal circles suggests that one could be a “top businessman,” another “a foreign ambassador,” and a third “the wife of a leading SA politician.”

Armcor uses Chile exhibition as shop window for latest weapons

SASA Arms On Show

press 2/3/84
Staff Reporter *[Signature]* 260

SOUTH AFRICAN arms go on show in Chile today. Armcor is exhibiting its highly advanced Kukri missile system and a range of sophisticated electronic equipment and ammunition at an international air show in Santiago.

Kukri air-to-air missile system likely to be the star attraction

Argus Correspondent

This is the first time Armcor has displayed its products internationally since its controversial exhibit in Athens in 1982 when, following intense pressure, the Greek Government told Armcor to leave the country.

An Armcor spokesman said the corporation's exhibit at the FIDA 84 air show in Chile was not on the same scale as the Athens show, when South Africa showed heavy equipment, including the G6 155 mm gun, the Ratel infantry fighting vehicle and the 127 mm artillery rocket system.

"Consolidating a foothold"

The Armcor team at the show is led by the corporation's chairman, Commandant Piet Marais, and its participation is at the invitation of the Chilean Air Force, the organisers of the week-long show, which begins this afternoon (SA time).

Commandant Marais said participation was aimed at "consolidating the RSA's foothold in the international weapons market". In recent years, Armcor has placed increasing emphasis on selling its products on the multi-million-rand international arms market. Apart from the exhibit in Athens, the corporation has advertised in defence magazines, and some of its weapons have been reviewed by these publications.

The helmet-sight enables a pilot to aim the missile merely by looking in the direction of the target. Armcor says South Africa is the first country to apply this concept successfully to supersonic aircraft.

Other exhibits on show include a frequency-hopping radio, a radar distance gauge, and a night-sight for a rifle.

● Pictures, Page 15

The 1982 debacle in Greece is unlikely to be repeated. The ruling five-man military junta under President Augusto Pinochet — who came to power in Chile 10 years ago with the overthrow of Latin America's first popularly elected Marxist government — is unlikely to bow to Third World pressure and issue a similar banning order.

Wide range of weaponry

Armcor will show a wide range of weaponry and military equipment, including highly sophisticated electronic equipment, pyrotechnic products and a wide range of ammunition.

As a result of the arms embargo, Armcor is forced to provide for the entire needs of the South African Defence Force and to move into the world market.

Mr Fred Bell, deputy chairman of Armcor, has said that mass production is the only way to keep costs down. The burgeoning corporation employs more than 26 000 people with a cash flow for procurement of R1 800-million a year.

Armcor has to generate foreign earnings for further research and development, he said.

SA arms for Latin-America?

Defence Reporter

THE surprise South African appearance yesterday at the FIDA 84 arms exposition in the Chilean city of Santiago is a clear indication that the Armaments Corporation has designs on the lucrative Latin-American arms market

The appearance solves a question which has puzzled many observers since Armscor recently decided to market its products abroad on a large scale

It was felt then that the South Africa's natural market — Africa — was not capable of full exploitation because of the nations' poverty, their opposition to apartheid or their commitment to one or other superpower bloc

There was also the realization that any South African arms sold on the continent might end up being used against the Republic

Second choice

However, Latin-America is the best second choice, and it is likely the South Africans — led by Commandant P G Marais, chairman of Armscor — will use the telling sales pitch "Third World weapons for Third World countries"

Latin-America, like Africa, has specific needs which are not always met by the larger arms-producing nations. Its military needs range from advanced items like the Kukri helmet-sighted air-to-air missile — which Armscor claims is a world "first" — to relatively simple and sturdy vehicles and smaller items

Significantly, the extent and content of Armscor's FIDA 84 exhibition is modest

Heavy weapons

Armscor's heavy weapons like the G-6 self-propelled 155mm gun, the Ratel infantry fighting vehicle and the Valkiri 127mm artillery rocket system, all of

which were on show at the Defendory 82 exposition in Athens, are not to be seen at Santiago

The reason is obviously that the emphasis is on smaller items of the much-more-for-your-money type, more suitable for relatively poor countries which are already well-served for heavy weapons by existing military aid agreements

The "star" of the show will be the Kukri missile system, but in addition to other electronic equipment there will also be a wide range of pyrotechnic products, small arms and accessories, and ammunition of all calibres and types

The latter include such bargain-basement items as a new night sight for rifles, called the "Gogga"

Latin-America's suitability — and its requirements — are as follows

Poor

● Many of the nations are poor or relatively so, and therefore amenable to purchases of low-cost but effective weapons

● There is little chance that items sold to Latin-America will end up being used against South African soldiers, an important political consideration

● Most of the items on sale are "invisible", in the sense that their national origin is not instantly recognizable and thus potentially embarrassing to the purchaser — as would be, say, a South African aircraft or naval vessel

● By concentrating on smaller items, South Africa does not threaten major producers like the United States and Britain, who finance their own weapons industries by exporting large weapons like aircraft, battle tanks and the like

NATIONAL/INTERNATIONAL

'SA third in world as ammunition-maker'

ARGUS 6/3/84
260

Argus Foreign Service

SANTIAGO (Chile). — Only the United States and Russia are ahead of South Africa in the degree of sophistication and variety of ammunition manufactured, says the chairman of Armscor

Speaking at a Press conference in the Chilean capital at the international military air show, Fida 84, last night, Commandant P G Marais said it was "thanks to the United Nations embargo that South Africa has gone from producing virtually no armaments to 143 types of ammunition"

He said South Africa had traditionally depended on other countries for all its requirements in war or peace.

"This is what we would have wished to be the case today, but the UN arms embargo, followed by the military onslaught in Namibia in the 70s, forced us to change," he said.

Strike craft

Armscor today provides the South African Defence Force with almost 100 percent of its equipment for its land forces and all weapon systems for its air force. For the navy, he said, it produced all arms and ammunition and missile strike craft.

Older naval vessels were British, and military aircraft were French, he added.

Nineteen countries are exhibiting their military wares at the show, at a base outside Santiago, and many more countries have sent delegations of senior government officials

"We have no special targets in mind, but we are pleased with our success to date and have full confidence in what we manufacture" Commandant Marais said.

When asked how South Africa compared with other countries in the Southern Hemisphere in its level of sophistication in military hardware, he said that in many areas South Africa was among the top five countries of the world.

"When it comes to ammunition, we must be a candidate for third place after the USA and Russia for variety and sophistication."

Many ghosts seen

LONDON — Almost every person who took part in a British survey about the supernatural claimed to have seen a ghost, and most said they had seen into the future and believed they were telepathic, a new magazine reported yesterday.

The monthly *Hers*, which has a circulation of about 100 000, said 93 percent of readers who had responded to a questionnaire claimed to have seen a ghost or more, mostly in their own homes.

Eighty-two percent said they had seen into the future, 81 percent believed they were telepathic and 56 percent were certain they had lived before. Sapa-AP

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Sasol trial to be held in secrecy

CALL TIMES 13/3/80
 Own Correspondent
JOHANNESBURG — A shroud of secrecy was placed over proceedings at the Rand Supreme Court yesterday at the start of a civil claim involving millions of rands which will be fought by some of the country's most prominent lawyers.

The claim is being brought by British businessman Mr Maurice Sellier, a Middle Eastern businessman Mr Ezra Nonoo, and Trade and Technology (Holding) Ltd, a foreign company.

Defendants in the case are Sasol Ltd, the Strategic Fuel Fund Association and the honorary consul general for Peru, Mr Helge Storch-Nielsen.

At the start of yesterday's proceedings, Mr F Cilliers SC, appearing for Sasol and the Strategic Fuel Fund Association, applied for the case to be held in camera, and, if contested, that the application also be held in camera.

The application was uncontested and the order was made by Mr Justice D A Melamet. Everyone was ordered

to leave the court during the proceedings except the parties involved — including representatives of corporate defendants — their legal representatives, witnesses called to testify, and staff of the court.

Also allowed in were legal representatives of the Minister of Mineral and Energy Affairs who were present to hold a watching brief.

Mr Justice Melamet further ordered that no publication of the pleadings, evidence or documents before the court, legal argument or judgment on the case be allowed.

As the parties left the court building during the lunch break, many of them hurried away from the group of photographers waiting outside and those who had pictures taken would not give their names.

Mr S Kentridge SC, Mr S Cohen and Mr P Solomon appeared for Mr Sellier, Mr Nonoo, and Trade and Technology.

Mr F Cilliers SC, assisted by Mr P Streicher, appeared for Sasol and the Strategic Fuel Fund Association. Dr W E Cooper SC, assisted by Mr J du Plessis appeared for Mr Storch-Nielsen.

Galjoen: Further restrictions imposed

Environment Reporter
 IN a further effort to protect seriously dwindling galjoen resources, the government has imposed strict bag limits and transportation restrictions in addition to banning sales of the Cape delicacy.

In a statement issued yesterday, the Deputy Minister of Environment Affairs, Mr John Wiley, called on the public to help conserve South Africa's diminishing line-fish resources, especially galjoen.

He said galjoen had been identified as a seriously threatened resource and would be treated as a priority.

Included in this strategy would be the

launching of an enhanced research programme involving the National Line-Fish Programme of the South African National Committee for Oceanographic Research, several universities and the Sea Fisheries Research Institute.

Mr Wiley said it had been found that a sales ban on galjoen would not ensure adequate protection. He had therefore imposed a bag limit of six galjoen a person and restricted possession and transportation to six fish only.

A notice to this effect had been published in the Government Gazette of Friday, March 2.

Prince hits at media

Own Correspondent
LONDON — Prince Edward took another tilt at the media at the start of

Monatic, Alba, Man-About-Town, Pals etc



260 Howard
 Public corporations
 Q. 61. 664 16/3/84
 492 Mr I ARONSON asked the Minister
 of Industries, Commerce and Tourism

What are the capital requirements for the next three financial years in respect of each of the public corporations falling under his Department?

The MINISTER OF INDUSTRIES,
 COMMERCE AND TOURISM

665

FRIDAY, 16 MARCH 1984

666

	1984/85	1985/86	1986/87
	(R million)	(R million)	(R million)
Phosphate Development Corporation Ltd	9,3	24,0	51,0
Iscor Ltd	319,0	205,0	268,0

To finance industries in the private sector the Industrial Development Corporation of SA Ltd expects to make the following amounts available to borrowers

1984/85—R350 million
 1985/86—R400 million
 1986/87—R410 million

Agrément certificates

502. Mr G B D McINTOSH asked the Minister of Industries, Commerce and Tourism

(a) How many (i) applications for agrément certificates were received and (ii) such certificates were issued in each of the latest specified three years for which figures are available and (b) what was the average time lapse between the lodging of an application and the issuing of a certificate?

The MINISTER OF INDUSTRIES, COMMERCE AND TOURISM

	(a)(i)	Applications accepted for processing	(a)(ii)
01.04 81 to 31 03 82	28	27	5
01 04 82 to 31 03 83	19	14	11
01 04 83 to 29 02 84	12	9	9

(b) Normally at least six months, but up to two years and more in problematic cases

Housing is getting top priority out in the bush



Above a matron and her staff discuss duties in one of the township's clinics that offers medical facilities free to employees



Left: two mineworkers chatting outside the single men's quarters

By Sol Makgabutlane

PHALABORWA — The hefty man clutching a huge chunk of raw meat, with his other hand flapping frantically for emphasis, blurted "It's hard to believe"

The scene was a mining kitchen here and the man was employed by the Phosphate Development Corporation (Foskor) on an opencast mining site

He was talking about

the living accommodation, restaurant, medical and recreation facilities provided by the mine

"Before I came here I was living in the bush. Our houses were in a thicket and wild animals roamed freely around. When I came here we were given modern quarters"

He is one of the 600 unmarried men who stay in the quarters in Namakgale township. They pay

R20 a month and get free meals which include meat and sandwiches every day

They also get their medicine, transport to and from work, sports kit and transport to neighbouring villages for games, and work clothes

Those who are married get spacious homes in the township where they live with their families. They pay R6 a month but are not entitled to free meals

"Houses were built to alleviate the housing shortage in this area when hundreds of people were living in the bush under pitiful conditions," says Foskor's external relations manager Mr Jan van der V Scholtemeyer

"About 160 married people with long service with the mine were allocated houses in the township, while those who are unmarried stay in the single quarters

"We are planning to build about 50 more houses before the project of supplying houses to staff members is temporarily shelved because of a lack of money"

He said serviced sites with complete infrastructure were provided by the Government. Each house cost about R10 000 to build

"It is a good example of what private sector and Government co-operation can achieve"

ernment houses, but by 1975 the backlog was so big the State could not provide any more

"PMC decided to do something about that," says the mine's industrial relations manager, Mr John Clements

"That year, with South African Development Trust help, we built 80 homes. Another 39 houses were built in 1980 and today at least 2 976 houses, including those we initially rented, are controlled by PMC in Namakgale

"Married people pay R6 a month rent and the unmarried R40"

PMC also gave R750 000 to help build the badly needed R1,5 million Sir Val Duncan Technical College in Namakgale

"Recently we were approached by residents wishing to buy their houses because they said they did not regard their township as temporary. We're looking at ways of

~~277~~ Stan
260 4/4/84

... temporarily shelved because of a lack of money"

He said serviced sites with complete infrastructure were provided by the Government. Each house cost about R10 000 to build

"It is a good example of what private sector and Government co-operation can achieve."

Mr Scholtemeyer said the mine spent about R72 000 a month on food and transport for its workers. Other free services covered electricity, water, a tailor, a barber and a clinic

Fedmis is another company that is involved in Namakgale housing

Manpower manager Mr D L Bezuidenhout said. "Since 1976 we've built 160 middle-income houses in the area and we are planning to build 30 more

"The main reason we are doing this is to meet the needs of our people, give them more security and in this way stabilise our workforce. The company will soon sell houses to occupants."

The homes cost between R8 000 and R21 000 to build

The third largest employer here is the Phalaborwa Mining Company (PMC)

It initially housed its employees in rented Gov-

unmarried R40

PMC also gave R750 000 to help build the badly needed R1,5 million Sir Val Duncan Technical College in Namakgale

"Recently we were approached by residents wishing to buy their houses because they said they did not regard their township as temporary. We're looking at ways of letting them buy their own homes," Mr Clements said.

PMC's engineering projects superintendent Mr Jim Pearce said those who wanted to build their own homes were also getting their share of the cake.

A housing committee consisting PMC, Foskor, Fedmis and Department of Co-operation and Development representatives was formed recently to take care of that

"The challenge facing the housing committee is to provide housing that can satisfy families as their aspirations and needs grow," Mr Pearce said

The committee focused on two self-help schemes for those wanting to provide for themselves core and shell houses.

"We looked at some shell houses in Nelspruit and although they were low-cost we weren't pleased with them as their walls were cracking

"Another disadvantage was they would be difficult to extend. On the other hand core houses, which initially comprise a toilet, kitchen and bedroom, are small but they can be extended"

PMC has built five core houses at a cost of R150 a sq m and 10 shell houses at R90 a sq m

Mr Pearce said it was still not clear what houses were preferred and the housing committee would shortly send out questionnaires to residents asking them what kind of housing they liked

"Another plus factor is that the department has agreed to lend the committee R300 000 to use in providing low-income housing in Namakgale"

Many people on the Witwatersrand still imagine places like Phalaborwa as areas where people walk around wearing skins and wild animals roam free

Times have changed

submit written evidence to the committee before June 15 1984 with reference to its terms of reference

The committee will be looking at three specific areas

- The preservation of pensions,
- The provision of pensions for those who at present do not enjoy membership of an existing fund, and
- The commutation of annuities into cash

The letter also refers to the first report of the interdepartmental committee of inquiry into certain specific pension matters, March 1980, used as the basis for the ill-fated Preservations Bill. Contributors are asked specifically to state objections, if any, to the recommendations contained in this report, and to outline reasons for disagreement

The main recommendations in the 1980 report were

- Pension provision should utilise existing pension funds and retirement annuities, plus proposed special frozen savings accounts,
- Funds should be released only on retirement, death, disablement or emigration,
- Pension interests should be easily transferable from one fund to another;
- A legislated minimum interest rate must be applied to determine benefits under various circumstances, and
- Measures for controlling solvency of funds must be established with a means to determine any deficits chargeable to an employer's account,

Timing

In 1981 the Preservation of Pensions Interests Bill was drafted on the basis of the report. At the time, however, the bill was described as being "hastily drawn up" and "ill-conceived". It seems, if nothing else, that the timing of the bill was wrong

Political lobbyists capitalised on misunderstandings, particularly in the black community, and strikes were encouraged. This was especially the case in the eastern Province and Natal where the emerging trade unions were touting for members. Leaders sought ways to promote membership by claiming that the government was going to take pension monies away. Black workers were encouraged to demand refunds before it was too late

Though the Bill was shelved, and the labour unrest subsided, the damage had been done. As a result, October 1981 went down in history as a black month for labour relations with more than 20 000 workers involved in disputes at more than 40 factories. Millions of rands left pensions and provident funds, invariably to the detriment of the beneficiaries (see FM June 11 1982)

But as Arnold Basserabie, MD of Federated, points out, "Both the report and the bill made effective provision for blacks to be excluded from the requirement of having their pensions preserved. However, for various reasons this was not appreciated by

many black workers who were members of pension funds"

Another (minor) factor was the increased cost facing employers. In the 1980 report it was estimated that preservation would cost employers about 2% extra on payrolls. Though many companies did not object *per se* to this it was certainly a factor that limited support for the bill

Life companies and actuaries also reacted against a number of aspects of the bill. They objected, in particular, to having financial standards for their business laid down in law. Government wanted to ensure the financial soundness of pension funds, and the ability of companies to meet promised employee benefits

After the Bill had been shelved, a circular from the Financial Institutions Office, PF58, was issued in an attempt to enforce this aspect on an informal basis (see FM June 17 1983). Progress is still being made, in this direction, with most pensions funds reported to be coming to terms with the stricter financial parameters

Basserabie welcomes the new initiative, but warns "If we are trying to improve the pensions dispensation in SA, then we must move gradually. We must not try to solve all the issues in one fell swoop, which was the stumbling block of the previous attempt. Nor should the issues be complicated by a number of ancillary matters as happened last time"

It looks as though the authorities have learnt their lesson. This time round, no one is excluded from the invitation to contribute to the debate. Trade unions, both existing and emerging, are to take part. Now that the dust has settled, the select committee will be hoping that its fresh approach will afford the subject a more sober appraisal. But it'll have to tread carefully. Few will have forgotten the widespread industrial disputes of 1981, and old wounds could still be smarting

PUBLIC CORPORATIONS Secret profits

SA's public corporations are far more profitable than they appear to be. According to UCT's Professor Brian Kantor, reports of their large operating losses should be treated with profound scepticism

"The true economic facts about them have been buried under the illogical contentions of accounting," says Kantor. "The public corporations — ESCOM, ISCOR, Posts and Telecommunications and SA Transport Services — have been much more successful than the public have been led to believe"

The way in which they have "disguised" their profitability is a simple one — a conservative policy of providing for the replacement of assets at current values, rather than at historic costs. If a machine bought five years ago for R500 now costs

WHO CONTROLS WHAT?

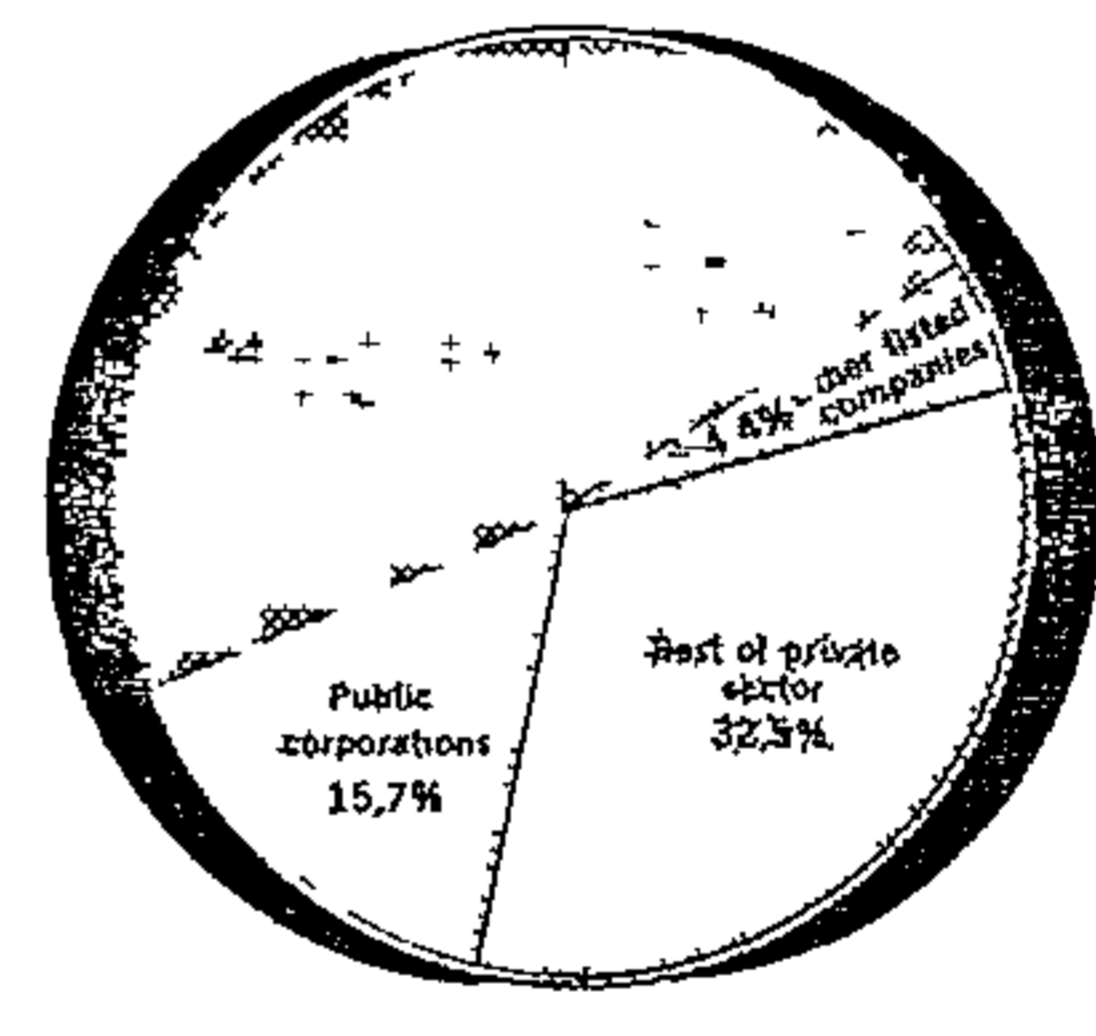
It's well known that a few large companies control the bulk of SA's private sector — in 1982, in fact, 80% of the total assets of listed companies. But these 11 conglomerates control only 16% of all fixed assets in the country

Other listed companies control about 4% to 5%. But the private sector as a whole controls only about 53%. The rest, according to the latest Mercabank Focus, is controlled by the public sector.

However, this breakdown does not necessarily reflect the real loci of control. A large part of the 47% controlled by the public sector consists of public parks, nature reserves and other forms of public land ownership which are not directly related to the operation of the economy.

The only areas of the productive economic processes in which the public sector's share is substantial are electricity, water, transport, and community and social services. In manufacturing, the share of the public sector in gross fixed investment declined from 39% in 1973 to 18% in 1982. So the modest 16% share of the big conglomerates in SA's total fixed assets disguises a much larger share in assets related directly to economic processes

Distribution of the fixed assets of South Africa 1982



Source: Mercabank

R800, a replacement provision based on the latter sum, rather than its original cost, is made from profits

The employment of these capital-cost replacement principles of accounting has effectively disguised the profitability of these corporations in the sense of the term used by the economist. It could also have been welcomed by management. Says Kantor "Such a disguise has been useful, in that it has moderated pressures for lower prices. It has also enabled the corporations to finance a growing proportion of their investment programmes out of internal cash flows. They have therefore succeeded in re-

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Financial Mail May 11 1984

ducing the proportion of debt to equity”

To calculate the profitability of the public corporations, Kantor has attempted to identify cash flows, rather than earnings. On this basis, there is an apparent and dramatic turnabout. From large reported accumulated losses, their results become quite outstanding.

For example (and the study is still incomplete), although ISCOR shows net losses over the period 1978 to 1982 of R6,7m, net operating profits before interest have grown from R175,7m to R409,9m, or at 18% a year. Sales have grown at 14% a year from R1,3 billion in 1978 to R2,5 billion in 1982, and cash, after finance charges and preference dividends, has grown from R175,7m to R409,9m, or at a rate of 18,5% a year.

Losses

Despite reported accumulated losses of R148m over the last five years, ESCOM appears to be doing very well indeed. Operating profits before interest have grown from R0,7 billion to R1,7 billion, or at a rate of 18,5% a year, while sales have grown from R1,3 billion to R2,7 billion, or at an average compound rate of 15,7% a year. Cash retained after interest and financial charges has increased from R0,59 billion to R0,83 billion, sufficient in 1982 to finance 30% of capital expenditure.

Neither are the remaining public corporations nearly as unprofitable as they are made out to be. Posts and Telecommunications has increased its operating profit, before depreciation, from R245m to R445m, representing a gross profit margin in 1982 of 33%. Within SA Transport Services, the airways have increased revenues from R390m in 1978 to R872m in 1982, and the railways from R2,1 billion to R4 billion over the same period.

Perhaps most sensitive to these allegations is ISCOR, being the only public corporation liable for taxes, but not having paid any for the last ten years.

Says group financial manager Eric van der Merwe: “Many commentators have criticised us for our accounting methods. But nobody likes to report a loss. However, if we are to stay ahead in the steel industry, we need to conserve our capital base. By using these principles of accounting, it allows us to at least replace existing machinery.

“As far as paying taxes is concerned, we are subject to the same laws as anyone else. The reason we haven’t paid taxes for the past ten years is due to certain loopholes which existed in the Tax Act.”

ESCOM’s finance manager, Len te Groen, sought to clarify his corporation’s position.

“We are not a company with share capital, and we therefore have a continual need for internal financing. This nobody disputes. We then need to achieve what we consider to be a reasonable level of internal financing, to attract external financing.

Our internal financing now stands at just over 30%.”

This means that the corporations do not have to whittle down profits to pay dividends. But it also means that they cannot simply issue new shares to raise fresh capital.

However, according to Kantor, the accounting methods they employ simply confuse taxpayers, the rightful owners of their equity. The accounting profession and the Revenue authorities have not concerned themselves with the issue, he says, precisely because the public corporations, excluding ISCOR, have not been liable for taxation.

“The managers of the public corporations have done a great job in increasing the value of the assets they manage and we own. But it is also time that the consumers woke up to the fact that these corporations are not charitable organisations and therefore should be made subject to the discipline of competition in the form of free entry into the areas of the economy in which they operate so successfully,” he says.

Business Day/ELECTRONICS INDUSTRY

Govt announces big backing for electronics industry

Financial Reporter

MAJOR State support is to be given to the electronics industry, Dr Dawie de Villiers, the Minister of Industries, announced in the House of Assembly yesterday.

He said the electronic strategy would rest on two main pillars

- The buying power of the State would be mobilised for permanent undertakings of the State institutions concerned, to bind them to an intensified programme of local content and local design in their purchasing of electronic requirements,
- The country's potential to design electronic systems and to produce them would be further increased, if necessary with State aid in the initial stages

Dr De Villiers said it had been decided to establish a non-statutory standing committee for the promotion of the electronic industry with immediate effect

Members of the committee with knowledge of the industry would be appointed by the departments of Posts and Telecommunications, Transport Services, and Industry and by Escom, Armscor, the CSIR, SABC, Industrial Development Corporation, Iscor and the Nuclear Corporation

The committee, Dr De Villiers said, would be chaired by Mr W C van der Merwe, general manager of the IDC

Private industry would not initially have a permanent representative on the committee but would be consulted or co-opted as the need arose

One of the terms of reference of the committee was to investigate greater involvement of the private sector in its activities

Apart from Mr Van der Merwe, the members of the committee will be Dr T C Verster, director of the National Research Institute for Electronics at the CSIR, Mr C G Badenhorst, chief engineer of the Department of Transport, Mr D G H Mills, deputy Director General (technical) of the Department of Foreign Affairs and of Information, Mr E Stacey, director of the Department of Posts and Telecommunications, Mr D H Botha, senior general manager (electronics) of Armscor, Mr J H P Harmse of Escom's department of engineering, Dr W P Gertenbach, manager (electronics) of the Nuclear Corporation and Dr C F Boyce of Pretoria

Cape Times 29/5/84

Plan Sasol Four!

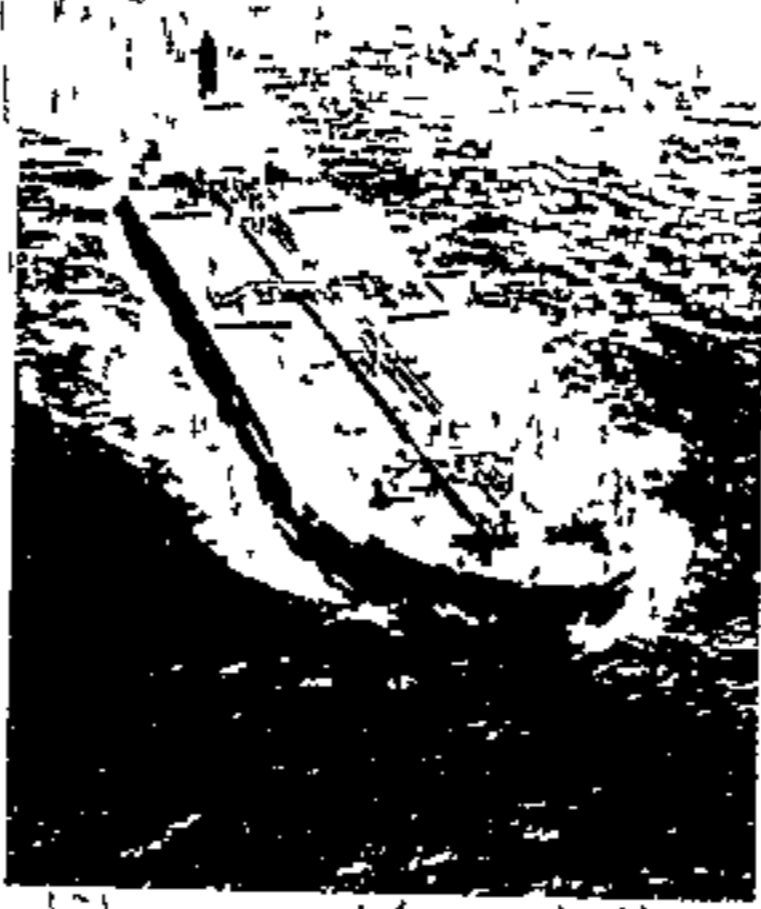
Political Staff

HOUSE OF ASSEMBLY.

— Planning should start straight away for Sasol 4, Mr Harry Schwarz (PFP Yeoville) said yesterday.

He was speaking during the second reading of the State Oil Fund Amendment Bill.

Mr Schwarz said that at present, in spite of the Iran-Iraqi war and the problems in the Gulf,



there did not appear to be a shortage of fuel to be purchased on the international market.

However, he warned, the situation would change by the year 2 000.

Secondly, he said, South Africa could not afford to take a chance on oil sanctions. South Africa had done relatively well in procuring oil up to now.

“However, we cannot assume that the enemies of the country are not going to try and use more potent methods in respect of sanctions against us,” he said.

Mr Schwarz said he believed Sasol 4 was “a necessity”. Its location should be determined in co-operation with the Department of Environment and Fisheries and sources of fuel for it should be determined.

“It is a big task, and if we want Sasol 4 ready by the year 2 000 we cannot start early enough with the planning of the project,” he added.

Argus 15/6/80 (260)

Iscor claims concern about nature

By The Argus correspondent in Pretoria

A VOW of conservation has been taken by Iscor in a marriage between industry and the environment

A steel industry is the backbone of an industrialised country, the environment is its major asset. Iscor believes it has found the right balance between the two

Mr Keith Prince, Iscor's general manager of planning and new development, believes industry and the environment can be married in a give and take relationship

As an example he pointed towards Iscor's Chikondee Coal Mine in Venda on the border of the Kruger National Park.

Landscape and environment consultants were brought in by Iscor to plan the lay-out of the mine

"Although I have not personally visited the mine yet, I believe it is hardly visible to the eye," said Mr Prince

The mine was designed with the future restoration of the area constantly in mind. What Iscor takes from the earth it planned to restore, said Mr Prince. He believes legislation adequately protects the South African environment.

He welcomed the new Water Act which will tighten control on the discharge of effluents into the country's rivers

"Those industries which have lagged behind, will be forced into action now," he said.

Mining legislation also forced any mining operation to restore the area



Iscor's headquarters in Pretoria

and to preserve as much natural flora as possible

Mr Prince welcomed the President's Council proposals on conservation

The President Council report found that the environment was inviolate unless the country's future was at stake. Only then would vital industries be allowed to violate the land.

He dismissed fears that this would be open to abuse

He believes that if present legislation is a criteria, there will be a strict system of checks and balances which will protect the environment

"People working for Iscor are South African citizens and have to live in this country, and we are therefore concerned about it

Industry is labelled as the "bad boys", but Iscor regards itself as a good citizen by putting a lot of effort and money into minimising the pollutant effects of the steel industry on the country," he said

Much of Iscor-owned grounds has been used for protecting the natural heritage. Iscor boasts three game re-

serves, near Sishen, Thabazimbi and New Castle.

And it has relieved the Kruger National Park from future mining operations. New technology is being developed and Mr Prince believes the coking-coal steel era is almost at an end.

Although the technology has not yet been proven, research overseas and at Iscor is continuing to find ways of producing steel by using coal other than coking coals.

But a new system cannot be introduced overnight. It will take time and money

Iscor's attempts at preserving the environment and the natural heritage has culminated in a cheque of R30 000 — donated to the South African Wild Life Society

Mr Prince said it was one way of recognising the achievements of the Society in making the public aware of their environment

Unlike many organisations it sees the balance between both the good and the bad and recognises the positive attitude of Iscor, he said.

Union to
Mercury 27/6/84
fight
260
sackings
verdict

Labour Reporter

THE Black Allied Workers' Union is to appeal against an Industrial Court ruling clearing the giant steel corporation Iscor of unfair practice in dismissing 84 workers from its Newcastle plant.

Mr B E Khumalo, the union's general secretary, said yesterday that papers had been lodged with the Supreme Court registrar in Pietermaritzburg, and the union was waiting for a hearing date to be set.

He said the dispute with Iscor came after the company unilaterally imposed a strenuous new roster. Eighty-four workers were dismissed when they raised objections to the new work schedule.

Mr Khumalo claimed the new rules were imposed without the full approval of the industrial council for the metal industry.

Mr Piet du Plessis, an Iscor spokesman at the company's headquarters in Pretoria, said yesterday 'he was aware of the appeal. The union is free to take whatever legal action it wishes,' he said.



Argus

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19/7/84

NATIONAL/INTERNATIONAL

R240-m ore export loss to be investigated

Shipping Reporter

THE Sishen-Saldanha iron-ore export scheme, which has lost R240-million in eight years, is to be investigated by a committee set up by the Minister of Industries, Commerce and Tourism, Dr Dawie de Villiers

The ambitious 850km Kalahari-to-coast rail line and export harbour was built in the 1970s at a final cost about three times its initially estimated R320-million

The investigating committee, chaired by Mr John Maree of the Barlow Group, has been asked to suggest solutions to the financial problem. It is feared that the committee may recommend scrapping the billion-rand scheme

Run at loss

A spokesman for Iscor in Pretoria said today the scheme could have lost about R73-million in the past financial year. A projected loss for 1985 could be as much as R150-million

He said shipments of ore had declined from 15,5 million tons between 1978 and 1980 to 8,1-million tons in 1982-83

Figures in the Auditor-General's report on the SA Transport Services also showed the ore-export harbour at Saldanha was run at a loss of R6,2-million last year

However, it is felt in shipping circles that the harbour will not close because of the vast sum invested

The port also deals in lead, copper and zinc concentrates

No panic

The possibility of moving the iron ore project to Port Elizabeth, which already handles manganese ore, will be considered by the investigating committee

Iscor has declined to comment further until the committee's findings have been released

A spokesman for the Port Captain's office in Saldanha said he doubted if anyone in the town was panicking after hearing about the losses

"It is common knowledge the scheme has always run at a great loss and, besides, there were rumours last year that the project would close

"We're still here, and we will probably still be here next year," he said

Broadcasts hostile to Angola, Zimbabwe

Mystery Tvl

stations air

propaganda

By Stephen McQuillan
of the 24 Hours team

Propaganda branded hostile to two of South Africa's neighbouring countries is being beamed from the Transvaal by mystery radio stations.

Confirmation that the clandestine broadcasts emanated from South Africa came today from the BBC Monitoring Service, which records radio transmissions from around the world

Two stations were broadcasting political propaganda to Angola and Zimbabwe, the BBC said. The broadcasts to Zimbabwe were heard as recently as last week.

"These stations are broadcasting from the Transvaal," said Mr John Chadwick, acting assistant editor of news and publications for the BBC Monitoring Service in Reading, England.

"We can't pinpoint the transmitters because we haven't got enough monitoring stations in that part of the world

"We can give only the approximate locations of these stations — roughly in terms of the size of a British county"

But sources in Zimbabwe said the transmissions beamed to their country had been coming from Moriah Hill, near Messina, for about a month. Before that, the signal was coming from the Louis Trichardt area — about 90 km away.

This would suggest that the radio signals are being beamed from a mobile "at," said the source

A third station, transmitting propaganda to Mozambique, ended its broadcasts days after the Nkomati Accord was signed, said Mr Chadwick

"A magazine, New Africa, reported that the Mozambique signals were coming from the north-eastern Transvaal although we cannot confirm this"

In English

Radio Truth, whose transmissions could be heard in Zimbabwe was broadcasting in

Radio Truth shows SA aggression — Harare

The Star Bureau

HARARE — Zimbabwe Information Minister Dr Nathan Shamuyarira has said Harare regards the operation of Radio Truth as an indication of South Africa's aggressive attitude

He told The Star Bureau earlier this year that Zimbabwe's objections had been made known to the South African authorities through the trade mission in Johannesburg

He said "We know that a former Rhodesian security officer is running the station. But he is acting under orders from the South African authorities"

Dr Shamuyarira said there was no doubt that the station operated from the Transvaal. He said the broadcasts had little political impact and the

radio represented a clumsy attempt at subversion

The Minister said Zimbabwe had criticised the policy of apartheid on its radio service

"But we have not directed any of our radio programmes at a particular section of the South African public in an attempt to subvert the Government

"South Africa has an external service which is anti-Zimbabwean and anti-African generally. But it also has this special radio beamed at Zimbabwe"

He said that until the South African Government acted to stop the broadcasts, it was difficult to take seriously its claims that it wanted peace in the region

SABC fades during broadcasts

● From Page 1.

aimed at whites, asking what they hoped to gain by remaining in a Zimbabwe that was crumbling around them, "Flame Lily" played Elton John's "Goodbye yellow brick road".

The commentaries, in English and occasionally delivered by a man, also include jokes denigrating Mr Mugabe and his government

Government radio technicians in Harare regularly monitor the broadcasts, and transcripts of the commentaries have been

shown to visiting delegates as evidence of South Africa's "destabilisation" campaign against Zimbabwe

In March this year a Bulawayo man, Derek John Rhodes (64), was given a suspended four-month jail sentence for recording a Radio Truth programme, broadcast in the vernacular, and playing it to his black workmates

After his arrest, Rhodes was allegedly assaulted by police officers and kept in custody for some time

SABC fades as broadcasts reach Harare

The Star Bureau

HARARE — Broadcasts of Radio Truth into Zimbabwe have been monitored at 5 015 khz on the 60 m shortwave band — very close to the external broadcasts of the SABC

A Zimbabwe Government source said the transmissions, monitored in Harare, took place six days a week between 6 30 am and 7 am, although the signal appeared weak

External broadcasts of the SABC have been heard to go off the air at around 6 25 am and resume at just before 7 am — the time that Radio Truth is transmitting, said the government source

The cultured English tones of a woman calling herself "Flame Lily" dispense the virulent anti-Mugabe commentary, often interspersed with "appropriate" music

During a long commentary

● To Page 3, Col 7

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In English

Radio Truth, whose transmissions could be heard in Zimbabwe, was broadcasting in English between 4 30 am and 5 am GMT every day on 4 902 khz, said Mr Chadwick.

The broadcasts were resumed in Shona and Ndebele — with occasional announcements in English — between 5 pm and 5 30 pm GMT each day on the same frequency, he told 24 Hours

The BBC recorded a test transmission on March 10 1983 and the first commentary 15 days later. Broadcasts started on 6 010 khz but, at the end of the first week, they switched to 4 902 khz.

"We would describe Radio Truth's broadcasts as hostile to the government of Zimbabwe," said Mr Chadwick.

He said the Voice of the Resistance of the Black Cockerel was beamed to Angola in Portuguese and other commonly spoken Angolan languages. It supported Dr Jonas Savimbi's Unita guerilla movement.

"We would call these transmissions hostile to the Government of Angola."

The broadcasts were on 4 950 khz at 4 30 am to 6.30 am and 5 30 pm to 7.30 pm GMT every day. Mr Chadwick said the station was first heard on January 4 1979.

The Voice of Mozambique Resistance was broadcast to Mozambique, also from the Transvaal, but transmissions were stopped a week after the signing of the Nkomati Accord, he said.

● See Page 11, World section.

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Rocket for Arm Scor

Immigrants make waves in Bredasdorp

By ROBIN BROWN
Weekend Argus Reporter

ARMSCOR'S missile-testing base at Skipskop at the foot of Africa and the influx of immigrants connected to the site is upsetting many local Bredasdorp people who feel they are being pushed aside to make way for the newcomers.

The municipality is excited about the development as it is boosting the town coffers and private residential building plans totalling R2-million have already been approved this year.

Attendance at the school has climbed by 200 pupils and a caravan site for the families of construction workers has been laid out on land leased from the municipality.

However, many residents in the quiet town, which is the cradle of the merino sheep industry, are upset about the influx of immigrants and feel they are being pushed aside.

One local business person said "Arm Scor has become a priority and the locals are being disregarded."

Arm Scor children

"I am sure that the immigrants to the area will not spend the bulk of their money in the town but shop in Cape Town as many Bredasdorp people do."

"Prices in Cape Town are far lower and the choice far greater than here," she said.

"Young Bredasdorp children ready for pre-primary school are being turned away with the excuse that Arm Scor children have been booked in."

"Now mothers are insisting that their children attend and if the school is too small, Arm Scor can add a classroom," she said.

Bulk-buying

Local residents are also finding it hard to sell property as they feel Arm Scor is holding out for lower prices and negotiate bulk-buying from the municipality.

A spokesman for Arm Scor in Pretoria said "The only people on site are construction workers tied to the project who will be there for a relatively short period before we take over and run the testing base."

"We are proven good neighbours in any town and can assure the people of Bredasdorp that there may be a few hassles in the beginning with the large number of people building the site, but by the time we take over all problems will be ironed out and we will pay our way in every way."

"We cannot really answer for the construction companies handling the initial stages of the project, but if any situation becomes strained between the local people and the immigrants we will investigate and take action if needed."

Waenhuiskrans

The Mayor, Mr Louis le Riche, is excited about Arm Scor's move into the area and feels that the boost to the town far outweighs any bad feelings.

Already 1 500 workers are being moved on to the site near Waenhuiskrans and a small construction town is growing fast.

"A small town with a population of 6 200 really feels the effect of 1 500 immigrants and can only benefit in growth from the development," said Mr le Riche.

"Land prices are climbing as personnel move to the town and inquiries for industrial land grows by the day."

Auction sales

"We have already sold 40 residential plots to Arm Scor and are setting out a further 160 plots which will be ready in about two weeks' time."

"Eighteen months ago at auction sales we could not give land away and managed to sell residential plots from R1 250 to R1 500. Today you would not get a plot below R12 000."

"Industrial land today is fetching R5 a square metre, a far cry from two years ago when we could not get R2."

With foresight the municipality has increased the capacity of the dam at a cost of R110 000 and services are being developed for 160 plots at a cost of R400 000.

"Many people in Bredasdorp are retired and not commercially active, so an influx of 500 white families and 1 000 blacks all earning money in the area for the next six years must boost the town and make it grow considerably," said Mr le Riche.

Argus

4/8/84

~~260~~

260

Sabotage fears spur secret Escom security body

Star
~~SSA~~
260

By Russell Gault

Security fears have led the Electricity Supply Commission (Escom) to establish South Africa's first non-State secret intelligence organisation

Escom says it will work closely with State intelligence bodies

And a small item in Escom's annual report — Escom would not elaborate on it today — reveals that security is a major concern

"Essential security measures at all Escom's installations account for a significant percentage of total expenditure," the report says

Last year Escom spent R1,6 billion, but would not say how much of that was on security

The new super-sleuth section is being incorporated into the existing security organisation which protects all Escom's installations

Another Escom report says "The intelligence section will determine specific threats against the people of Escom and its installations, so that the necessary preventive measures may be taken in good time"

The same report says the signing of the Nkomati accord and other political successes "could incite our enemies to violent deeds"

A spokesman said Escom was bound by legislation to organise its

own security, but close contact was maintained with police and State security organisations

Escom's annual report also discloses that it had continuous liaison with security organisations in other parts of the world

It is understood that this liaison amounts to advice on the latest security protection for big installations

The huge amount of money spent on security was necessary because of the strategic and economic importance of the many power stations throughout the country

Escom generates 93,7 percent of the nation's power

During the height of the disastrous three-year drought which eased earlier this year, some power stations were close to shutting down because of a lack of water

If saboteurs had been able to pierce the security cordon and close down any major stations South Africa might have had to ration electricity supplies

Industry leaders claimed that rationing would have cost the country R2 000 million in lost exports in the first six months

There were suggestions of looming disruption to the social fabric of the country through burgeoning unemployment

Eksteen (260) spills the C-7uner SABC beans 13/9/84

By JAMES McCLURG

IT IS surprising that the recent speech by Mr Riaan Eksteen, director-general of the SABC, to the Cape Town Press Club, has received so little publicity and evoked so little comment.

For this was a watershed event in the SABC's history. Here, at last, we were clearly and defiantly told that the SABC has no intention of observing political impartiality and that, furthermore, it will suppress the views of organizations it regards with disapproval.

Mr Eksteen, of course, did not put it as bluntly as that. His message was wrapped in a frilly parcel of platitudes and half-truths.

Warning light

But, stripped of these embellishments, the message was unmistakable.

Fortunately, among the few to see the warning light behind the pious asseverations was Professor Richard van der Ross, rector of the University of the Western Cape and a member of the Media Council.

At a meeting of the council a couple of days after Mr Eksteen's speech, Professor Van der Ross pointed to the implication that the SABC would withhold views which it preferred the public not to hear.

He asked that the matter be referred to the committee primarily responsible for the council's duty to "keep under review developments likely to restrict the supply of information of public interest and importance."

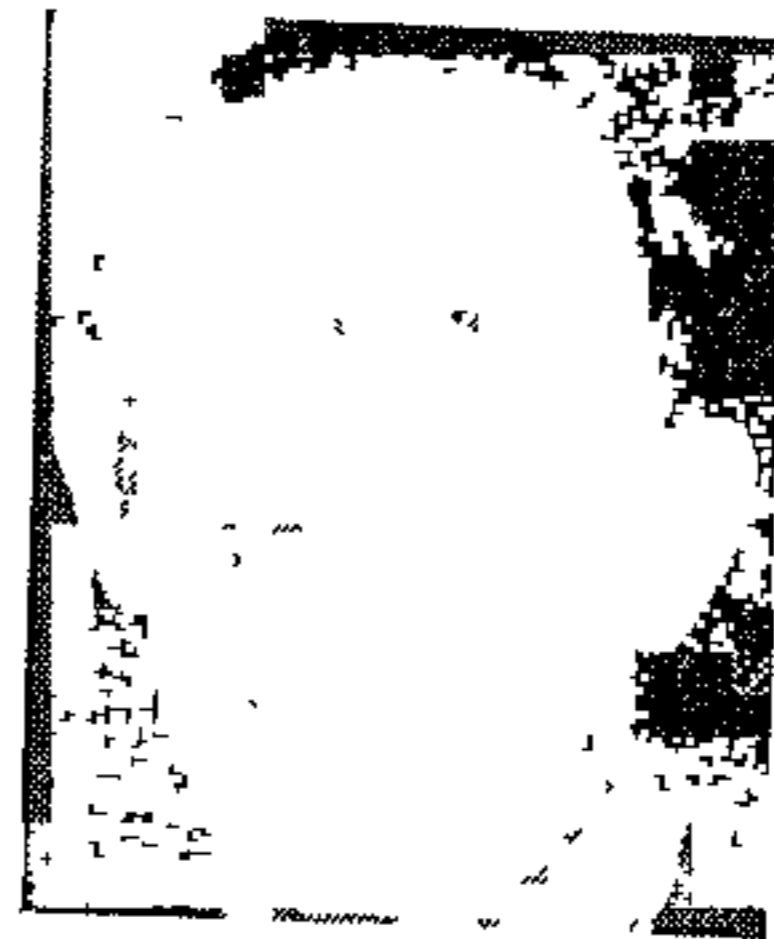
It will be interesting to see in due course how the Media Council copes with this thorny issue.

Effrontery

The SABC, Mr Eksteen told his audience, declared itself "fully on the side of the principle of consensus politics as against the style of political confrontation."

The effrontery of this declaration is breathtaking. What business is it of the SABC's to decide which political system suits South Africa best? Could it conceivably have decided, after due cogitation, to oppose the consensus approach?

The question answers



Mr Riaan Eksteen

itself and exposes the hollowness of the SABC's pretence to be acting of its own volition "in the national interest" as defined by itself.

Its gratuitous espousal of the consensus principle is partly a declaration of political partisanship and partly an attempt to forestall future criticism.

Statement

The SABC's attitude to the consensus, according to Mr Eksteen, implies that "those groups and parties that, of their own choice (his emphasis) have either excluded themselves from the politics of consensus, or intend to do so, in favour of revolutionary and undemocratic methods, can make no claim on the SABC to reflect their views in any way."

How does Mr Eksteen reconcile this with his statement earlier in his speech that "the SABC regards it as its primary responsibility to help to create an informed public opinion"?

An informed public opinion must obviously depend on an awareness of all the major currents of thought that bear on the country's problems.

Reporting viewpoints is not the same thing as endorsing them. But to suppress certain viewpoints, on whatever basis of selectivity, is to do the public as grievous a disservice as one could imagine.

As Dawie, political columnist of the government-supporting *Nasionale* newspapers, put it: "Such selective, one-sided reporting of the currents of thought in South Africa would put the SABC in an untenable position."

So untenable, indeed, that I find it hard to believe that the SABC has said its last word on the subject.

200 Star 14/9/84

Privatisation: a complex but increasingly attractive option

By Professor Roger Gidlow

The suggestion by the Governor of the Reserve Bank, Dr Gerhard de Kock, that privatisation should be considered as an option in reducing Government spending is one which warrants serious examination

Enormous pressures on the Government to expand expenditures on housing and education suggest that the curtailment of spending in other fields may well be indispensable if the Government is to avoid raising taxes yet again

The level of income tax has already reached levels that threaten to encourage emigration and stifle economic growth

If certain state corporations were de-nationalised the commitment of the Treasury to provide funding for these enterprises would be eliminated, while substantial revenue would accrue from the sale of such assets

The British Government plans to raise £10 billion on the sale of state enterprises in the next five years, and this is a crucial ingredient in the Tory strategy to reduce taxes in coming years

Selling state corporations in

South Africa to private investors would involve numerous difficulties

The timing of any disposals would be important, and problems could arise in determining appropriate prices at which to sell shares in the face of volatile conditions in the stock market

Apart from its fiscal benefits, privatisation should be an attractive policy option for those who believe in economic freedom

Rather surprisingly, the issue of privatisation in South Africa has not attracted the attention it deserves. Even now it is only fiscal imperatives which are proving to be a catalyst for consideration of this option

Privatisation has important political implications. The ruling party in South Africa has long regarded state ownership of institutions such as Iscor and Escom as beneficial to its own interests, because large numbers of people traditionally inclined to support it are provided with "sheltered" employment by these institutions

The political landscape, however, is shifting

The Afrikaner has now decided, rightly or wrongly, to share

power with coloureds and Indians, and possibly at some future date with urban blacks.

One can no longer entirely rule out a future South African Government, controlled by non-whites, which is hell-bent on the destruction of the present economic set-up, and the introduction of a socialist State

There is little disagreement among informed whites in this country that such a socialist system would be detrimental to their economic interests

Indeed, the history of black Africa suggests it would be a retrograde step for virtually everybody

The question, therefore, arises as to what steps can be taken to reduce the danger of such an outcome

In this context, privatisation assumes importance. The more state assets are sold and the more ownership of these assets is dispersed among South Africans of all persuasions, the more difficult it will be for any future government to embark on wholesale nationalisation

From a political point of view it is in the interest of white South Africans to not only support privatisation, but to en-

courage the sale of these assets to foreign as well as local investors

The greater the ownership of South African shares in foreign hands the greater the leverage Western governments could exercise over any future government which is contemplating extreme socialist measures

This conclusion has unfortunately not been generally accepted in South Africa. Evidence of this has been partly provided by the long-standing policy of South African firms to abandon their London Stock Exchange listings

All of which suggests that the policies of groups, even a large mining house such as Anglo Vaal, in relinquishing the London listings of their subsidiaries, have been short-sighted

It might be argued that the promotion of foreign ownership of South African shares is risky, because it could be viewed by any future black government as a sign of foreign exploitation of the local masses

Any such accusations, if they were ever made, would be hollow, however, because the ownership of South African-quoted industrial shares is likely to remain low

De Loor runs his eye over candidates

RDM 20/9/84 260

Privatisation — full steam ahead

By PAUL BELL

PRIVATISATION will be high on the agenda of the State President's National Priorities Committee. It should be appointed within a fortnight and is expected to begin work in earnest after the present parliamentary session.

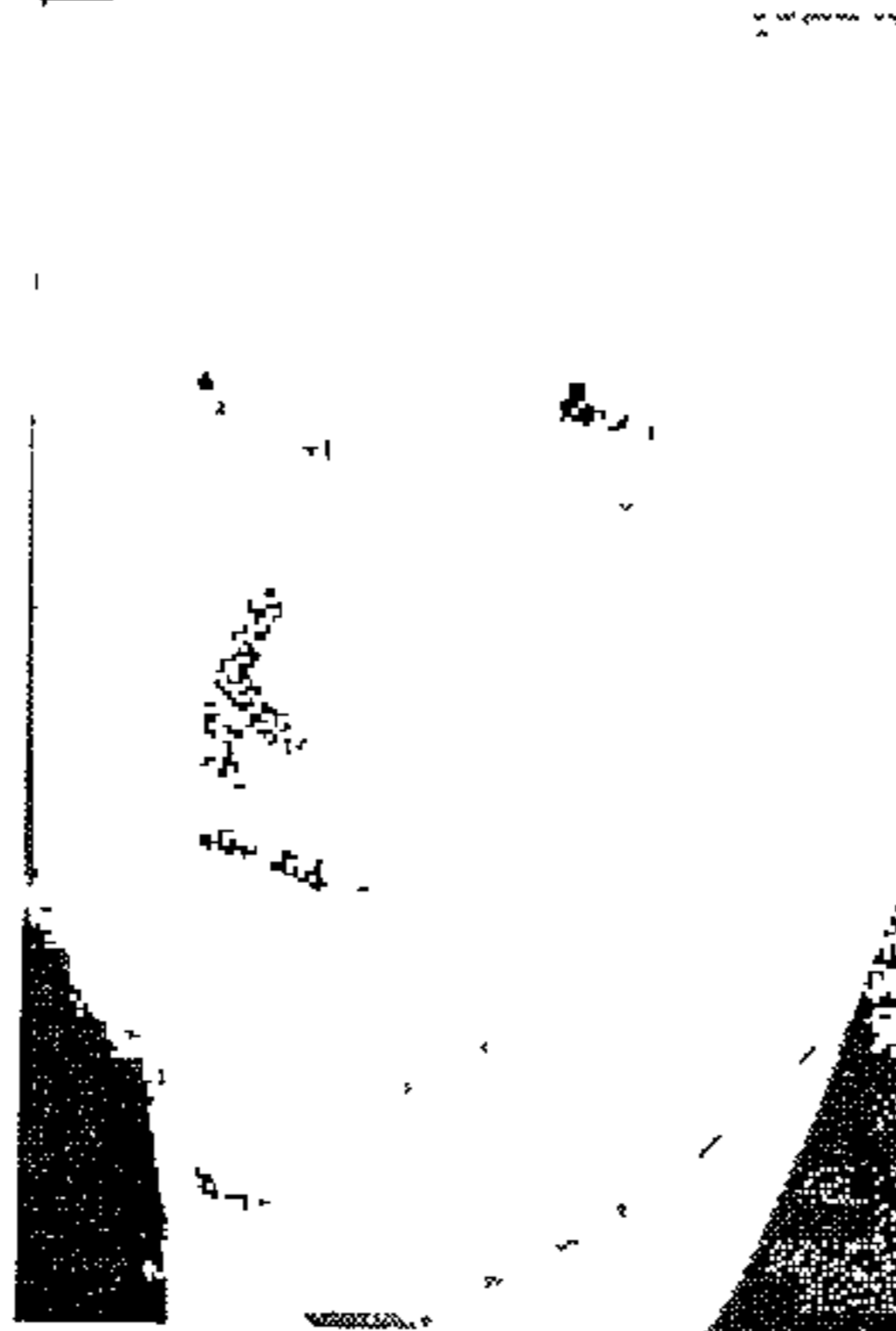
The committee, to be chaired by President P W Botha, will include only politicians and provide guidelines for the Minister of Finance in setting Budget policy.

Dr Joop de Loor, Director-General of Finance, who will act as one of the committee's top advisers, said yesterday that, while privatisation was now accepted Government policy, much depended on "when you can move and how fast".

Candidates for privatisation would have to be picked with an eye to the business cycle and to the possible danger of swapping a public monopoly for a private one

The threads which run through Dr de Loor's views on privatisation are:

- That privatisation of suitable candidates, for example parastatals, might be done only in part,
- That if some areas of operation of those candidates are to be privatised, they would have to be profitable enough to attract the investment of private enterprise,
- On the other hand, to strip profit areas from parastatals that provide other services, which could not be privatised, might jeopardise those services — a problem that would have to be approached with care, and
- Privatisation of an operation should be effected where there is sufficient competition to prevent it



JOOP DE LOOR... when you can move and how fast.

from becoming merely a private monopoly

Dr De Loor described Iscor as a sitting duck for privatisation but said the steel industry was in such poor condition that selling it off would constitute giving it away

Privatisation in this case would have to wait for an upturn

He said Sasol III could be privatised reasonably easily — much as Sasol II, which was doing well, — via a general share offer to institutions and the public

Escom was a possibility but it was just covering operating costs. He expected the Wim de Villiers Commission on Escom, which will report any day now, to make recommendations that would cut further increases in the power price

On transport, he said Sats' road transport and pipeline services, which were more profitable, could not simply be stripped away. For a start, tariffs for private operations would have to be brought into line with costs

Nor could the rail network be only partly privatised because profitable lines were subsidising unprofitable lines. He posed a hypothetical and undesirable situation in which private enterprise might close unprofitable sectors — such as suburban train services

Air transport was a better proposition in which it might be possible to sell off the domestic service of SAA, although this was not part of immediate thinking

Anything was possible, Dr de Loor said, but he warned that such a move could reduce the area of national coverage, which might not be desirable

On health and welfare, another major area of Government expenditure, Dr De Loor said privatisation was "a very emotive issue", particularly when so many vital services were provided with such a heavy subsidy

Privatisation, and the removal of subsidies, would increase patients' costs, often dramatically, and he did not see much scope for it in health

Nevertheless, he envisaged the privatisation of certain health services. For example, district hospitals, in which medical and paramedical services could be concentrated, might be built by the State and leased to a range of medical practitioners

He did not believe education was a candidate for privatisation although he expected that a more uniform policy would be adopted throughout the country for all races

Privatisation was already part of the housing strategy, as manifested by the Great House Sale in which 500 000 State-built homes had been on the market for more than a year. Government had actively encouraged the involvement of private enterprise because it could not go it alone, on housing

Mercury 24/9/84 (260)

Privatisation high on Govt agenda

Mercury Correspondent

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RDM 25/9/84 23 142 200

148 workers laid off

Mall Correspondent

CAPE TOWN — Atlantis Diesel Engine (ADE) in Atlantis laid off 148 employees of its night shift staff — 8,5% of its total production labour force — at the weekend because of the down-turn in the truck industry.

The night shift at ADE had been introduced last year to meet increased production requirements but part of it

had to be discontinued last week because of a down-turn in orders from the truck industry which stemmed from the overall economic climate, the managing director of the company, Mr H Beckurts said yesterday.

The company would have to monitor the production situation on a daily and weekly basis to judge whether further retrenchments would be necessary, he said

Atlantis Diesel sacks entire shift

Labour Reporter

AN entire shift of production workers has been laid off at Atlantis Diesel Engines

A spokesman for ADE said today that two supervisors and 146 production workers on the nightshift — the entire production staff — had been retrenched

Less than three months ago ADE announced it was introducing a second shift because of "increased demand"

ANOTHER 100 WORKERS

The company then employed an additional 100 workers

The spokesman said today that part of the new shift had been discontinued "because of a downturn in the trucking industry"

The company had been "extremely reluctant" to retrench the workers, most of whom came from Atlantis, he said

A spokesman for a civic body in Atlantis said unemployment had hit the area, earmarked as an industrial decentralisation point

"Everyone is so tense here because no one knows who will lose their jobs next," he said

He added that many people owed up to R900 in rent because of unemployment

At least four other Atlantis firms had retrenched workers in the past few months and two had gone on to short-time, he said

Congress in shock move on SA loans

Room 3/10/84 (E) (S) (260) (S)

By SIMON BARBER
Washington Bureau

WASHINGTON. — In a dramatic last-minute compromise, Congress yesterday agreed to ban new US bank loans to the South African Government and its parastatals, and to require all American firms in the Republic to report on their employment practices annually.

The agreement came after hours of negotiation between House and Senate conferees on the controversial Export Administration Act stretching late into Monday night.

The Reagan Administration flatly opposed the outcome and officials said they would urge the President to veto the legislation.

The compromise represents a considerably watered-down version of the so-called Solarz Amendments contained in Title III of the EAA. Their author, Mr Stephen Solarz, said he was deeply dissatisfied.

State Department officials called it "an ugly precedent", even though stiffer measures — including a ban on all new investment in the Republic and on further Kruger-rand imports into the US — were dropped.

The details of the agreement were still open to interpretation yesterday but, according to Congressional and State Department sources, the package was as follows:

- US banks and their subsidiaries may provide no further loans to the SA Government or its entities (Isacor, Escom and SA Airways for example) under threat of legal and civil penalty. Existing contracts may still be honoured.
- Participation in the Sullivan-like Employment Code proposed by Mr Solarz remains voluntary.

- However, all US firms and their subsidiaries in South Africa with more than 20 employees must prepare annual reports of the employment practices for submission to the Secretary of State.

- While there is no penalty for not reporting, the Secretary of State shall in turn deliver an annual report to Congress in which non-compliers will be named.

- The Secretary of State shall also appoint a 12-man advisory panel made up of Americans and South Africans to consult on US employment practices. The panel will be chaired *ex officio* by the US Ambassador and is to include representatives of the US Chamber of Commerce in South Africa, trade unions that operate on a non-discriminatory basis, church groups and the academic community; and

- The US Embassy is to monitor US firms on a day-to-day basis.

The deal was struck between Mr Solarz and Senator John Heinz, the Pennsylvania Republican targeted by anti-apartheid lobbyists as the weak link in the Senate's opposition to Title III.

Reagan Administration officials were angry at Mr Heinz's concession. Said one: "He knows damned well we didn't approve."

Mr Solarz and the chairman of the House Africa Subcommittee Mr Howard Wolpe, described the deal as "crumbs" and promised they would be "back for more" next year.

There was still doubt yesterday whether the agreement would become law because the House and Senate still remained deadlocked on other issues in the Export Administration Act which must be resolved before Congress recesses tomorrow.

US loans to the SA Government represent about 10% of total American lending to the Republic, or between R400-million and R1 000-million.

- US cities urged to boycott SA — Page 6

Iscor set for privatisation

Argus Correspondent

JOHANNESBURG — The vast SA Iron and Steel Corporation — the bastion of nationalisation — is likely to be handed over to the private sector as soon as the economy starts pulling out of the recession

The scenario has been set by Iscor cutting loose from the millstone of huge losses from the Sishen-Saldanha rail line and moving out of the red

Insiders forecast that shares will go on public offer by the end of next year if predictions of a 1985 economic recovery prove accurate

It promises to be the boldest State handover to private enterprise yet — even more significant than the Sasol shares issue that broke the State's mo-

nopoly hold on the oil-from-coal operation

Iscor estimated the net value of its fixed assets at more than R2 173-million at its last count in 1983 and its annual turnover was even higher

Informed sources said the decision to denationalise the steel giant has been agreed in principle and the Government will fix a date for the handover as soon as there is an improvement in the economic climate

Iscor is known to be bursting with eagerness to release its 1983/84 results, expected to show a return to profits after tumbling into losses that amounted to R244-million in 1982/83 — the worst on record

Moreover, the long-term profit outlook has been given a significant boost as a result of

action on the recommendations of a team of experts from the private sector

The team, picked by Minister of Industries and Commerce Dr Dawie de Villiers, was headed by Mr John Maree, executive director of Barlow Rand, and comprised Mr Robin Plumbridge, chairman of Gold Fields of South Africa and Mr L van den Berg, managing director of Finansbank

The Minister has stamped his approval on a plan that promises to pull iron ore exports out of the red and into a vigorous operation which by itself should reap R200-million a year in foreign exchange

One of the forceful arguments that was used — and in turn accepted and acted upon

by the Minister — was that Iscor should be relieved of the financial burden of carrying multi-million rand and losses from the rail link used to ship ore exports from Sishen to Saldanha Bay en route to world markets

The cash responsibility for the rail link from October 1 has been shifted to the Treasury

The private sector has also been invited to have a say on a new advisory board that will now monitor the export operations

"Now that the rail problems have been solved and the profit outlook for iron ore exports has been improved, it seems the decks have been cleared for a full privatisation programme for Iscor", says Mr Maree

Privatisation debate rages on

ISCOR was a sitting duck for privatisation, a top finance official said recently.

Privatisation has become the new buzzword since its acceptance as part of the Government's strategic economic policy and its keen endorsement by the private sector.

Speculation about Iscor has increased since hints that its results have improved considerably over those of last year and since it has been freed of the losses of the Sishen-Saldanha iron ore export rail link.

Nevertheless, Iscor is some duck! It is the producer of 75% of the country's steel, the employer of 62 000 people, assets with a replacement value of more than R6bn and losses of R244m last year.

Critics accuse it of dumping in foreign markets at prices subsidised by the SA steel market, of gross inefficiency in producing unprofitable lines, of seeking protection against imports at the expense of local users and of accounting that converts profits into losses to justify price increases.

Supporters defend it by saying it is better to sell steel below cost overseas than be forced to reduce capacity below SA demand, that it is better to sell the products no one else makes than to import them; that it is better to protect local producers until improved economic conditions enable them to defend themselves better.

Steel industry observers say the market will have to improve substantially to make Iscor more attractive to private investors. If it is in danger of losing more money, or not making enough, no investor will want the risk.

Mr Leon Louw of the Free Market Foundation takes a different view.

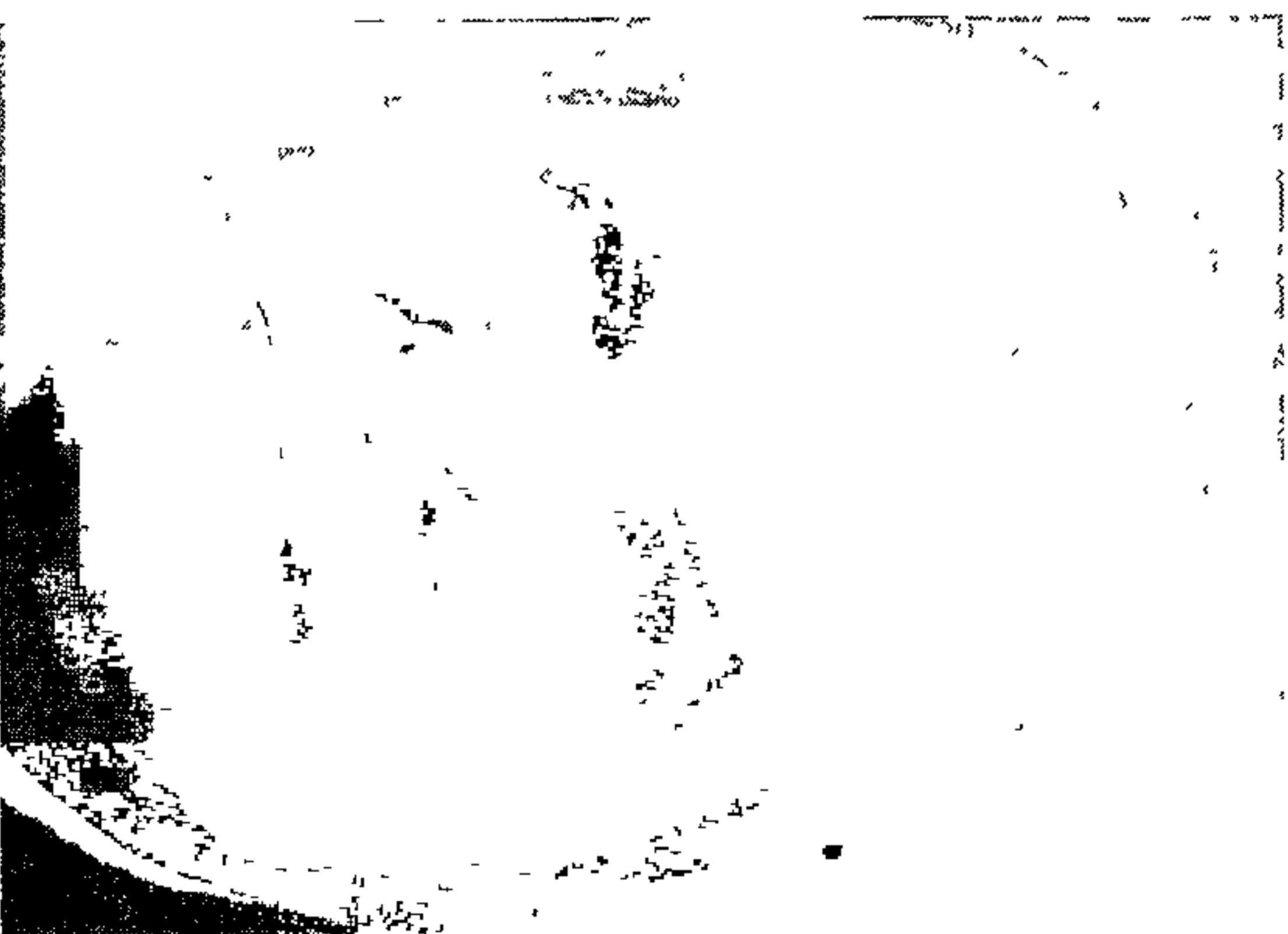
He cites the reply given to Britain's Sir Keith Joseph when he told a conference at Stanford University in the US in 1978 that a buyer could not be found for British Steel because it made losses.

Economist Mr Gordon Tulloch stood up and said "I'll give you a dollar." Says Mr Louw, anything can be sold if the price is right.

The Tulloch approach is unlikely to hold sway. Moves towards privatisation could be under way within a year, but will hinge on steel demand.

Steelmen are fairly optimistic about the outlook.

The Minerals Bureau predicted a fortnight ago that South Africa's ferro-alloy exports could in-



JOHN MAREE... Sishen-Saldanha represents a step towards privatisation.

crease by 56% to more than R756m because of strong global demand for steel products.

A depressed rand will mean higher export earnings.

If the upward trend holds through 1985, Iscor will boost production by 16% to 7,8-million tons.

Already, Iscor has hinted strongly that its annual report, due in the last week of October, will show losses staunch — and maybe a return to profit — after a 12,5% increase in sales and a robust, cost-cutting rationalisation programme.

Rationalisation continues: in the past two years, blast furnaces have been cut from 12 to seven and two more will be shut down.

Cont →

There has been a flurry of speculation recently that the Government might be prepared to sell control of Iscor, the State steel giant, to the private sector. PAUL BELL looks at the possibilities and at the broad operations and accounts of Iscor.

"If you used private sector accounting standards to assess Iscor, the returns would be quite attractive."

He says Iscor should best be viewed as an integrated unit in moves to privatise.

Barlows' Mr Maree agrees "Iscor would like to see privatisation in the long term, but the corporation would have to be seen as one unit."

In other words, privatisation would be more likely to involve a share issue on the lines of Sasol III than any efforts to sell the corporation's assets off in bits.

Mr Louw of the Free Market Foundation says Iscor has been required by Government to "pro-

This has been accompanied by substantial improvements in efficiency and production. Staff has been cut from 70 000 two years ago to 62 000

And, says Barlow-Rand executive director Mr John Maree (who headed the Government's inquiry into the Sishen-Saldanha link, which is losing about R150m a year), the State's decision to take over the capital liability of the line and the harbour facilities represents a step towards privatisation.

But, while the corporation's mood is buoyant about current results and future prospects, it will refrain from public statements on privatisation

A company source says. "This is a matter for the shareholders to decide, ie, the Government. It would not be right for management to speculate."

Highveld Steel's managing director, Mr John Ball says. "I think Iscor is a good long-term bet. They're making the right moves and seem to be less obsessed with indiscriminate production. They're moving from a volume complex to a money-making philosophy"

He thinks Iscor's accounting methods — including valuations at replacement cost — are unrealistic.

which have never been released — which is said to show that if Iscor discontinued the vast majority of its product lines, it would still be able to supply 90% of the demand made on it.

"Privatisation would allow Iscor to reduce the uneconomic lines and reduce costs. The rest could be imported," he says.

He refers to the Volkswagen model, in which the West German Government sold shares to the public in small lots, as an example for the privatisation of Iscor.

Mr Louw dismisses the notion that the private sector might not have sufficient funds for investment on this scale, recalling that Sasol shares were oversubscribed 30 times during a mini-recession.

Earlier this year, Iscor's top men indicated three pre-conditions to privatisation:

- Iscor must return to profit and pay dividends;
- Relief for the corporation of its investment in the Sishen scheme,
- The replacement of steel import quotas by tariffs and the scrapping of price controls

Two of those conditions have been met: the profit prospects for steel generally and Iscor in particular look good, and the Sishen burden has been removed. Only tariffs and price control remain to be dealt with.

So the funds are speculating on a share issue, possibly by the end of next year

Nevertheless, while the Cabinet may have adjusted to the need to privatise, other political and bureaucratic pressures may be brought to bear.

"The difficulty is that this is territory which some will want to defend," says one source close to Government thinking.

SABC's news policy is slammed

260
Sten 16/11/84

The SABC had no justification for excluding from its newscasts controversial material that vitally affected the interests of all the people of South Africa, said a special committee of the South African Media Council in a statement yesterday.

The committee, which deals with the free flow of news, made the statement after investigating a speech to the Cape Town Press Club on August 24 by SABC director-general Mr Riaan Eksteen.

Concern about the speech had been expressed by Dr Richard van der Ross, rector of the University of the Western Cape, who is a member of the Media Council.

REMARKS

Dr van der Ross said Mr Eksteen's remarks implied that the SABC would refrain from publishing news it preferred the public not to hear.

The committee had considered the full text of Mr Eksteen's speech, said the statement released in Cape Town.

In part of his speech Mr Eksteen said that internationally, but also in South Africa, the media regarded itself as belonging

to a new class, which mostly played an opposing, if not a hostile, role towards the government of the day and the establishment.

The SABC defined itself as being outside the new class, which regarded conflict and confrontation as paramount.

The SABC saw itself as playing a unique and independent role in the national interest (landsbelang).

The SABC would rather emphasise information than political strife.

It would focus on points of agreement in programmes and help to promote the positive rather than blowing up and promoting (aanblaas) differences.

The SABC would, in the new dispensation, unreservedly, unequivocally and positively promote the interests and security of South Africa and all its inhabitants, the maintenance of public order, obedience to the laws of the country, sound relations between population groups and decency, decorum and good taste.

It would fulfil its information function without becoming a platform for those wishing to create revolution, unrest or disruption of the country.

"This viewpoint of the SABC implies that those

groups and parties which, of their own choice, opted out of consensus politics in favour of revolution and undemocratic methods cannot expect the SABC to reflect their views," Mr Eksteen said.

"There will therefore in the new dispensation be no sympathetic ear, for instance, for the ANC or its faceless fellow-travellers."

The Media Council committee said in its comment: "In the view of the committee, the SABC is not justified in excluding from its broadcasts and television newscasts controversy about matters of common concern to, and that vitally affect the interests of, all the people of South Africa.

PRINCIPLES

"The principles Mr Eksteen has stated should be applied so that the public is informed of, to mention but a single example, the standpoint of those who oppose the new political dispensation and who called for a boycott of the recent coloured and Indian elections.

"Mr Eksteen said the SABC would not reflect the standpoint of those who had opted out of what he called consensus politics.

"It is, on the contrary, the

view of the committee that the members of the public have a right to be conscientiously informed of all relevant facts relating to the political debate, so as to enable them to arrive at their own conclusions in regard to such matters."

The Media Council committee said its comments had to be viewed in the light that the SABC was the sole electronic medium in South Africa, was constituted under statute and its operations were financed from public funds.

It was a necessary concomitant of this unique status that the SABC had an urgent responsibility to present to its viewers and listeners a fair and balanced factual picture of matters of public importance affecting their well-being.

The committee added: "Mr Eksteen rightly points out, relying on the views of Abraham Lincoln, that 'he who moulds public opinion goes deeper than he who enacts statutes and pronounces decisions.'"

The committee also refers to a quote by Mr Eksteen from the report of the United States Commission on Freedom of the Press: "The media are the most powerful single influence in the shaping of culture and opinion."
— Sapa.

ROM 25/10/84 (260)
Samancor sale contributes R247m

Iscor bounces back into black

By PAUL BELL

ISCOR has turned a record loss of nearly R244m last year into a profit of more than R317m in its financial year to June, thanks largely to the proceeds from the sale of its interests in Samancor to Gencor.

The Samancor sale contributed R247,389m to profits of R317,438m, according to Iscor's annual report, released in Pretoria yesterday.

Actual operating profit was R70,049m. The chairman of Iscor, Mr Floors Kotzee, told a Press conference that, while the operating profit was "not very handsome" for a company with net operating assets of R3,860bn, it represented "a satisfactory swing of R314m in comparison with the R244m loss for the previous year".

But Mr Kotzee would not be drawn on prospects for privatisation, saying he did not believe this was high on the Government's agenda — apart from which, R70m in operating profit, compared to assets, would not be enough to attract the private sector.

"Handsome profit" — constituting an attractive proposition — would be in the order of R600m, Mr Kotzee and Iscor's general manager, finance, Mr G van der Merwe agreed.

Mr Kotzee drew attention to Iscor's debt ratio which, because of the corporation's new-found liquidity, had been reduced from 43% last year to 36%. "Under present conditions, we think this is quite remarkable," he said.

Mr Kotzee gave three reasons for the improvement:

- A 12,5% increase in the domestic demand for steel — an additional 372,000 tons,
- Cost reductions in which Iscor had now seen the benefits of its rationalisation programme, the impact of which had been beyond his expectations; and
- Continuous improvements in productivity and product quality, accompanied by a management-by-objectives programme.

Iscor supplied 4,67-million tons of steel to the domestic and export markets in 1983/84. Steel turnover totalled R2,406bn — 18,4% up on last year's R2,033bn.

Domestic sales amounted to 3,32-million tons — 12,5% up on last year. Mr Kotzee attributed this to the temporary economic upswing early this year, higher Government spending, and the drought which required emergency water schemes.

As regards prospects for local steel demand in 1984/85, the recent austerity measures had already caused a dramatic reduction in the latter half of 1984 but Iscor did not believe results would be noticeably weaker, Mr Kotzee said.

Total export earnings amounted to just over R687m in 1983/84.

Steel exports amounted to 1,35-million tons — 17,2% down on last year — and earnings decreased by 5% from R474m to R449m. Iscor's management would not confirm that the average export price of steel was in the region of R332 a ton.

The weak rand would improve Iscor's export earnings in 1984/85, and exports were developing favourably at present. One sour note on steel exports Mr Kotzee said Iscor foresaw problems in handling the expected tonnage through existing facilities.

Iron ore exports jumped 28% to 10,4-million tons. They earned R238m, R17m up on last year. A global oversupply of iron ore caused the international price to sink 11%, which followed on a 12% slump in 1982/83.

Domestic consumption of iron ore improved marginally to 6,8-million tons. During the year, the South Plant at Sishen was closed. At Thabazimibi, poor mining conditions led to production cutbacks while the necessary remedies are investigated, and the shortfall is being supplied by Donkerpoort.

Capex for 1983/84 was R280m, down from R345m the previous year. For 1984/85, R270m has been budgeted.

Mr Kotzee said the world steel industry was stuck with a total overcapacity. Nevertheless, production in the industrialised West had risen 15%, domestic prices had increased, and efforts to reduce capacity to match decreased demand had been reasonably successful.

Capacity utilisation in the second quarter of 1984 had been 65% in the EEC, 67% in Japan and 75% in the US. In 1982 the figures had been — EEC 47%, Japan, 59%, and the US 37%. By comparison, Iscor now stood at about 90%.

There's a rub to R70m Iscor's glint

ISCOR'S impressive turnaround announced this week should not obscure the fact that prospects for steel are not particularly good.

Nor should it blind one to the fact that the giant steel corporation's results were impressive only as a recovery from a loss of R244-million last year.

This year's R70-million 'real' operating profit (after finance charges and ignoring the windfall from the sale of Iscor's interest in Samancor) does not look that great against the total sales of R2,705-billion.

In fact, at 2,6% of turnover (or 1,9% of net operating assets), it's the kind of return on turnover which a supermarket chain, with its notoriously small margins, would be embarrassed by.

The reported profit, incidentally, was R317-million, most of which came from the R247-million realised on the sale of Samancor.

Domestic steel demand is expected to decline by an estimated 7% to 10% in the next 12 months (after rising 16% in the last year), which means that exports are likely to absorb a bigger share of South African output.

But despite a recovery in demand in the last year, intense competition from up-and-coming producers such as Korea and China is likely to hold export prices at below domestic levels, and long term prospects are bleak.

IsCOR's average income per ton of

ISCOR'S PERFORMANCE (Year ended June 30)

	1980	1981	1982	1983	1984
Sales (millions of tons)	5,5	5,1	5,3	4,6	4,7
Net sales value (R billion)	1,9	2,0	2,3	2,0	2,4
Profit/loss (R million)	77,5	62,9	-22,2	-243,7	317,4

By TONY KOENDERMAN
Financial Editor

export steel in the past year was R335, while on the local market the average was R589. Though Iscor insists it does not export steel unless it "makes a contribution" to profits, and while the sinking rand is likely to increase the attraction of the export market in the year ahead, Iscor executives made it clear they would far rather sell their steel in South Africa than export it.

Increase

While world demand is forecast to rise at less than 1% a year for the next decade, Iscor is planning a long-term annual increase of 4% in the local market, according to managing director Mr Willem van Wyk.

So although exports will rise this year, in the long term they should account for a steadily declining share of total sales.

A report by stockbrokers E W Bal-derson on the iron and steel industry commented, "Taking into consideration the saturation levels of steel

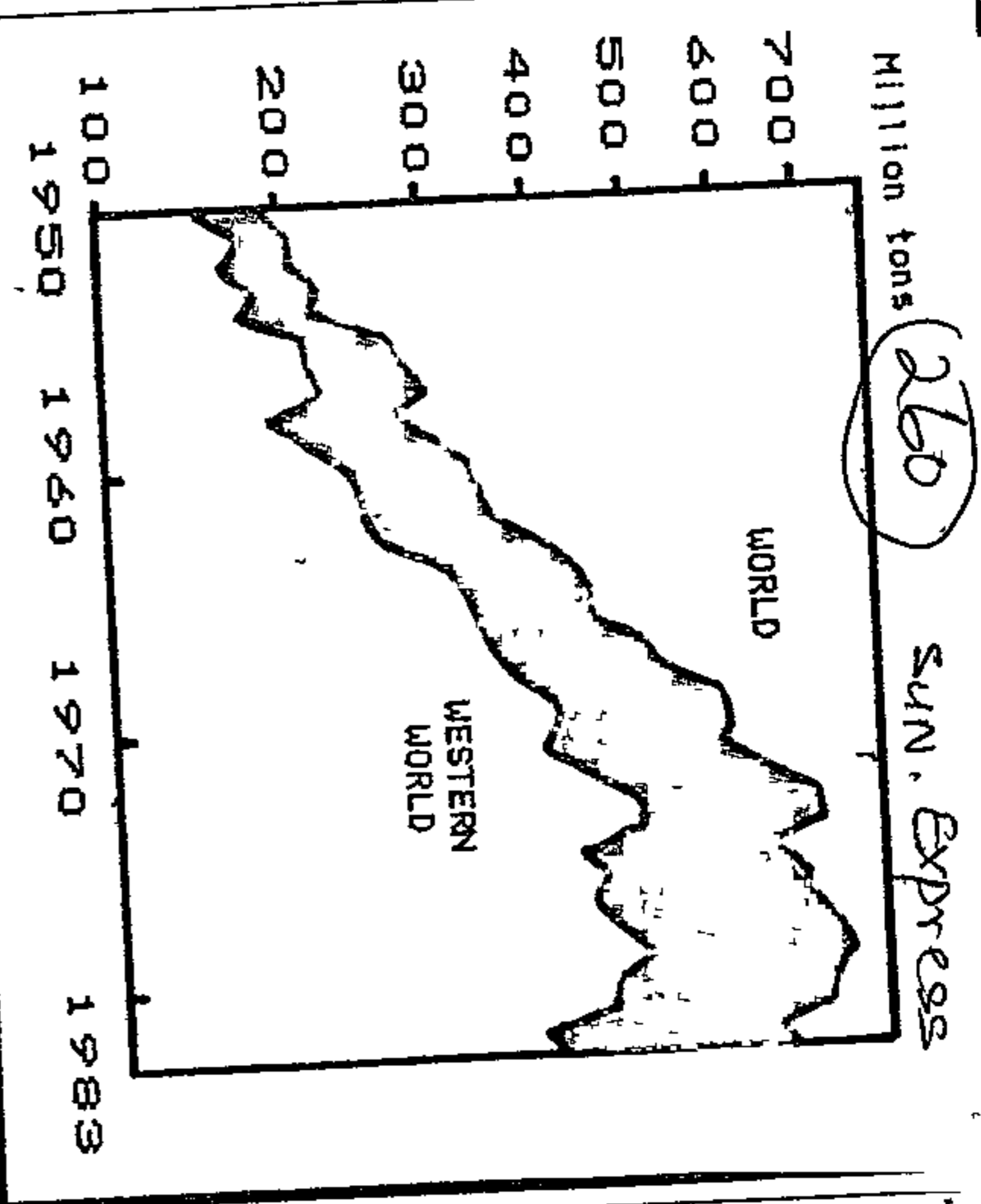
consumption reached in the Western developed countries and the debt problems of the developing countries, a major growth in steel production as experienced in the past three decades is highly unlikely.

"Indeed, some commentators are so bearish that they doubt whether the peak 1979 Western production levels will be achieved this decade.

"Companies which are dependent on the fortunes of the Western steel industry will have to contend with a static market in the foreseeable future — unless they are in a market niche that has above average growth prospects, such as stainless steel and ferrochrome."

The major feature of the world steel market is the way the developing countries are increasing their penetration at the expense, most notably of the ageing and increasingly obsolescent US steel industry.

Even so, with a 15% increase in total output in the last year, capacity utilisation has risen dramatically. It was 75% in the US in the second quarter, against 57% in the final quarter of 1982, 65% in the EEC (47%) and 67% in



World crude steel production has revived since 1982

Japan (59%).
Developing countries continue to increase their share in the world steel supply and they can be expected to play an increasingly important role in export markets," said Iscor chairman Mr Floors Kotzee in his annual report.

Redeeming

"For some of these countries, max- imising of exports constitutes the only way of redeeming their excessively high debts. There is a world-wide ten- dency to protect local industries by restricting imports as far as possible." Examples are bilateral 'voluntary' agreements the USA concluded with certain countries, the possibility of

universal quota allotments and the continuation of existing quota ar- rangements in the EEC.
But while things were improving, said Mr Kotzee, normal conditions and acceptable price levels were not likely to prevail until 1986.

Iscor has been at the receiving end of protectionism itself, and has had to accept a "voluntary" restraint on ex- ports to the US. But the dumping case against South Africa early in the year has — at least temporarily — been dropped in the light of a blanket re- straint on steel imports.

The US steel industry is hoping to restrict imports to 15% of American consumption (it's currently running at 28%) for five years in order to give the industry an opportunity to restruc- ture.

The US is pretty important to South Africa, as it takes 22% of Iscor's total exports.

Encouraging

Iron ore exports were hardly more encouraging. Despite a special mar- keting effort, which pushed volumes up by 28% to 10,4-million tons, exports were again made at a loss. The over- supply of iron ore in world markets caused an 11% slump in prices last year after a 12% decline the year before.
Thus earnings were up only 1% to R238-million.
In the circumstances, it is hardly surprising that Mr Kotzee professed to know little about reported plans to privatise Iscor. "This is a matter for the shareholder — the government — to decide," he said. "The government view has not been given to us yet."
As he said, with total justification: "Seventy-million rand on a net asset value of R3,7-billion is not the sort of profit that the private sector would find acceptable."
A reasonable profit, he guessed, would be about a 20% return on as- sets. Clearly, any attempt to sell Iscor would not attract a horde of desperate bidders.

28/10/84

The face of retrenchment



Mr Tommy Watson, centre, after hearing today that he had been laid off at the Atlantic Diesel Engine plant. "I didn't know I was going to be retrenched," he said.

Atlantis Diesel Engine lay off over 300 workers

Labour Reporter

ABOUT 300 Atlantis Diesel Engine workers were laid off today immediately after reporting for work

Workers streamed out of the factory clutching retrenchment forms. Many said they were "shocked" by the sudden move.

Mr WF Rautenbach, ADE's chief executive (marketing), said "just over" 300 employees comprising salaried staff and hourly-paid workers were told when they arrived at work that they were being retrenched.

Mr Rautenbach said the "works council" at ADE had been informed yesterday that retrenchments would be implemented today.

The affected workers were not told until today.

"This is a very distressing exercise and one forced upon

us by the economic climate. The general weakening in the economy has resulted in a substantial downturn in the automotive sector," he said.

ADE, which manufactures diesel engines for tractors and heavy commercial vehicles, expected to build 22 000 engines in 1985 — about three quarters of the "normal going rate in a normal year", he said.

First to leave

"As a result, management has had to take a serious look at its cost structure and implement this retrenchment programme."

Mr Rautenbach said there had been no discrimination "on the basis of race or colour" when implementing the retrenchments and "wherever possible, long service was taken into account."

Hourly-paid workers — the first to leave — said they had no idea they would be laid off today.

One man said he had started work and "then they came and took all my tools away and said I must go collect my money."

Another worker, Mr Trevor Bathus, who pays R200 a month rent for his Atlantis house, said he felt "bloody bad" about the move.

Mr Tommy Watson said he had moved from Cape Town two years ago to work in ADE.

"My house costs me R20 a week here. How can I keep a family now?"

Mr Peter Cookson, who worked for the firm for three and a half years, said. "Every time it's the same story. They

say there will be no retrenchments then they lay us off. I am the breadwinner in my family, supporting my mother and four children who are at school. I pay R28 a week rent."

Turned down

Atlantis Diesel Engine lay off over 300 workers

Labour Reporter

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Turned down

Mr Cookson, an artisan, said he was offered a job as a labourer, which he had turned down. "I can't go back to a wage of R2,10 an hour."

Another man, who did not want to be identified, said while South Africans were being laid off, "people from overseas are working here."

Many workers complained that when rumours about retrenchments were strong, management had denied them.

Rumours

Mr Rautenbach said the works council had asked management "some months ago" whether rumours of retrenchment were correct and "at that stage the answer was no".

Rem 7/11/84

Sasol fires 90% of workforce

Mail Reporter

SASOL yesterday dismissed 90% of its workforce — believed to be 6 000 — for not coming to work despite warnings that failure to do so would constitute a breach of their employment contract

In a statement last night Sasol said workers were repeatedly requested to resume duties yesterday

They were told that those who had not reported for duty by 10am yesterday would automatically be regarded as having been dismissed

Thousands of workers stayed home yesterday — especially on the East Rand — on the final day of the two-day stayaway called by the Transvaal Stayaway Committee

Stayaway figures released by Federated Chamber of Industries members were

Kempton Park 100%, Springs 90%, Germiston 85%, Wadeville 95%, Industria between five and 50%, Boksburg up to 98%, Denver 20%, Vanderbijlpark 90%, Benoni 50%, Benrose 60%, Elandsfontein 20%, Randfontein 3% and Sandton 20%

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Thousands of workers paid off at Sasol

By JEANETTE MINNIE and SIPHO NGCOBO

AS thousands of Sasol workers who heeded the stayaway call were paid off yesterday, Fosatu charged that "Sasol, a State-linked company, had chosen to provide massive industrial relations confrontation" and said the union organisation was looking for the support of other unions to take action against Sasol.

A Sasol spokesman said yesterday 2500 had been paid off yesterday and Sasol had begun recruiting from the homelands

Sasol replied accusing the Chemical Workers Industrial Union, a Fosatu affiliate, of "surreptitiously organising a secret walk out" which could have seriously harmed the industry

Sapa reports the Minister of Home Affairs and National Education, Mr F W de Klerk, yesterday warned that the Government would not tolerate destabilising activity in any sphere, including that of labour relations

Mr De Klerk said the principle of South African labour legislation — keeping politics out of em-

ployer/employee relations — was under pressure and trade unions were being seen by some as a launching pad towards political power that bypassed the normal political democratic process

Speaking at the annual congress of the Motor Industry Employers' Union in Cape Town, Mr De Klerk said: "Political rights will be achieved by everyone through evolutionary constitutional development... South Africa cannot afford to allow its labour and economic spheres to become a political battlefield"

Sasol's workers were paid off at a field near Secunda's eMbalenhle Township

A contingent of armed police in camouflage uniform sealed off the field and some manned roadblocks at the entrance of the township, scrutinising every vehicle entering the township

Workers were getting their wages from about 11 security vehicles with the guards standing by.

The eMbalenhle hostel which housed thousands of

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P.T.O.

Thousands of workers paid off

Sasol employees was almost an half-empty by 4pm as many had either already left or were still waiting for at a nearby field for transport to fetch them

Hundreds of buses and private vehicles were packed with employees leaving Secunda

Fosatu said it believed Sasol had made a "gross er-

ror" and unless the company reviewed its decision the cost in terms of production and future industrial relations would be "extremely high".

A Fosatu spokesman said last night it intended to approach other federations and unions as well as progressive organisations to join Fosatu in "action"

against Sasol. The Chemical Workers Industrial Union (CWIU), a Fosatu affiliate, meanwhile accused Sasol of using the two-day work-staway as an excuse to rid itself of the union at its Secunda plants

Concerning the police presence, the union statement said. "The ease with

which Sasol has been able to direct and control the heavily armed police and army contingents has allowed management to intervene at critical moments

For example, hippos were driven through a huge meeting of workers inside the Sasol hostel.

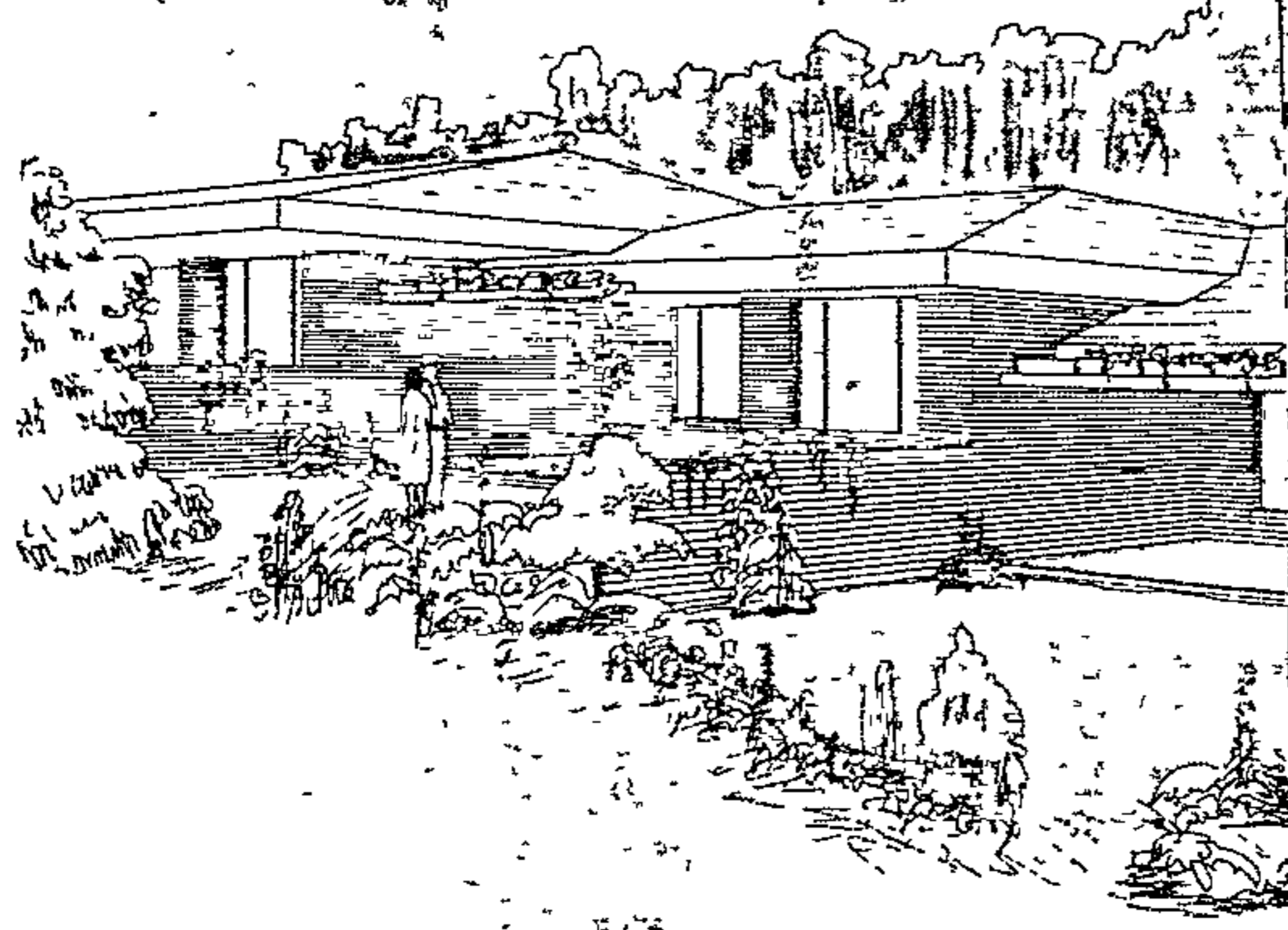
"Despite this extreme

provocation union stewards have so far succeeded in preventing any violence erupting."

A Sasol spokesman said "at this stage" the company would not reconsider re-employing dismissed workers

He said Sasol had threaten to evict all hostel dwellers and people in company housing by 6pm last night but the union had threatened to challenge that in court.

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Inkatha's call to reinstate fired workers

THE East Rand branch of Inkatha has send a telegram to the management of Sasol 2 and 3 at Secunda, asking it to reinstate the 6 000 workers who were dismissed for taking part in the two-day stayaway strike, an Inkatha official disclosed yesterday

"We feel they were victims of a situation not of their own making,"

By **PATRICK LAURENCE**

Mr Steve Mbatha, assistant secretary of Inkatha on the East Rand, said yesterday

"Some of the Sasol workers are members of Inkatha as well as of the trade unions. They had ex-

pressed concern that the stayaway might lead to violence. The stayaway committee can create violence but it can't stop it.

"We in Inkatha believe in boycott as a strategy but we don't be-

lieve in violence. The stayaway was ill-timed. A large number of people are unemployed. It is not the time for people to lose jobs."

Mr Mbatha accused the stayaway campaign organisers of being indifferent to violence, asserting that their attitude was that the victims of violence were the inevitable "casualties of the strug-

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Sasol comes under attack

By SELLO RABOTHATA

THE Federation of South African Trade Unions yesterday condemned the decision by Sasol's management to sack its entire workforce following the two-day Transvaal stayaway this week.

In a statement released by the general secretary of the federation, Mr Joe Foster, Fosatu said. "The workers were prepared to return to work on Wednesday but were kept out by management — an action which is seen as being deliberately provocative."

The statement added that Fosatu supported and participated in the stayaway as an act of protest against specific Government policies and against the state of civil war that has been created in the Transvaal townships. Employers should not have intruded in this act of protest as Fosatu believes to do so would only direct the anger towards themselves.

Senseless

"Yet Sasol — a State linked company — has chosen to provoke a massive industrial relations confrontation. If this mass dismissal has been carried out on the instruction of the Gov-

ernment then it is just this kind of senseless and insensitive provocation that gave rise to the stayaway protest.

"If as our affiliates believe Sasol is merely using this stayaway as a convenient excuse to rid itself of the union then the company is making a major mistake. It cannot hope to replace 6 000 workers, a large propor-

tion of whom are skilled, without sustaining major losses. Who will pay for all these losses — the taxpayer and the consumer?" Fosatu added.

Fosatu also believes Sasol management has made a gross error and unless they review their decision, the cost in terms of production and future relations will be extremely high.

Bleak future awaits fired Sasol 6 000

HUNDREDS of grim-faced workers at the Sasol plant in Secunda, in the Eastern Transvaal, reluctantly vacated their hostels on Wednesday night after being ordered to leave the premises following their participation in a politically motivated two-day work stoppage.

The workers told touching stories of the bleak future they faced when they reached their homelands after repatriation.

About 30 buses laid on by Sasol ferried the workers, some of whom were confused and near tears, to their homes.

Police

Police in riot gear kept a watchful eye as the workers were paid off and taken away.

One of the workers from Keiskamahoe in the Ciskei, Mr Mzwenkosi Dantsy, said he had been without a job for almost two years before he got a job at Sasol.

"Just when I thought I have found a job this is what happens," he said.

His wife and child and some of his relatives sometimes went without food because of lack of

employment and the drought that ravaged the area, he said.

Without a job, he said, his situation was going to be worse.

Influx control, he said, added to his miseries. He said the law requires that he gets permission from local authorities to reside and work in any area in South Africa. This would be difficult because prospective employers would not want to employ a striker.

He said he joined the strike because he did not want to be the odd-man-out when the majority of the people voted for staying out. He felt scabbing would be risky so he decided to join.

Protest

He understood the purpose of the stayaway was to protest against an increase in bus fares in Secunda and also in sympathy with students who were boycotting classes on those days.

Mr Patrick Lethibela from Herschel in the Transkei said although he believed that the workers were right to participate in the strike, he was shocked

and dismayed at the action of the Sasol management.

"I think the company should have just docked our pay for the days we were absent from work," he said.

He said he had two small children who had to be fed. He did not know what he was going to do.

- The East Rand region of Inkatha has sent a telegram to the management of Sasol 2 and 3, asking them to reinstate the 6 000 workers who were fired.

Argus 10/11/84 (4)

'Sasol 'morally right' to fire 5 400

Weekend Argus
Correspondent

JOHANNESBURG — Sasol was "morally right" in its decision to dismiss the 5 400 workers who participated in the two-day stayaway, and would not tolerate the interference of its operation by unrelated actions, the corporation's senior general manager Dr Dirk Mostert has said

Those dismissed constituted 38 percent of the total workforce of 12 015 at the corporation's two Secunda plants

Dr Mostert refuted allegations that the mass dismissal was carried out on the orders or the behest of the Government or that it was a political decision, in spite of the fact that seven of Sasol's directors are government appointees or have direct state links

'Unavoidable'

He said last night the decision to dismiss them was carried out by the senior management of the company, and the action was "unavoidable" owing to the sophisticated nature of the plants which depend for their safe operation on high labour force reliability

Dr Mostert said that owing to the extraordinary measures and precautions taken by the company, there had been no loss of production so far

He added there was not likely to be any loss of production in the period that it took to recruit and re-train a replacement black workforce, which had already begun

Dr Mostert denied the army had been called in to assist with the running of the plant, and said the remaining Sasol workers, including 1 600 black workers, were keeping the two plants going

Sasol is the only company to have dismissed workers for participation in the stayaway, while other companies who traditionally have adopted a hard industrial relations line have opted for a "no work, no pay" approach

The Chemical Workers' Industrial Union, of which 4 000 of the dismissed workers were members, has claimed that Sasol, aware of its symbolic image in South Africa, could not tolerate the concept of its workers participating in a politically motivated stayaway and let it pass unpunished

10/11/84

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Union tells of worker anger at Sasol

By JEANETTE MINNIE

THE Chemical Workers' Industrial Union (CWIU) said yesterday that unlike the "gleaming futuristic" image most whites had of Sasol, for workers the plant meant "danger, arduous working conditions, barrack-like hostels, racial oppression, rumours of men killed in accidents during the night and whisked away and, generally, a very repressive environment".

The general secretary of the CWIU, Mr Rod Crompton, said the union told workers they were exempt from the two-day work stayaway call, but that the workers insisted on supporting the call.

At a Federation of South African Trade Unions (Fosatu) Press conference yesterday, Mr Crompton said Sasol workers were given exemption because of the nature of the Sasol plant as a "State project" and because the union had only recently organised itself at the plant.

"However, given the pent-up anger and frustration of Sasol workers at this stage, they insisted on observing the stayaway and decided to follow it with a bus boycott on their return to work".

He said the workers had intended to stage a bus boycott from Monday this week because the bus company, United Transport, had refused to negotiate with the union about workers' grievances over transport.

When they heard of the Fosatu work stayaway call for Monday and Tuesday, they decided to join that instead and to hold the bus boycott afterwards.

Mr Crompton sketched the following events from Monday:

● On Monday more than 90% of the workforce stayed away in the hostel complex the stayaway was 100%. A large contingent of army and police vehicles stationed themselves at the hostel gates and the township

● At 6pm on Monday helicopters dropped thousands of pamphlets on the hostels threatening them with dismissal if they did not return to work by 10am the next day, and this "angered" workers

● Shop stewards and organisers held an all-night meeting and it was agreed that a general meeting would be held early in the morning and that the union would recommend a return to work.

● On Tuesday a meeting of 6 000 workers took place in the hostel grounds at 6am. The unions had persuaded the management to allow the meeting and to keep the police and the army out of it. But during a break in the meeting, while shop stewards were meeting, two "hippos" drove into the crowd of assembled workers. The stewards managed to prevent violence but the meeting broke up and workers were now determined to stay away.

● A meeting between the union and management was arranged and while union representatives were waiting for management, the build-up of army and police presence increased substantially and a sneeze machine also made its appearance.

● About noon, management said it was no longer prepared to have any dealings with the union since the employees had been dismissed.

Union federation issues call for 'Black Christmas'

by
Carolyn Dempster

Sasol was "morally right" in its decision to dismiss 5 400 workers who took part in the day stayaway this week, would not tolerate the interference of its operation by related actions, the corporate senior general manager, Dirk Mostert, said last night.

The dismissed workers — up 38 percent of the workforce at the two oil-from-coal plants at Secunda.

Dr Mostert denied claims that the mass dismissal was carried out on the orders or behest of the Government, or that it was a political decision — despite the fact that seven of Sasol's board directors are Government

Christmas 1984 has been declared a "Black Christmas" by the 115 000-member Federation of South African Trade Unions (Fosatu)

The call has gone out to all affiliates and union members not to buy anything other than essentials over Christmas in protest at the police detention of Fosatu president Mr Chris Dlamini and Transvaal organiser Mr Moses Mayekiso, and the mass dismissal of 6 500 Sasol workers

"As a trade union movement, we feel we have nothing to celebrate," Mr J Naidoo, general secretary of the Fosatu-affiliated Sweet Food and Allied Workers' Union (SFAWU) told a press conference in Johannesburg yesterday.

Other steps the federation has taken in response to the detentions and mass dismissal of Sasol workers, 4 000 of whom belong to Fosatu's Chemical Workers' Industrial Union, are

- Fosatu general secretary Mr Joe Foster has raised both issues with international union federations currently attending the conference of the International Confederation of Free Trade Unions (ICFTU) in West Germany

- The German trade union federation DGB has been asked to raise the issue of the detentions and dismissals with the German Government and urge that the matter be raised with the South African Minister of Foreign Affairs, Mr Pik Botha, who is visiting West Germany

- A possible boycott of all Sasol products is being discussed by Fosatu regional committees

- All affiliates are contacting their respective International Trade Union Secretariats to inform them of the detentions and mass dismissal

- A special edition of *Fosatu Worker News*, mouthpiece of

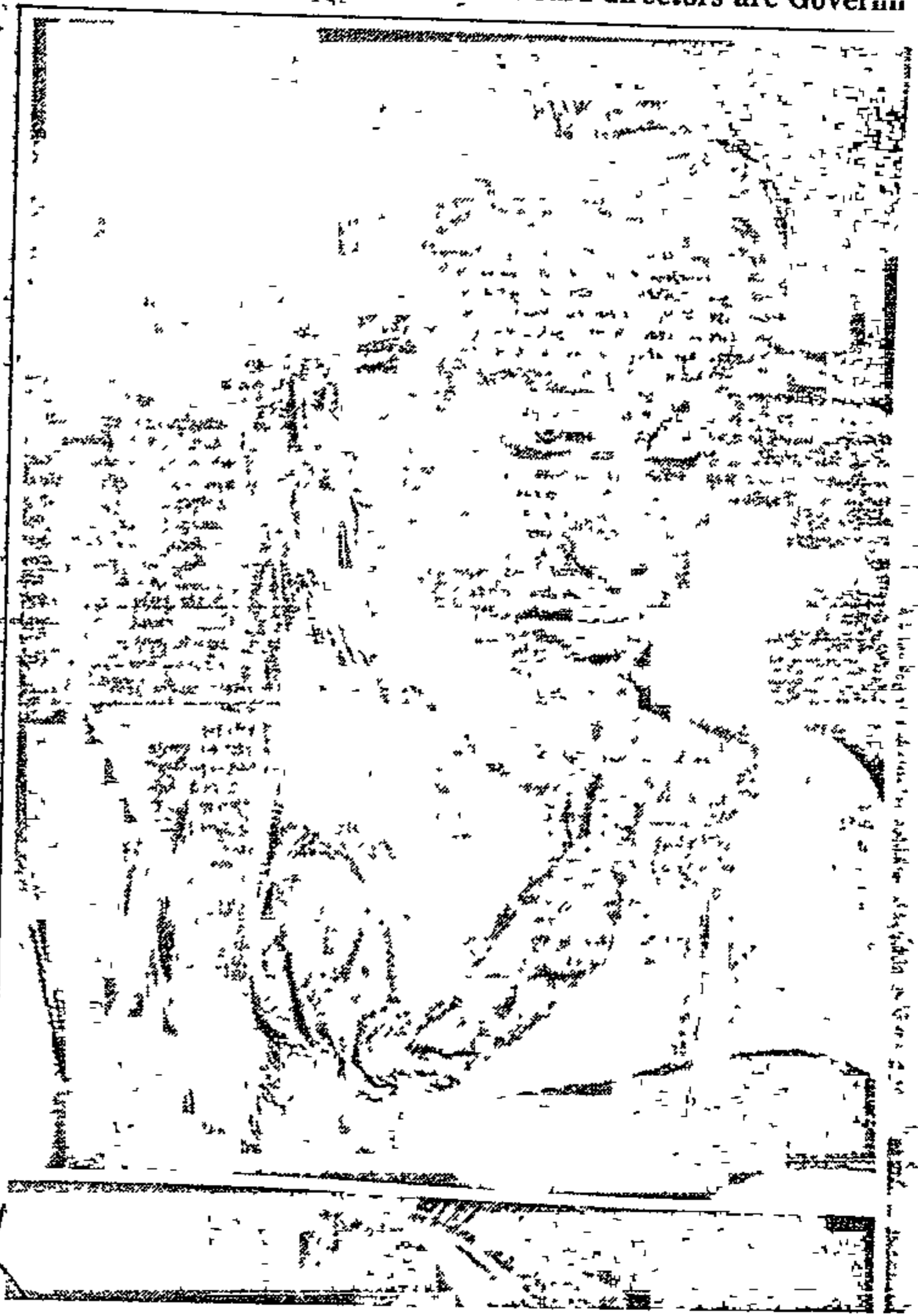
by
Carolyn Dempster,
Labour Reporter

the federation, is being published this weekend and it will concentrate on the events which led up to the Sasol dismissals and the stayaway.

In addition to these actions, a special Fosatu executive committee meeting has been called for next week to discuss further possible action

Other unions involved in the stayaway action — including the 150 000-member Council of Unions of South Africa (Cusa), the 100 000-member South African Allied Workers' Union (SAAWU), General and Allied Workers' Union, Commercial Catering and Allied Workers' Union (CCAWUSA) — will also be consulted on their possible participation in the "Black Christmas"

A meeting of the union groupings involved in the union unity talks has also been scheduled for mid-November and the action taken against Fosatu officials and members will be high on the agenda, said Mr Naidoo



152 (140A) (260) (134)

by Carolyn Dempster

Sasol firings 'morally right'

Sasol was "morally right" in its decision to dismiss 5 400 workers who took part in the two-day stayaway this week, and would not tolerate the interference of its operation by unrelated actions, the corporation's senior general manager, Dr Dirk Mostert, said last night.

The dismissed workers made up 38 percent of the workforce at the two oil-from-coal plants at Secunda.

Dr Mostert denied claims that the mass dismissal was carried out on the orders or behest of the Government, or that it was a political decision — despite the fact that seven of Sasol's 11 board directors are Government

appointees or have direct State links.

He said the dismissal decision was carried out by the corporation's senior management, and the action was "unavoidable" because of the sophisticated nature of the plants, which depend for their safe operation on a high labour force reliability.

Dr Mostert said that because of the extraordinary measures and precautions taken by the company, there had been no loss of production so far.

In response to claims that Sasol utilised the heavy police and army presence to oust the dismissed workers from their hostels, Dr Mostert said it had not called in the police.

But it would have been "highly irresponsible" not to have requested protection for employees subject to intimidation, and the company communicated with the police regarding protection during the paying-off process.

He said the company was not answerable for the action of police in Hippos during a mass union meeting during the stayaway.

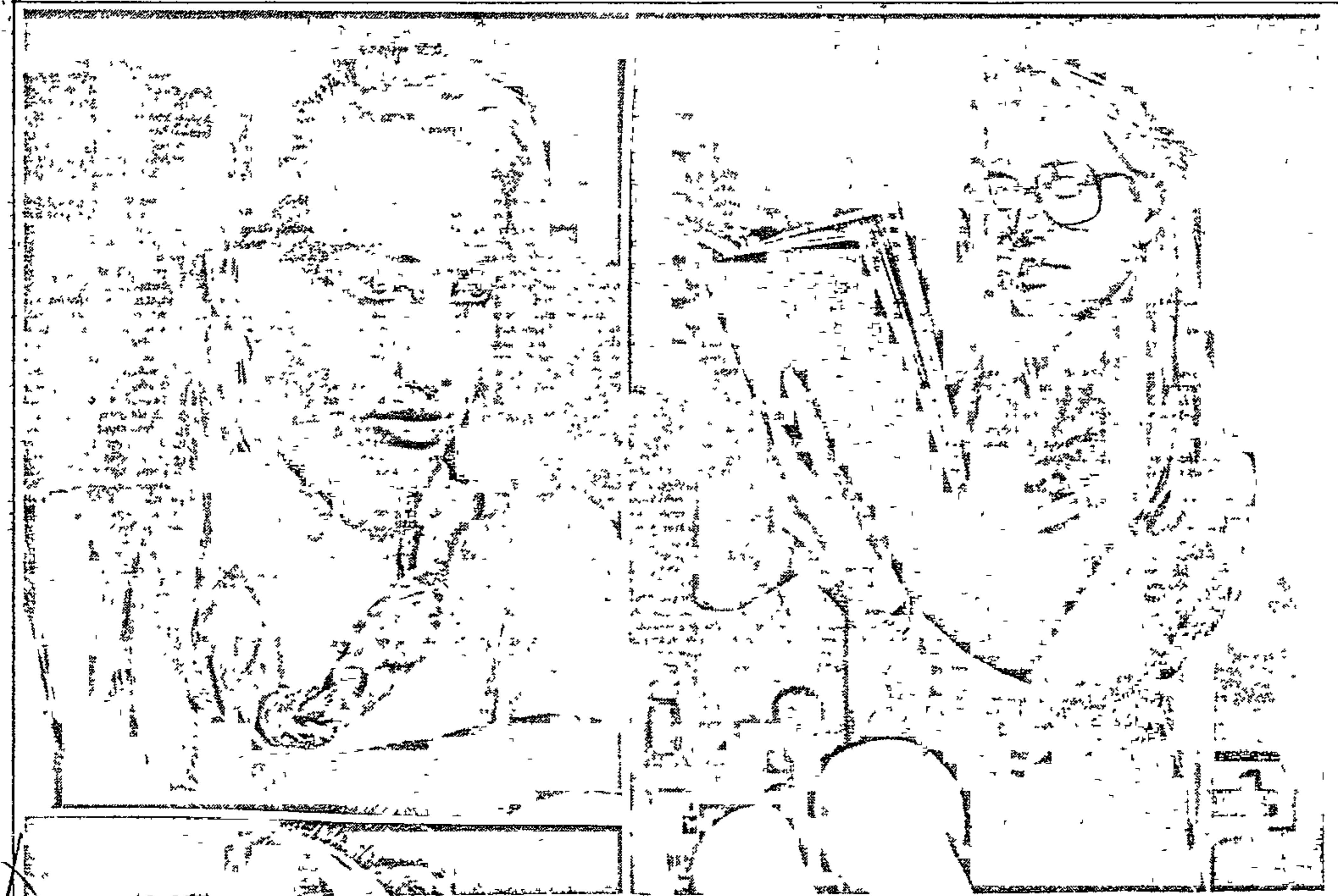
Dr Mostert denied that the army had been called in to assist with the running of the plant.

ation Dr tmas'

115 000-member Federation of

it to buy anything other than president Mr Chris Dlamini and 500 Sasol workers

ate," Mr J Naidoo, general workers' Union (SFAWU) told a



Argus 12/11/84 (13/11/84) (260) (27/11/84) (529)

Trade unions slam dismissals at Sasol

Labour Reporter

EIGHT Western Cape trade unions today condemned the detention of leading South African trade unionists and Sasol's dismissal of 6 500 workers following last week's work stayaway in the Transvaal

The Food and Canning Workers' Union, the General Workers' Union, the Clothing Workers' Union, the Plastic and Allied Workers' Union, the Retail and Allied Workers' Union, the Cape Town Municipal Workers' Association, two Fosatu affiliates, the National Union of Textile Workers and the Paper, Wood and Allied Workers' Union, described the detention of trade union officials as "grossly provocative".

Fosatu president, Mr Chris Dlamini, and other union office-bearers and officials were detained in a security-police swoop following the two-day stayaway

The unions demanded the reinstatement of the Sasol workers, who had been dismissed and said they were prepared to back their demand "with appropriate action".

A union spokesman said he could not say what "appropriate action" the unions would take

(Report by P Green, 122 St George's Street, Cape Town)

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Armaments magazines detail Armscor's achievements

SA arms 'a force to be reckoned with'

By Deon Delpport

The international arms community is expecting South Africa to announce the development of a new anti-tank missile soon, a respected armaments magazine has announced.

This follows the success of Armscor products such as the Kukri V3 dogfight missile and the mechanised infantry fighting vehicle, the Ratel, in service with Moroccan armed forces.

"Western firms are finding the South Africans an increasing force to be reckoned with in certain markets," said *International Defence Review* (IDR), a Swiss-based magazine.

Armscor has launched a major marketing drive with full-page advertisements and long articles on South African armaments in the IDR and another long article in *Defence Update International* (DUI).

In an interview with IDR, Armscor chairman Commandant Piet Marais said "a lot of

research and development money" was being spent on anti-tank weapons, including anti-tank guided weapons.

Commandant Marais also revealed that South Africa had a "foreign partner" who partially financed development of the world-class G6 artillery weapon in exchange for rights to produce and sell ammunition for the weapon.

Although it is known that the G5, predecessor of the self-propelled G6, was developed with some help from the American company Space Research Corporation, the company was not the partner involved in the development of the G6.

Asked what effect the arms embargo had had on Armscor's activities, Commandant Marais said there were no restrictions on selling South African armaments abroad. The embargo had had the effect of freeing South Africa from all existing licence agreements, he said.

This meant South Africa was

"free to continue manufacturing and to export equipment previously covered by these agreements without being obliged to pay royalties," said the IDR.

Defence Update International carries a nine-page article on South African armaments covering the history of the arms embargo and the establishment of Armscor, the magazine notes. "By mobilising the country's entire industrial and research resources it had been able simultaneously to capitalise on mining industry expertise."

This had allowed Armscor "to become the equal of the US and Sweden in its understanding of detonics (the science of explosives and explosions), developing world-leading frequency-hopping radio systems and, among other achievements, produce what are regarded as the world's most effective mine-proof vehicles."

In this article Commandant Marais is quoted as saying: "It is

Commandant Piet Marais, chairman of Armscor.



impossible for a country to have an armaments industry tailored specifically to its own needs. Private industry is looking for a proper return on the capital it has invested." Commandant Marais is sure that "exports are part and parcel of the industry".

DUI's article goes into detail about artillery pieces, military vehicles, armoured vehicles, electronics and communications.

The magazine predicts that all the equipment mentioned, together with a full range of ammunition mines, pyrotechnics, riot control equipment and harbour patrol craft, will form the main thrust of Armscor's efforts to capture world markets.

The magazine adds that South Africa, like Israel, "has the advantage of being able to offer weapons which have been developed in response to a sophisticated threat in an economic environment which demands the highest standards of cost-effectiveness".

REGIONAL AFFAIRS

A long and winding road

SA troops in southern Angola were packing their bags this week to complete the final withdrawal to Namibian soil after next week's high level meeting of the SA-Angolan Joint Monitoring Commission (JMC). But it is merely the first step on what diplomats predict will be a long and winding road to a Cuban withdrawal from Angola and a SA withdrawal from Namibia.

SA's withdrawal from Angola will mean the successful conclusion of the Lusaka Agreement of February 17. It will also mean the end of an SA occupation of Angola that has lasted some eight years and has claimed the lives of many young South Africans, Namibians and Angolans.

Sources in Pretoria say SA is "anxious" to move out and the Angolans seem equally anxious to make it happen. The process of phased withdrawal has been delayed for months because of continued Swapo military activity in southern Angola. According to military sources, activity has virtually ceased.

The two components of the JMC will temporarily be based in the neighbouring border villages of Oshikango and Santa Clara.

According to the Lusaka Agreement, the JMC will have to disband 30 days after reaching the Namibia frontier. But SA is going to propose at next week's meeting at N'Giva that a more permanent body, the SA-Angola Joint Peacekeeping Commission, be formed to monitor border violations. The Angolans have already indicated that they are willing to take part in "joint border patrols" with SA.

Next week's "practical co-operation agreement" will also include an agreement on the Ruacana-Calueque water and hydro-electrical scheme on the Namibia-Angola border. Co-operation ceased when SA invaded Angola in 1975.

SA's reply

The JMC meeting will be followed by a meeting between SA Foreign Minister Pik Botha and US Under Secretary of State for Africa Chester Crocker, when Botha will formally give SA's reply to the Angolan government's recent proposals for a Cuban withdrawal. That will be followed by a high level meeting between SA, Angola and the US. It could all happen in the next two or three weeks, the FM was told.

After the tripartite meeting, the FM understands, the role of the US will diminish when SA and Angola start the long and rocky road to agreement on a Cuban withdrawal and Namibian independence with a series of ministerial meetings. Further

peace talks between the Namibian administrator general and the Swapo leadership are also on the cards.

Angolan president Jose Eduardo dos Santos's statement this week on his govern-



Angola's Dos Santos ... tough preconditions

ment's proposals at an independence celebration in Uige, northern Angola, is said to be much more harsh than the actual proposals given to Crocker and was obviously meant for internal Angolan consumption.

It is clear there is still a vast distance between SA's position and the Angolan proposals on the timing of a Cuban withdrawal. SA's compromise seems to be that the Cubans must leave Angola at the same rate that the SA troops leave Namibia under the settlement plan contained in Resolution 435. All Cubans must be out by the time the SA troops are down to 1 500. Dos Santos said this week the Cubans will only leave Angola when the United Nations Transition Assistance Group (Untag) are in place and SA troops down to 1 500.

But a far more serious threat to a settlement in Angola and Namibia is the strength, popularity and threatening attitude of the rebel movement Unita. Unita president Jonas Savimbi's threat this week to attack Luanda on December 20 if he is not drawn into the negotiations is taken seriously after his dramatic successes in the last few months.

SA and the US agree that Unita has become such a powerful factor, militarily as

well as politically, that it must be part of a solution. But Luanda is adamant they will not talk to the "bandits." One pre-condition for a Cuban withdrawal is that SA must stop all aid to Unita. It seems the thinking in Luanda is still that Unita can be beaten if it has no SA support. Most observers agree this is wishful thinking.

SASOL 260 The big boot

The irony of last week's Sasol dismissals is that members of the Chemical Industrial Workers' Union (CWIU) — the bulk of the company's workers — had been exempted from participating by the stayaway organisers because Sasol was newly unionised.

That the workers nevertheless chose to show solidarity with the stayaway indicates the extent of black grievances. Sasol's response was uncompromising. The dismissals — of 6 500 workers, according to the union, and 5 400, according to the company — are in stark contrast to the tolerance shown by other Transvaal employers.

By the end of last week, the workers had been paid off and evicted from the company hostels under the watchful eye of a massive police contingent to face the journey back to the homelands.

In the aftermath, there have been dark whispers that the dismissals were ordered by State authorities to make an example of workers who "destabilise" the SA economy. Sasol has denied this. Says senior GM Dirk Mostert: "Sasol is a public company in the private sector... and the decision to dismiss workers was a Sasol management decision." He stresses that it was a business and not a political decision and that the company took the only action it could have after it had issued numerous warnings to the workers to return.

According to the company, the Sasol 2 and 3 plants at Secunda are dependent on "a very high degree of labour force reliability" for their safe operation. The plants need to be kept going continuously and the "non-availability of personnel could result in serious production losses and endanger the safety of the plant and employees."

Sasol claims that the two Secunda plants have not suffered any production losses and that "no production losses are foreseen." Mostert attributes the maintenance of production levels so far to "loyal Sasol workers who have made a tremendous effort."

The remaining workers, who represent 62% of the total original workforce, he says, have been pulled off non-essential

tasks and are working 12-hour shifts But he denies union allegations that army personnel have been called in to take over security functions at the plant to allow guards to assist in production

Sasol's claims are difficult to credit Hundreds of the dismissed workers are skilled and semi-skilled Even the company agrees that it will take up to eight months before new recruits, some of whom have

already been employed, are fully trained CWIU general secretary Rod Crompton says that some workers have been told they may reapply for their positions after a month Mostert says only "At the moment, we have no intention to re-employ any of the dismissed workers"

At present, question marks hang over the fate of several hundred employees who were dismissed but who have not yet vacated their company accommodation Some 250 live in company houses, while 300 others remain in the hostels The company has not yet taken steps to evict them and it remains to be seen whether any, especially those skilled workers occupying the houses, will be re-employed

Crompton tells the FM that the union is still considering taking legal action against Sasol Regardless of whether Sasol's decision was legal or not, it was immoral

Sasol's action has reverberated throughout the country and has drawn sharp criticism from overseas labour bodies. The Federation of SA Trade Unions (Fosatu), to which CWIU is affiliated, plans to mobilise further foreign support for its cause.

in my opinion

SHEILA CAMERER

The English Nats



Sheila Camerer is the National Party MPC for Rosettenville.

well qualified for it In fact, he has been one of the chief architects of reform

With its ivory tower posture towards English-speaking Nats the FM is ignoring the fact that we are very much representative of the changing face of white politics in SA There is no doubt that all of us are fairly new Nats representing what is a fairly new constituency for the NP I accept that it is only recently that the English-speaking voter supported the NP in large numbers, the case in point being the Referendum a year ago

Frontline magazine pointed out last year that based on its calculations well in excess of 500 000 English-speaking voters now supported the NP

This calculation is certainly borne out by my own experience, having been involved in two election campaigns since the Referendum my own in Rosettenville and the present by-election in Primrose

In Rosettenville our election day figures showed that in the one predominantly Afrikaans-speaking area of the constituency we scraped in In the other English-speaking area it was a walk-over In Primrose I have canvassed several streets where virtually all the residents are English-speaking I have found two Progs, one of whom may vote Nat against the CP and the rest are Nats en bloc This is somewhat different to the experience of canvassers in the predominantly Afrikaans-speaking areas

The reasons why English-speakers are now supporting the government are
 They want to encourage the government to pursue its reform policies,
 They recognise and support the State President's efforts to South-Africanise the National Party and create a broadly-based South-Africanism, and
 (Most important of all) they want to be part of the political decision-making process again

In other words, the broad mass of English-speaking support for the government is reformist in its motivation and their public representatives reflect this We are at the forefront of the reform movement in the National Party and yet we are treated as, at best, faintly controversial by an apparently reform-minded newspaper You advocated a "Yes" vote, remember?

Why can't the FM resist being snide about English-speaking Nats? I think the editorial writers responsible operate on the basis that we're not for real or, at best, that we're a dicy bunch with doubtful antecedents and nowhere to go They maintain a head-in-the-sand attitude to the fact that the public representatives among us represent a large and burgeoning body of voters of moderate political persuasion who, though English-speaking, are solidly behind the government for very solid reasons

I think the FM has missed the new spirit among English-speakers, the willingness to get into the political mainstream Perhaps it still suffers from the political deathwish syndrome of the English-speaking intelligentsia be seen to protest as you commit political suicide but do nothing to effect practical, workable changes to our political structures This is all very well in the hot-house atmosphere of northern suburbs dinner parties but it seems inappropriate in a newspaper which usually plays a constructive role

It seems to me that the FM's editorial approach to the subject is that credit is given grudgingly, faint praise is preferable and catty remarks about the person take the place of criticism of his or her ideas There has been an awkward lack of in-depth comment — for a financial newspaper — about the appointment of Kent Durr to the post of Deputy Minister of Trade and Industry He is a dynamic young English-speaking MP who was elected on a National Party ticket several years ago to represent a predominantly English-speaking part of Cape Town Then there was that *News-maker* on Dr Dennis Worrall, our new ambassador in London, dubbed by the FM "an apologist for apartheid" If the FM is honest it will acknowledge that never in recent history has SA's ambassador to the Court of St James been so

BLACK AFFAIRS Common identity?

Traditionally excluded from a common SA citizenship by apartheid policy, blacks were not jubilant over Pretoria's landmark announcement that common identity documents will be issued to South Africans of all race groups from next year

This is because the announcement by Constitutional Development Minister Chris Heunis raises more questions than it answers These naturally centre on blacks' citizenship status in SA, which is the most sensitive issue to them, and on influx control — in many ways the backbone of a policy which businessmen have begun to condemn

Ntatho Motlana, spokesman of the once "radical" Soweto Committee of Ten, was quick to point out that the "fine print" governing the new, apparently non-racial ID books will have to be seen first Motlana welcomes common IDs in principle but adds "As long as there are influx control laws and 'proclaimed' areas where blacks are not welcome, the idea is absolutely useless"

The announcement was made after a meeting of the Special Cabinet Committee on Black Constitutional Development (chaired by Heunis) and the chief ministers of most of the non-independent homelands on November 7 Absent were KwaZulu's Chief Gatsha Buthelezi and QwaQwa's Kenneth Mopeli

The black ministers are cautious in their response to the mooted new IDs and tend to reiterate Motlana's queries about the details It's as if they expect a catch somewhere Said one "Government is receptive

Sasol terms for taking staff back

STAR 20/11/84

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Labour Reporter

Sasol today announced it would consider applications for re-employment by the 5 400 Secunda workers dismissed earlier this month after participating in the two-day regional stayaway

A spokesman for the oil-from-coal corporation said the re-employment of the dismissed workers would be subject to certain conditions, but membership of a union would not have any relevance in the matter.

"It has been decided that these applications will be sympathetically considered together with other applications, provided such ex-employees can satisfy Sasol that they were not guilty of intimidation or incitement to participate in the stay-away and that they were victims of such intimidation or incitement," he said

"Appointments will be based on merit. Factors such as reliability, loyalty, competence and other attributes which normally play a part in the selection of staff will obviously be taken into account

TRADE UNION

"Whether or not an applicant belongs to a trade union will not have any relevance in considering his suitability for appointment"

Altogether more than 1 000 new workers have been recruited for the Sasol 2 and 3 plants and both plants have been operating normally and at full production since the stay-away on November 5

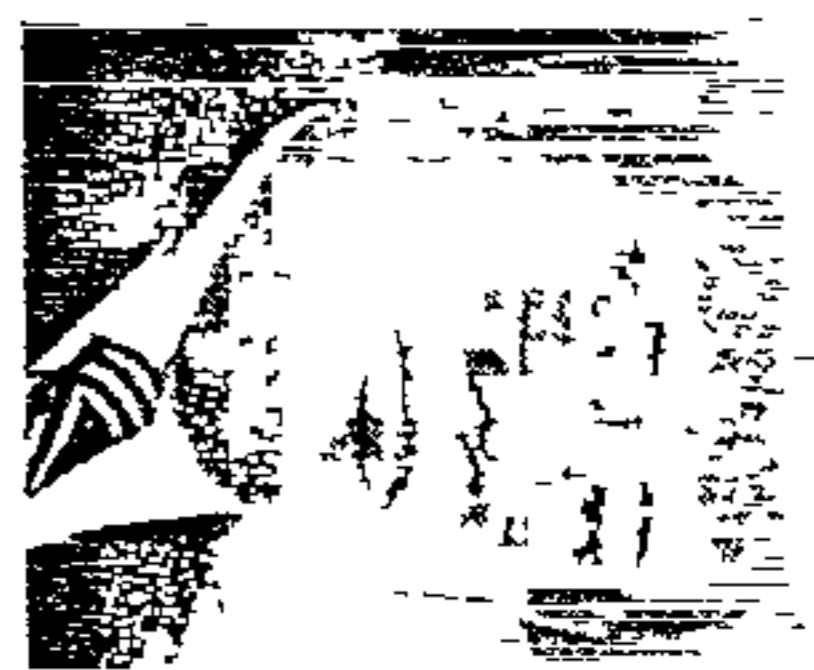
"After 15 days of continuous operation, nothing has happened to change Sasol's view that they can continue to operate at full production — albeit with extraordinary efforts"

Sasol has denied claims by the Chemical Workers' Industrial Union (CWIU) that the army is being used to fulfil functions at the two plants

There are still a handful of the dismissed employees in the Sasol hostel accommodation in eMbalenhle township, and about half of the 250 Sasol houses are occupied by the ex-employees

The CWIU has notified the International Federation of Chemical and General Workers' Unions in Geneva of the sackings, and the IFCU has undertaken to mount protest action over the Sasol dismissals

Skw 20/11/84
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Mr Dirk Mostert... justified sackings.

Sasol sackings raise crucial labour issues



Minister Schoeman... no "outside" unions.

While rubbish piled up in Johannesburg's streets during the winter months of 1980, a struggle was being waged which was to set the stamp on the State's handling of the new style of black trade unionism

For Joe Mavi's Black Municipality Workers' Union (BMWU) the lesson was a hard one.

After the initial success of the strike by 10 000 of the city's black workers, 1 350 were dismissed and bussed back to their homelands, and the month-old union effectively crushed.

The municipality admitted backing and favouring the Union of Johannesburg Municipal Workers — to the extent that the in-house union was registered and recognised with only 40 paid-up members

It had a signed-up membership of 2 000 out of a potential 15 000 — hardly representative

Labour consultants and commentators were critical but understanding of the reactive way the management committee had handled the strike.

It was, after all, not long after the implementation of the Wiehahn Commission's recommen-

dations, and it was a reaction more typical of the times than anything else

In September 1982, South African Transport Services (SATS) peremptorily fired 423 East London railway, dock-work-

ers for staging a go-slow in an attempt to pressure SATS into talks with the non-racial General Workers' Union.

The Minister of Transport, Mr Hendrik Schoeman, made it blatantly clear at the time that "outside unions" were not welcome in SATS and would never be recognised — not as long as he was Minister.

The premise for the dismissal was that SATS was an essential service and already had staff associations that could adequately articulate the needs of the massive 240 000 worker force.

But it was arguable at that stage whether the newly-formed Black Staff Association (BSA) — a "sweetheart" in-company union — was voicing the needs of its members

The mass firing of some 6 000 Sasol workers this month has raised crucial questions about the role of the public and parastatal sectors in labour reform in South Africa. CAROLYN DEMPSTER reports.

by the State, and the advent of the BSA did not alter this fundamentally. In any event, SATS took a hard line on the issue in spite of Minister of Manpower, Mr Fanle Botha's open criticism of "sweetheart unions" and the new spirit of enlightened labour reform.

Less than six months after the mass dismissal, the Conditions of Employment (SA Transport Services) Act was passed. By law all public sector employees are excluded from the provisions of the Labour Relations Act, cannot go on strike and are not afforded many of the protections which private sector employees enjoy.

The Act took this even further. Black, coloured and Indian SATS employees are openly discriminated against — they do not enjoy equal rights accorded to whites.

Nor does SATS have to deal with any unions it does not choose to recognise

And collective bargaining — an essential feature of the new era of labour relations — has no real place in the Act. Even freedom of association has been undercut in the legislation. SATS employees are allowed to belong only to unions which are officially permitted to exist

relations in the private sector, the hard-line stance adopted by Government and parastatal organisations is seen as counter-productive and a growing threat to labour reform

Sasol this month vigorously denied the Government had any say in the firing of some 6 000 black workers.

Yet the fact remains that until it went public in 1979, Sasol was State-controlled, and today seven out of its 11 directors are State-appointed or have strong Government links.

Sasol workers, unlike public sector employees, are subject to the provisions of the Labour Relations Act.

At the time of the stay-away, the corporation's senior general manager, Dr Dirk Mostert, justified the mass firing as "morally right," but the action has drawn sharp criticism from private sector industrial relations practitioners.

"Industrial relations is a game of consequences and social and political issues are a part of the process," said Mr Mark Anstey, director of the Institute of Industrial Relations. "A dismissal of work-

ers at that level is a political act, and I would not be surprised if it invited a political response"

Industrial relations consultant Mr Gavin Brown views the action in terms of tolerance thresholds "I think Sasol made its point very clearly — that there are some sectors of the economy where latitude will not be allowed. The public and parastatals have a very low tolerance threshold"

But it is becoming increasingly obvious that the public sector and parastatals simply cannot afford to pursue a hard or intolerant line

In February this year, 800 Groote Schuur Hospital workers participated in work stoppages over wage demands — an action initiated by the hospital workers themselves.

Labour Bulletin researcher Mr Marcel Golding quotes one of the striking workers

"The authorities are spending millions on this new Groote Schuur project, yet they cannot pay their existing staff a living salary. We cannot survive. And when we talk they don't listen. We are forced to take ac-

R10W1 2c 11/184 (26c)

1 000 jobless as Atlantis Diesel Engines sales fall

CAPE TOWN — More than 1 000 people — nearly half the work force at Atlantis Diesel Engines — have been retrenched in the past 12 months after a huge drop in sales.

Depressed conditions in farming and the motor industry have forced ADE to revise its forecasts for 1985 and produce only 22 000 engines — a drop of 25%

The managing director, Mr Helmut Beckurts, said.

“In present conditions, ADE does not foresee a return to normal market conditions and volumes until well into 1986 ”

In the most important part of ADE's business — engines above 7 500kg — prospects were now 49%

down and current forecasts were for a total of less than 12 000 engines for 1984

Current forecasts for the medium and heavy sectors of the commercial vehicle market showed a downturn of 14% this year and 26% next year against previous forecasts

The agricultural sector would be heavily influenced by the present economic background and by weather conditions in the next month or two, said Mr Beckurts

The retail tractor market forecast for 1984 was 7 000 units, about half of the usual amount.

However, the latest prediction was about 8 000 units, of which about 70% would be ADE-powered — Sapa

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Sacking Sasol thinks again

SASOL yesterday announced it would consider applications for re-employment by the 400 Secunda workers dismissed earlier this month after participating in the two-day regional stay-away.

A spokesman for the oil-from-coal corporation said the re-employment of the dismissed workers would be subject to certain conditions, but membership of a union would not have any relevance in the matter.

It has been decided that these applications will be sympathetically

considered together with other applications, provided such ex-employees can satisfy Sasol that they were not guilty of intimidation or incitement to participate in the stayaway, and that they were the victims of such intimidation or incitement," he said.

Appointments will be based on merit, factors such as reliability, loyalty, competence, a stable record of service and other attributes, which normally play a part in the selection of staff, will obviously be taken into account.

"Whether or not an applicant belongs to a trade union will not have any relevance in considering his suitability for appointment."

Altogether more than 1 000 new workers have been recruited for the Sasol 2 and 3 plants, and both plants have been operating normally and at full production since the stayaway on November 5.

"After 15 days of continuous operation, nothing has happened to change Sasol's view that they can continue to operate at full production — albeit with extraordinary efforts."

Sasol has denied claims by the Chemical Workers' Industrial Union that the army is being used to fulfil functions at the two plants normally carried out by Sasol security staff.

There are still a handful of dismissed employees in the Sasol hotel in Embalenhle Township, and about half of the 250 Sasol houses are occupied by the ex-employees.

The CWIU has notified the International Federation of Chemical and General Workers' Unions in Geneva of the sackings, and the IFCW has undertaken to mount protest action overseas over the Sasol dismissals.

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90 dismissed Sasol workers stage protest

By Carolyn Dempster,
Labour Reporter

A peaceful placard protest by about 90 of the 6 000 Sasol workers who were recently dismissed was mounted outside the corporation's head office in Rosebank yesterday afternoon

Bearing banners reading "We demand our jobs back" and "Our pension funds are running Sasol", the group of workers, bused in from Secunda, marched on the Baker Street headquarters

Passers-by gawked at the phalanx of black workers in the middle of the exclusive suburb and a contingent of police and traffic officers maintained a low presence

A shop-steward of the Chemical Workers' Industrial Union (CWIU) then requested that all of the demonstrators be permitted to see Sasol's share register. In terms of the law, any member of the public is allowed to see the register

However, the demonstrators only reached the offices at 4.30 pm and

were told that they could not see the register as it was after office hours

The bus was delayed for about half an hour when it was inspected by police and traffic officers in Leandra township en route from Secunda to Johannesburg. Mr Tshidisa Mofu, a union member was also searched before the bus was allowed to proceed

After standing outside the offices for about half an hour, the workers returned to the bus to go back to Embalehle township in Secunda

Most of the dismissed workers interviewed by The Star were skilled or semi-skilled operators who said they thought they might get their jobs back. "We want re-employment, not re-employment," said one Sasol worker.

In spite of an announcement made by Sasol yesterday that applications for re-employment would be considered, it is not known whether any of the dismissed workers have been reinstated

A spokesman for the corporation said he had no comment to make on the demonstration

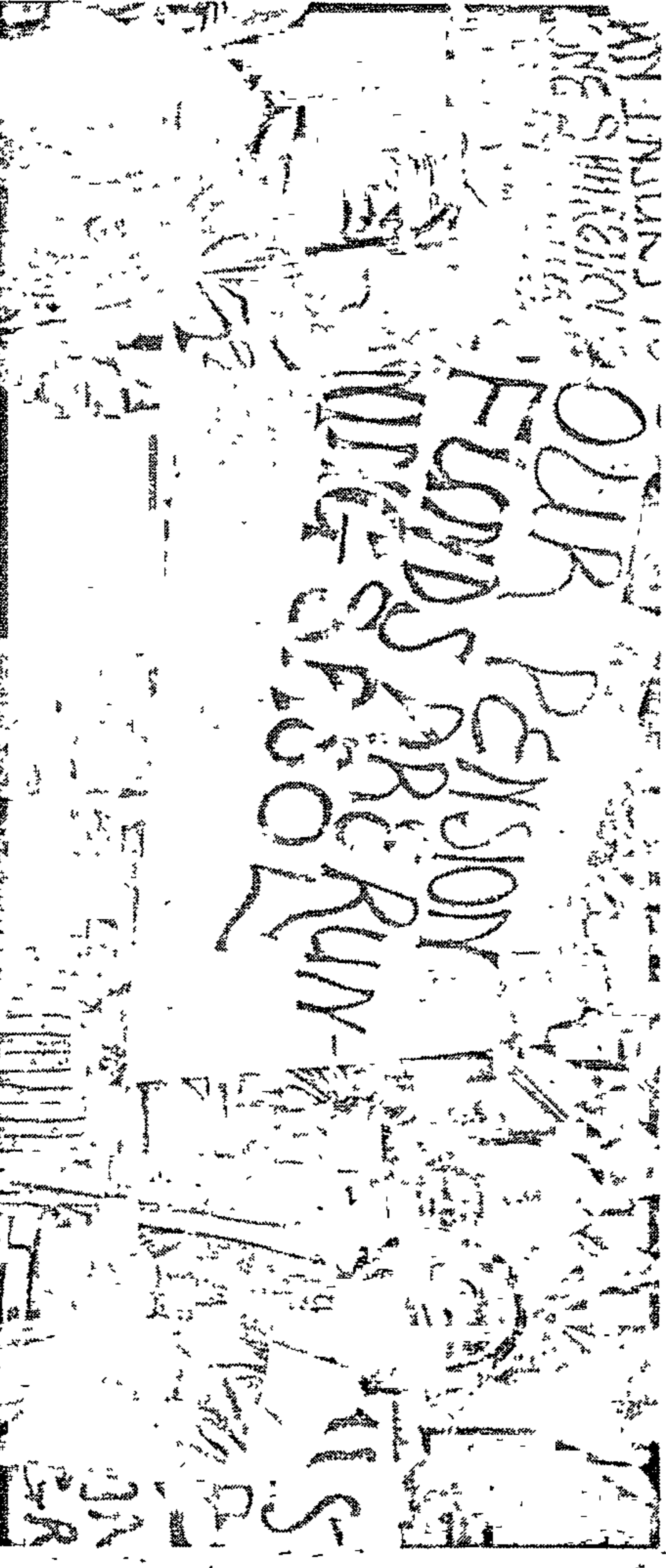
He said that Sasol would stand by its statement, but that no definite procedure had been agreed upon whereby in-

timidators and instigators could be distinguished among those re-applying for jobs. He said applications would be considered on a "fair and equitable" basis

If Sasol was considering intimidation as a criterion for re-employment, then this must mean the re-employment of all of the 6 000 dismissed workers — as they had all been subject to massive intimidation by the army and police,

said Mr Rod Crompton, general secretary of the Chemical Workers' Industrial Union today.

The CWIU would find it difficult to end local and international pressure on the corporation unless a settlement was reached through negotiation with the union. Any attempts to circumvent the process of negotiation was liable to end in an unworkable settlement, he added.



Crowding the entrance to Sasol's headquarters in central Rosebank, 90 workers who were among the 6 000 dismissed en masse earlier this month displayed their anger in a poster protest.

RDM 22/11/84 260

Fired Sasol men hold demo outside firm's HQ

By PHILLIP VAN NIEKERK

ABOUT 100 former Sasol workers, fired for participating in the recent two-day stayaway, yesterday demonstrated outside the company's headquarters at Rosebank, in Johannesburg's northern suburbs

A spokesman for the workers said they had intended to inspect Sasol's share register, but had been held up by police searching their bus en route and had arrived from Secunda at 4.20 pm, 10 minutes before closing time

Barred entrance to the building, the workers stood outside holding placards saying "We demand our jobs back", "A hungry man is an angry man" and "Our pension money was used to deport us".

White employees leaving the building sidled nervously past them and police eyed the situation warily ... but after about 15 minutes the workers returned peacefully to their bus

In a clear change from their earlier policy of not re-employing any of the 5 400 workers sacked after the stayaway, Sasol announced this week that they would take back some of the workers under certain conditions

A statement, by Sasol's public relations officer, Mr R Hugo, said workers would be re-employed if they could satisfy the company that they were victims of intimidation and incitement

Worker leaders have interpreted this shift in the

company's policy as a sign that Sasol is having difficulty finding replacement labour for the workers

Following the demonstration Mr Hugo refused to comment other than to say the company had "taken note" of it and that they would be re-employing workers on a "fair and equitable" basis

Yesterday, Mr Rod Crompton, general secretary of the Chemical Workers' Industrial Union, said any settlement had to be negotiated with the union and if the company was considering intimidation as a criterion for re-employment, all union members should be re-employed as they were all subject to massive intimidation — by the army and police

Clarification seen as 'misleading'

Users hit out at Escom price rises

STAR 23/11/84 720

Escom has issued a second statement clarifying the big electricity increases that have left all sectors of the economy stunned and angry.

The new statement blames the media for the furore that has ensued

Escom underlined that income from the increases will average out at between 15 and 17 percent more for 1985 as a calendar year

However, economists insisted today that the interpretation was misleading to consumers

By the time the 10 percent increase in January grows with the burden of an additional 12 percent in July, the size of electricity bills will be a stunning 23 percent higher by the middle of next year

Reaction has flooded in from all over South Africa. Consumers, homeowners, industrialists, farmers,

builders, shopkeepers, municipalities and just about every other group that uses electricity have labelled the increases a huge price push

The first 10 percent will hit the nation on January 1. The second will take effect from July 1. This may be accompanied by an extra two percent increase if coal prices go up

The cumulative effect will be to reap at least an extra R700 million from consumers during 1985. That figure may well soar higher, depending on demand

The Consumer Council slammed the increase as a 23 percent hike — the final effect of a 12 percent mid-year increase on top of a total already inflated by the 10 percent increase at the start of the year

This means that Escom's revenue for 1985 will jump to well over R4 billion, compared with R3,3 billion in 1983

The council also joined other critics such as the Sandton Town Council, which urged an inquiry into Escom's pricing policies

The Federated Chamber of Industries, the Cape Chamber of Industries, the Association of Chambers of Commerce, the Building Industries Federation and the South African Agricultural Union all heaped their condemnation on Escom

The union's president, Mr Kobus Jooste, said the agricultural sector was in no position to absorb the increases after years of punishing drought

The Association of Chambers of Commerce said it feared for energy-intensive industries once the mid-year increase was applied.

Forecast

Building Industries Federation executive president Mr Lou Davis forecast that people would be forced out of their homes as a result of the power price surge.

"This could mean that some homeowners are no longer able to meet their monthly commitments on bonds. They are already hard-pressed with increased interest rates on bonds"

Cape Chamber of Industries president Mr Chris Newton said the wisdom and timing of the increase was questionable.

A semi-state organisation like Escom should not be building up its capital development fund in bad business times, he said

In defence of its case — although it was making no comment about its controversial plans to increase its capital funds — Escom claims that South Africans pay the world's lowest electricity rates

In one of its statements Escom repeated rates said to be applied in other countries and made comparisons. South Africans paid 7,22c/kwh, compared with 12,78c in parts of the United States and 8,4c in France

Escom increases are 'reasonable'

by Colleen Ryan, Municipal Reporter

'Don't knock Escom over price rise'

Escom's tariff increases are entirely reasonable and those who criticise it are speaking out of ignorance, says Johannesburg City Electrical Engineer Mr Wessel Barnard

An angry Mr Barnard told *The Star* that the critics deserved to be "hung up on the nearest tree."

Industrial and domestic consumers strongly condemned Escom this week when it announced a tariff increase of about 20 percent for 1985

Mr Barnard, who is also president of the Association of Municipal Electricity Undertakings, said the electricity industry was highly capital-intensive

"The rand has been slaughtered, interest rates are sky high, so we must expect that it will hit the electricity industry hard," he said

"It is high time the public woke up to the fact that electricity is a commodity that has to be paid for," he said

Escom's chairman, Mr Jan Smith, said electricity tariffs would increase by 10 percent in January and by a "similar" amount in July. However, coal price increases could add a further two percent to the price of electricity.

Johannesburg householders will pay five percent more for electricity next year, said a spokesman for the City Treasurer's Department, Mr Neville Olivier.

Johannesburg was able to cushion the Escom tariff increase because it only buys half its power from Escom, said Mr Barnard.

He said most Reef municipalities would have to pass on the full 10 percent increase in January because they bought all their electricity from Escom.

Escom is getting unfair criticism over the power price rises

That's the charge by the past president of the Johannesburg Chamber of Commerce, Mr S K Ash. He is also the Association of Chambers of Commerce representative on the National Electricity Users' Forum

"Escom is a victim of inflation and low electricity prices in the past

"There have been artificial constraints on prices for years which tended to be politically inspired

"I believe the criticism of the increases should be at least balanced and there is little evidence of that. In my experience Escom is one of the better public bodies in this country with highly competent people

"While one doesn't grandly accept big price increases the situation facing Escom is unusual, particularly when you consider 25 percent of their capital purchases come from overseas and that planning of a power station from start to finish is a 15-year exercise"

SUN Times 25/11/84

Escom increases to fuel inflation

services and commodities
"It is strange that Escom should make a statement like this, without an accompanying statement from the Minister of Finance on wages and prices policy," says Dr Cloete

By Don Robertson

ESCOM'S tariff increases are symptomatic of inflationary forces and should be accompanied by a Government statement that they are in line with the overall inflationary policy, say economists

They believe that increases of this nature will keep inflationary expectations high and make it more difficult to achieve the 10% hoped for in 1985.

The 10% increase in electricity prices announced for January 1 came as a shock. Depending on economic conditions, Escom says a rise of "similar magnitude" is possible in the middle of the year.

Vital

This does not include a possible further 2% rise which could be caused by a rise in the price of coal

Johan Cloete, chief econo-

mist at Barclays Bank, says the January price rise is in line with Government inflationary policy and should not be seen as excessive. However, if there should be a second increase mid-year, it would indicate that the monetary authorities and the fiscal authorities were at odds with one another

He says it is vital that the electricity price increase does not push up the price of other government-controlled

Bolster

Louis Geldenhuys, chief economist at Senbank, says the Escom announcement will bolster inflationary expectations and will make it more difficult to contain.

However, weak consumer demand which is expected next year will make it difficult to pass on price rises resulting from the electricity price increase in spite of cost pressures. As a result, "inflation is unlikely to change much from present levels"

He believes that it is better to have small increases spread over time

Farmers hit

The agricultural community has criticised the tariff increases

Kobus Jooste, president of the SA Agricultural Union, says farmers are in an unfavourable position to absorb increased production costs because of the hardships imposed by several years of drought.

The prospects for increases in 1985 are also disturbing, he says

The union looks forward to the publication of the De Villiers Commission of Inquiry report into electricity supplies

The union has strong reservations about the structure and implication of the tariff policy followed by Escom

Secret of the Escom power failure

— like nationalised British industries, with which they have much in common — can do exactly as they please.

The report points out that the "arms-length" principle which gives the parastatals their independence from government, and which requires that they operate according to free market principles, also make them accountable only to the statute which created them, and which requires that they make neither a loss nor a profit.

The responsible cabinet minister has virtually no control over their tariff structures, and can only "ask" them to postpone or lower tariff hikes.

Cash flow

But, the report points out, while they are free of parliamentary or government control, neither are they subject to the final sanction of the private sector going bankrupt.

The result has been to create enormous, structured bureaucracies with their own peculiar management systems.

Because cash flow comes either from tariffs or depreciation, return on capital is not used as a means of measuring efficiency or the creation of funds. These bureaucracies, therefore, enjoy untrammelled power — even while they are accountable to no one.

When Escom, SATS, Iscor or the SABC want to embark on huge capital projects they simply add the costs to their tariffs.

And they go on borrowing expeditions abroad.

From 1946 to 1980, the private sector attracted 87,7 percent of the foreign capital which flowed into South Africa, but the pendulum swung dramatically in the other direction from 1973 to 1976.

In this period, 96,7 percent of the total foreign capital inflow went to the public sector in the form of loans, and only 3,3 percent to the private sector.

As the report points out,

□ To Page 2

Escom on the rack

□ From Page 1

foreign capital has not flowed into productive investments, but into public sector spending.

And it warns that Escom's greed could squeeze out other demands for capital.

From 1971 to 1980, public sector spending accounted for 87,2 percent of total investment in South Africa.

And an even more shocking figure revealed by the report is that Escom's capital investment, as a percentage of gross national saving, less depreciation, was 41,8 percent in 1982, and diminished only slightly to 34,4 percent in 1983.

Millions added

● From its inception in the 1920s to 1982, Escom's fixed capital assets were R7 500-million. But work in progress on December 1 of that year added another R5 000 million. Escom's capital expenditure from 1983 to 1987 was an estimated R27 000 million — and all this at a time when South Africa's current and expected growth rate was the lowest in decades.

● Escom's annual capital expenditure grew from R642-million in 1976 to R2 732 million in 1983, and will increase even further over the next few years.

● Electricity prices in South Africa, which grew at 3,21 percent a year from 1967

to 1974, soared at an annual rate of 19,32 percent from 1974 to 1982, when they exceeded the inflation rate by five percent a year.

● Despite the increased capital spending, availability in Escom's coal-fired power stations diminished, from 82,3 percent in 1973 to 73,1 percent in 1982.

● From 1974 to 1982, work in progress grew at an average rate of 40,9 percent a year.

And this at a time when, in response to the shake-up which the oil crisis induced in world economy, other Western countries had abandoned Escom's favoured "econometric" method of forecasting growth, had slashed their energy projects and introduced massive and long-lasting savings in their energy consumption.

In South Africa, forecasts were based on energy needs in the late 60s and early 70s when consumption grew by 10 percent a year. Because of the long lead times in power station construction, Escom was trapped into a major expansion programme.

Thus, while the rest of the western world was engaged in tailoring its energy needs to lower growth rates and energy saving, Escom went on a massive building spree.

In America, 1981 electricity consumption was 32 percent lower than had been estimated in 1974 — the equivalent of 200 1 000-megawatt plants, each costing three billion dollars.

Expansion

The result of Escom's forecasts — and the fact that it serves no master but itself — have been enormous capital expansion, an over-supply of power, escalating tariffs and high inflation.

South Africa's high energy and transport costs since the mid-70s have, in turn, undercut the international competitiveness of key South African exports such as high-energy-using ferrochrome and ferromanganese.

It was these exports which, benefiting from low energy and transport costs in the early 70s, protected South Africa from the full effects of the oil crisis.

Now that advantage has disappeared — partly because of Escom's ambitious expansion programme based on inaccurate forecasts of South Africa's power needs at a time of diminishing growth, and the fact that South Africa did not join the rest of the world in reducing its energy needs.

With the publication and the acceptance of the De Villiers Commission's recommendations, that has come to an end, and observers believe that the writing is also on the wall for other big-spending state corporations who have added so substantially to South Africa's inflation rate.

Recommended

The major recommendations accepted by the Government are:

● The replacement of Escom's board with a two-tier structure embracing an electricity council and a management board.

● The electricity council, which will be a policy-formulating body, will include the Directors General of Finance and Mineral and Energy Affairs, five independent experts, and five representatives from major private sector organisations such as the Afrikaanse Handelsinstituut, FCI, Assocom, the Chamber of Mines and organised agriculture.

AND TIDES

NATAL: Partly cloudy and cool with light rain in places.

	High/Low	High/Low
Cape Town	0441/1043	1648/2307
Mossel Bay	0455/1043	1703/2314
Knysna	0514/1058	1723/2328
Port Elizabeth	0448/1046	1657/2318
East London	0455/1048	1704/2317
Durban	0454/1052	1703/2318
Walvis Bay	0452/1039	1708/2256

260
By FLEUR DE VILLIERS

SOUTH AFRICA could save R105 000-million over the next 20 years through more accurate forecasts of its electricity needs.

These forecasts, based on a lower expected growth rate and energy saving, are a key suggestion of the De Villiers Commission of Inquiry into Escom.

The report, which has been accepted "in toto" by the Government, could also shape the future of the other state monopolies, such as Iscor, South African Transport Services and the SABC.

The R105 000-million saving represents the difference in capital expenditure between Escom's projected growth rate of seven percent a year in electricity consumption between 1983 and 2003 and the commission's insistence that, through savings and more accurate forecasting, it can be reduced to a more realistic level of five percent.

As Escom is now a virtual monopoly, providing South Africa with 93 percent of its power needs, and as its capital needs are financed either through tariff increases or hugely expensive loans, this will represent a direct saving to the South African consumer.

Hurriedly

The report, hurriedly released this week — two months ahead of time — in response to public fury over the latest Escom tariff increase, is more than a damning indictment of Escom's long-term planning, its growing share of the dwindling South African economic cake, its huge inroads into the capital market, and its contribution to this country's soaring inflation rate.

It also, by implication, condemns the non-accountability of all South African public corporations and parastatals. Observers believe that the Government may be persuaded by the report to re-examine the structure of the other bureaucratic monsters which dominate South Africa's corporate landscape and

ROM 25/11/74 No

THE demonstration by dismissed Sasol workers outside the corporation's headquarters in Johannesburg last week is a sign that the outcry about the mass dismissal of most of Sasol 1 and 2's black workforce will not die down for some time.

The workers, who hired a bus in Secunda, wanted to see Sasol's share register to find out which private sector companies have bought into the mainly state-owned corporation.

The Chemical Workers' Industrial Union (CWIU) has not yet given up the fight to save the jobs of the thousands of workers who were fired for participating in the two-day stayaway.

Alerting shareholders — particularly if they are foreign multinationals — is seen as one possible means of putting pressure on Sasol.

At the same time, Sasol has changed its previous stance that it would not re-employ any of the dismissed workers and has agreed to take workers back under certain conditions.

These are that the workers prove they were not responsible for intimidation and incitement and that they were in fact victims of intimidation and incitement.

The CWIU replied that if the company was considering intimidation as a criterion for re-employment, all union members should be taken back as they were all

subjected to massive intimidation by the Army and police.

Sasol 27/11/84

Sasol in talks with Zulu Chief

By JOSHUA
RABOROKO

THE KwaZulu Chief Minister, Chief Gatsha Buthelezi, yesterday held talks with Sasol management in an attempt to have 6 000 sacked workers re-employed amid protest calls by a trade union representing workers at Secunda.

The Chemical Workers' Industrial Union has rejected attempts by Sasol to negotiate the workers' plight with homeland leaders, community councillors and other non-union bodies.

The workers at Secunda were dismissed following a two-day stayaway from work organised by trade unions and community based organisations throughout the Transvaal recently.

Although management has offered to re-instate the workers, unions and other organisations have condemned the action by management. Last week some 90 workers staged a demonstration outside Sasol headquarters in Rosebank.

Problems

After the meeting with Sasol's management yesterday, Chief Buthelezi said that it was only through negotiations that the problems of this country would be solved.

He understood from management that instigators and intimidators caused the strike that led to the dismissal of the workers. He pleaded with Sasol management to accept and give preference to the previous workers rather than outsiders.

He believed that the workers should be given a three-month probation period and that they should prove that they were not intimidators. They should also gain their service benefits during the time. "The workers in South Africa must not be destroyed and used as political pawns in dangerous games," he said.

However, the CWIU said in a statement yesterday that it rejected the conditions laid down by management for re-employment and called for all workers to return to Secunda to apply for their jobs.

It also rejected attempts by Sasol to negotiate with homeland leaders, community councillors and other non-union bodies.

Buthelezi plea for sacked Sasol workers

By JEANETTE MINNIE

THE Chief Minister of KwaZulu, Chief Gatsha Buthelezi, yesterday appealed to Sasol to re-employ workers it had fired recently and to give them preference over other job seekers.

Sasol sacked more than 6 000 workers at its two Secunda plants earlier this month after they supported the two-day work stayaway.

Chief Buthelezi made the plea at a meeting with Sasol's managers, Mr Paul Kruger and Mr W de Waal, in Johannesburg yesterday.

He told them the workers had asked him to intercede on their behalf.

But the Chemical Workers' Industrial Union (CWIU) said in a statement yesterday that 800 Sasol workers, including dismissed employees as well those still employed at the plant, had rejected attempts by Sasol to negotiate with homeland leaders, community councillors and other non-union groups and had reaffirmed their allegiance to the union.

"At no stage have union members requested this intervention. They called upon Sasol management to stop avoiding its responsibility and to negotiate with the mandated representative — the CWIU," the statement said.

The workers had also rejected Sasol's conditions of re-employment, which include that workers should prove they were not "instigators" in the two-day work stoppage and that they had not "intimidated" fellow workers.

Another condition was that the workers would lose all their previous service benefits.

Chief Buthelezi proposed yesterday that workers who were prepared to sign a "simple" declaration that they were not organisers or "intimidators" in the stayaway should be re-employed.

But he advised the company against trying to initiate a witchhunt.

The CWIU statement called for all workers to return to Secunda to apply for their jobs to test the Sasol management's statement that union membership would not be a criteria in re-employing workers.

Chief Buthelezi asked that re-employed workers should be taken on with newcomer status — but that after a three-month probationary period they should be reviewed and have the benefits of their previous service restored to them.

He also told the Sasol managers that if anything came from yesterday's discussions "it would considerably strengthen the hand of leaders such as myself who have constantly urged people to accept that it is only the politics of negotiation which will salvage this country from ruin".

In a brief statement after the meeting with Chief Buthelezi, Sasol said because it operated a highly sophisticated chemical plant, a stable workforce was imperative to its operations. It had therefore been compelled to act firmly when employees failed to return to work.

It said it would consider re-employing workers under certain conditions.

Wenny 27/11/84 (260) (278) (204)

Buthlezi sees Sasol over firings

Mercury
Correspondent

JOHANNESBURG—The Chief Minister of Kwa-Zulu, Chief Gatsha Buthelezi, appealed to Sasol yesterday to accept its recently fired workers for re-employment and to give them preference over outsiders.

More than 6 000 workers were dismissed by Sasol at its two Secunda plants earlier this month after they supported the two-day work stayaway call.

He made the plea at a special meeting here yes-

terday morning with the manager of Sasol, Mr Paul Kruger, and the manager of Sasol II, Mr W de Waal.

Chief Buthelezi said he was interceding for workers who had appealed to him do so.

But a statement released yesterday by the Chemical Workers' Industrial Union (CWIU) said that 800 Sasol workers, including dismissed employees as well as workers still employed at the plant, had rejected attempts by Sasol to negotiate with homeland leaders, community coun-

cillors and other non-union bodies and had reaffirmed their allegiance to the union.

'At no stage have union members requested this intervention. They called upon Sasol management to stop avoiding its responsibility and to negotiate with the mandated representative — the CWIU,' the statement said.

Proposed

Workers at the meeting also rejected Sasol's conditions of re-employment, which include that workers will have to show that they were not 'instigators' in the two-day work stoppage and that they had not 'intimidated' fellow workers. They will also lose all their previous service benefits.

Chief Buthelezi proposed that people who were prepared to sign a 'simple' declaration that they were not organisers or 'intimidators' in the stayaway should be re-employed.

He advised the company against trying to use its work force as part of a witch-hunt.

He said that if employees were to be forced to prove their 'innocence', they could do so only by dissociating themselves by name from those who were the 'intimidators'.

'While such naming may be of value to the company, I believe that it borders on using the work force as part of a witch-hunt and this is not really sound management.'

Sasol said yesterday it had explained to Chief Buthelezi that as Sasol operated a highly sophisticated chemical plant, a stable work force was imperative.

'Sasol explained the basis on which its recruitment was currently taking place, including the sympathetic consideration which would be accorded to ex-employees under certain conditions,' a statement said.

No Sasol workers yet re-employed

STAR
29/11/84

(260) (60) (20) (130)

Labour Reporter

Thousands of dismissed Sasol employees had applied for their jobs back but none had so far been re-employed, a spokesman for the corporation said yesterday.

Since the company had changed its policy and agreed to consider applications from nearly 6 000 employees dismissed from Sasol 2 and 3 after the two-day regional stayaway on November 5 and 6, there had been a "marked increase" in applications from these ex-employees, said the spokesman.

After the mass firing, nearly 2 000 new workers were recruited to work at the two oil-from-coal plants in Secunda.

Sasol maintains it can keep the two plants running at full production for as long as it takes to recruit a new workforce.

The 5 100 workers who lost their jobs for their participation in the stayaway constitute just under half of the total Secunda workforce.

Earlier this week Chief Gatsha Buthelezi, Chief Minister of kwaZulu, met Sasol managers to urge them to re-employ dismissed workers.

He asked that if former employees were prepared to sign a declaration that they were not organisers of the stayaway, and did not participate in intimidating fellow workers, they could be recruited.

He asked that workers' positions as new employees be reviewed after three months when management could decide whether to reinstate them in former positions.

Smoking row ends up in court

CAPE TOWN — A man who complained that a pipe smoker in a restaurant was bothering him was attacked by the man's companion, the Cape Town Magistrate's Court heard today.

Mr Henry van Embden was giving evidence in the trial of Americans Mr John Harvey Vidal (30), of Oakland in the US, and Mr Howard Richard Gordon, (49) of California.

They have pleaded not guilty to charges of assault with intent to do grievous bodily harm, common assault and crimen injuria after an incident last week.

It is alleged that they hit and kicked Mr van Embden, tried to gouge Mr Harold Leibowitz's eyes out and slapped and hit Mrs Gillian van Embden.

Mr van Embden said that when he complained to Mr Gordon for a second time, he (Mr Gordon) pushed the pipe under his nose and said it was unlit. Mr van Embden pushed the pipe away and was then attacked by Mr Vidal.

The hearing continues — Own Correspondent

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Escom increase will cause more unrest — Tuca

STAK 30/11/84
260
By Cardlyn Dempster,
Labour Reporter

Escom's proposed 20 percent-plus increase in electricity tariffs has been slated as "potentially disastrous" by the 460 000-member Trade Union Council of South Africa (Tuca)

Tuca's national executive this week condemned the timing and magnitude of the proposed increase and said it was a certain and dangerous way to fuel inflation

"In a climate in which virtually no competitive organisation could hope to raise its prices by 20 percent and survive, this latest increase suggests uncaring and monopolistic attitudes," said the executive

It has appealed to the authorities not to allow the increase because it is "liable to cause further economic hardship and provoke further civil unrest".

Tuca has also noted with concern that retrenchments are increasing

While employers did face severe problems as a result of the recession, the hardship and suffering faced by unemployed workers was massive

"We recommend that wherever remotely possible, workers should be placed on short-time instead of being laid off or dismissed"

On the issue of disinvestment, Tuca continues to swim against the tide of independent unions and has reiterated its support for investment by foreign companies in South Africa

"Tuca does not believe that the majority of black South Africans support a policy that must mean fewer jobs and opportunities for advancement"

Escom pirice Takes a rip Off — charges



Mr Ricky Valente . . . Escom
"bloated with cash".

overcharging, Escom was "bloated with cash".
"Escom is now the fattest of fat cats, and all at the expense of ordinary South Africans."

Mr Valente said that as an elected representative of a local authority, he found it impossible to justify the electricity increase to his ratepayers.

He called on all other responsible local authorities to join Sandton and stand firm against the increase in the interests of residents and the country's economy.

"Escom's justification and reasoning about the increases is sketchy, to say the least, and a typical statement of an unbridled and non-accountable monopoly that has a stranglehold on the economy."

Mr Valente said he did not want to speculate on what the increases would do to an already tattered economy, or the disastrous cumulative effect it would have on the man-in-the-street.

He described as "absolute nonsense" the defensive roles of various spokesmen

Escom has been accused of mismanaging its finances grossly and using its monopolistic and protected position to siphon off funds from consumers.

This was the harsh allegation of Sandton management committee chairman Mr Ricky Valente, who has called on the State to freeze further electricity rises until it has carried out a full investigation into Escom funding.

He was reacting to the recent announcement that Escom will increase the cost of electricity by 10 percent in January, and at least another 10 percent in June.

Escom's 1983 annual report, Mr Valente said that over the past 12 years its total annual income had increased by an "unbelievable" 1198 percent. During the same period — from 1972 to 1983 — the amount of electricity supplied had increased by 136 percent, and income per unit had soared by 450 percent.

He said that at the end of last year, Escom's accumulated Statutory Funds amounted to a staggering R5 471 030 000.

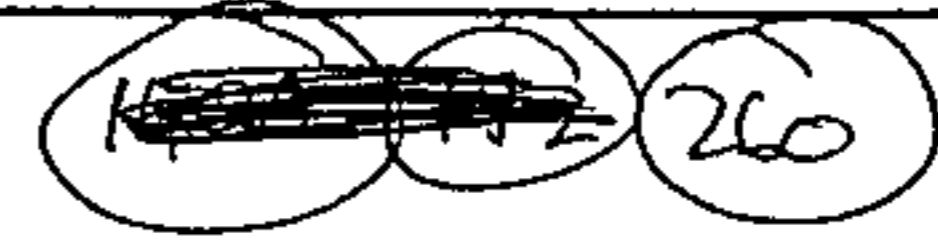
Mr Valente said it was clear that after years of

by —
Lucille McNamara

Johannesburg's City Electrical Engineer, Mr Wessel Barnard, said the increases were reasonable, and critics deserved to be "hung up on the nearest tree".
Mr S K Ash, past president of the Johannesburg Chamber of Commerce, said Escom was the victim of inflation and past low electricity prices. "It must never be forgotten that Escom is a State organisation, and as such is funded by and answerable to all the people."
"The situation is a direct result of the Government's ineptitude, and it must immediately freeze all further electricity price rises and at the same time carry out a full investigation. We simply cannot afford to carry on financing Escom in this manner."

Basing his comments on statistics revealed in

PRESS STATEMENTS



FOSATU PRESS STATEMENT

A Special FOSATU Central Committee received reports from all regions on the outcome of shop steward meetings with their employers. It also received reports from a delegation that met a number of major employer organisations. It is our view that employers are unable to influence a stubborn, misguided and misinformed government.

FOSATU has therefore decided on certain actions. It will put these proposals to other unions seeking their support. These actions will be far ranging and implemented in the next two months. The actions will be a response to the detentions, the attack on unions and the SASOL dismissals.

FOSATU is also convinced that employer involvement in the charges to be laid under Section 54 of the Internal Security Act will be disastrous to future industrial relations. The quality of industrial relations in the future will be irreversibly altered. We believe that certain government and certain major employers are not fully aware of the implications of charging union leaders. FOSATU believes that the government's actions are good cause for the protest being carried out in the United States of America. These protests are indeed justified moral support to detained union leaders.

FOSATU also received report-backs from all regions and locals on the proposed black Christmas. It was agreed that at present an effective national campaign could not be organised at such short notice as factories are now closing and many workers have already returned home with their purchases. In view of this a call for a campaign could be divisive rather than unite people. FOSATU will therefore not campaign for a black Christmas. However, we believe that the present circumstances leave little to be happy with. We therefore call on all members to make a symbolic gesture over Christmas of showing black on their clothing or houses as a sign of mourning.

2.12.84

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Unions launch 2-month protest over arrests

By STEVEN FRIEDMAN
Labour Correspondent

THE Federation of SA Trade Unions is to launch a "far-ranging" campaign in the next two months to protest at the detention of several of its leaders and the sacking of union members by Sasol, a Fosatu statement said yesterday.

It says the campaign, which may be backed by other unions, is a result of the "inability" of employers to persuade the Government to release detained unionists. It also attacked employer "involvement" in police investigations into the detainees' role in the recent Transvaal stay-away.

Fosatu said it had decided at a special central committee meeting over the weekend on "certain actions" in response to the detentions and firings, and added that these would be put to other unions to seek their support. They would be implemented over the next two months.

It declined to give details until other unions had been consulted. But the latest issue of Fosatu's newspaper, Fosatu Worker News, suggests that "international solidarity action" will play a part in the planned campaign.

Several key Fosatu officials, including its president Mr Chris Dlamini, have been detained in the wake of the recent stay-away by hundreds of thousands of Transvaal workers.

Police have been gathering information from employers and journalists — a

move which is believed to precede a trial of the stay-away's alleged organisers.

In its statement, Fosatu said its central committee had heard reports from all regions on meetings between shop stewards and their employers over the detentions and the recent firing of 6 000 workers by Sasol, as well as reports on recent meetings between Fosatu and major employer bodies.

"It is our view that employers are unable to influence a stubborn, misguided and misinformed Government," Fosatu said.

It was "also convinced" that "employer involvement in the charges to be laid under section 54 of the Internal Security Act (against the detainees) will be disastrous to future industrial relations".

Fosatu believed the government and "certain major employers were not fully aware of the implications of charging union leaders".

It added that current protests by civil rights activists in the United States "are indeed justified morale support to detained union leaders".

On the call for a Christmas shopping boycott, Fosatu said an effective national campaign could not be organised "at such short notice" as factories were now closing and workers were returning home with their purchases.

It suggested its members "make a symbolic gesture over Christmas of showing black on their clothing or houses as a sign of mourning".

Union action on detentions soon

Own Correspondent
JOHANNESBURG. — The Federation of South African Trade Unions (Fosatu) will launch a "far-ranging" campaign in the next two months in protest at the detention of several of its leaders and the sacking of union members by Sasol

A Fosatu statement yesterday said the campaign, which might be backed by other unions, was a result of the "in-

ability" of employers to persuade the government to release detained unionists

It attacked "employer involvement" in police investigations into the detainees' roles in the recent stay-away

At the same time, Fosatu said it could not support a planned boycott of shops over the Christmas period and asked its members to make a "symbolic" gesture of mourning.

Fosatu said the current protests by American activists were "justified morale support to detained union leaders"

"Certain actions" in response to the detentions and firings, had been decided on at a special central committee meeting over the weekend. These would be put to other unions to seek their support, and would be implemented over the next two months

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Meetings

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It was also convinced that "employer involvement" in the charges to be laid under section 54 of the Internal Security Act (against the detainees) would be "disastrous to future industrial relations"

Fosatu believed the government and "certain major employers" were not fully aware of the implications of charging union leaders

It warned that the course of labour relations could be "irreversibly altered"

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WYNBERG

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- ★ Give her a dress length FREE pattern with purchases over R50.
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- ★ FREE pillowcase with every Sheraton Duvet purchased
- ★ Novelty, velvet and neck cushions
- ★ Table cloths, tray cloths, novelty drying up cloths

GIFTS HE WILL APPRECIATE

- ★ Hang Ten trunks, baggies and cotton knit shirts and tops

Sasol's attitude to unions will be tested again

By STEVEN FRIEDMAN
Labour Correspondent

THE attitude of Sasol to dealing with emerging unions is to be tested again — only weeks after it fired about 6 000 workers who took part in the recent Transvaal work stayaway

In a surprise development yesterday, the Chemical Workers' Industrial Union (CWIU), which represented most workers fired during the stayaway, said it had recruited most of the 9 000-plus workers at four coal mine shafts owned by Sasol at Secunda

The CWIU is affiliated to the Federation of SA Trade Unions (Fosatu).

It said it had asked Sasol for stop order facilities — automatic deduction of union dues by management — at the four mines and it is believed that this may lead to a demand for full recognition at the mines

This means the CWIU is likely to retain a strong presence in Secunda despite the sackings and could help it re-establish a foothold in the Sasol II and Sasol III plants

The two plants rely on the mines for the coal used in Sasol's oil-from-coal process

Before the mass sackings, the CWIU had stop orders at Sasol II and III and was about to be granted full negotiating rights.

It claimed the sackings were designed to keep it out of the plants Sasol has denied this.

The CWIU suggested in a statement yesterday its request for stop orders would again test Sasol's stance on dealing with it

"It will be interesting to see whether or not Sasol management is sincere in its statements that the dismissal of workers was not aimed at ridding itself of the CWIU," the union said.

A union representative said a letter had been sent to Sasol last week asking for stop orders at the mines No reply had been received yet, she added

A Sasol spokesman, Mr Robin Hugo, said yesterday the company had no means of verifying what the CWIU membership at the Secunda mines was and implied that the company had not yet received the stop order request

"If an application for stop order facilities is received from the CWIU, it will be considered on its merits," he added

● Meanwhile, Mr Hugo said yesterday that Sasol expected that the process of employing workers to replace those fired would only be completed in February next year

He said the company had received 4 000 applications for jobs from new workers and a further 3 000 from fired workers.

Mr Hugo was commenting on a CWIU claim that Sasol had taken back some drivers and administrative workers fired during the stayaway He denied this

Wednesday, December 5, 1984

APPE TINKS

260

9 000 Sasol workers join Fosatu union

Own Correspondent

JOHANNESBURG. — The attitude of Sasol to dealing with emerging unions is to be tested again—only weeks after it fired some 6 000 workers who took part in the recent Transvaal stayaway.

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coal mine shafts owned by Sasol at Secunda.

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two plants rely on the mines for the coal they use in Sasol's oil-from-coal process

Before the mass firings, CWIU enjoyed "stop orders" at Sasol II and III and was about to be granted full negotiating rights. It claimed the sackings were designed to keep it out of the plants — which Sasol denied.

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conda mines was, and implied that the company had not yet received the stop order request

"If an application for stop order facilities is received from CWIU, it will be considered on its merits," he added

The union's statement said workers at the mines had begun to join CWIU after it won recognition at the two Secunda Sasol plants. Since the sacking of workers taking part in the stayaway, membership had

increased "dramatically", in spite of alleged management harassment, it added.

Meanwhile, Mr Hugo said yesterday that Sasol expected that the process of employing workers to replace those fired in the stayaway would be completed only in February next year. He said the company had received 4 000 applications for jobs from new workers and a further 3 000 from fired workers. Each worker would be interviewed individually, he said.

Sasol dismissals: Cusa set for sympathy strike

Star 11/12/84 By Eugene Saldanha

One of the country's largest trade union federations has announced it will launch a national strike unless Sasol reinstates the 5 500 workers who took part in the recent two-day stayaway

The joint executive of the 160 000-member Council of Unions of South Africa (Cusa) decided at a meeting held in Johannesburg at the weekend to call on Sasol to start negotiations with the Chemical Industrial Workers' Union (CIWU) to which the Sasol employees belong

"We are considering calling on members at all our plants to stage a one-hour work stoppage unless Sasol agrees to appoint a conciliation board to negotiate the reinstatements," said Cusa's acting general secretary Mr A Skosana

Last week the Federation of South African Trade Unions (Fosatu) announced it was drafting a "programme of action" to protest against the arrest of community and trade union leaders and the dismissal of the Sasol employees

Sunder 11/12/84 142 152 260

Cusa threatens national strike

THE COUNCIL of Unions of South Africa and its affiliates have threatened to call a national strike if the sacked 6 000 workers at Sasol are not reinstated.

The decision to call a strike was taken by the union's joint executive council at a meeting held in Johannesburg at the weekend.

In a statement Cusa said it supported the struggle of the dismissed workers at Sasol and appealed to management to reinstate the workers without any loss of benefits.

It urged Sasol management to continue to discuss with the Chemical Workers' Industrial Union over the dismissed workers.

The workers were sacked after the two-day stayaway from work organised by several trade unions, including Cusa and the Federation of South African Trade Unions (Fosatu).

In the statement Cusa said that it supported a boycott of Dairymaid Ice Cream Corporation products following the dismissal of workers at

the plant near Pretoria.

The boycott was called by Cusa-affiliate, Food and Beverage Workers' Union, in an attempt to pressurise management to reinstate the workers dismissed early this year.

Cusa has made it clear that it will take all necessary steps to ensure that the Sasol workers were reinstated even if it means a national strike which will be arranged through a national strike committee.

Cusa also endorsed the present unity talks aimed at forming a giant trade union federation in the country. The talks have been going on for over two years and it is hoped that they will be completed next year.

2 fired workers may be rehired

By STEVEN FRIEDMAN
Labour Correspondent

TWO workers fired by Iscor at its Newcastle works may be reinstated soon after an Industrial Court action by their union, the SA Allied Workers' Union.

The action was the latest move in Saawu's attempt to win recognition at the Newcastle works where it claims to represent 4 000 workers — most of the workforce. It claims the two were fired because they are its members and that Iscor is resisting Saawu.

But Iscor yesterday denied it was against recognising unions. It said Saawu had so far not submitted proof of its membership at the works and said it could not discuss recognition with it until it did so.

There is also a conflict between the two sides over whether the two workers have been granted full reinstatement.

A Saawu spokesman said the two, Mr Philip Ngwenya — a union shop steward — and Mr Goodman Nkosi, were granted temporary reinstatement by the court.

He said they would be given jobs for which the pay and conditions would be no less favourable than those they enjoyed before they were fired. They would also receive back pay for the period since they were sacked.

Mr Nkosi was fired in August and Mr Ngwenya in November.

He said the two had been fired "unfairly" because Iscor was resisting Saawu's fight for recognition at the plant. "They were made scapegoats because they belonged to the union," he said.

But an Iscor spokesman said the company merely agreed in an out-of-court settlement to reinstate the workers when vacancies arose. They would not be rehired immediately as there were no jobs available during the festive season.

"There is also no question of their receiving back pay," he added.

According to Iscor, Saawu brought six cases against it alleging that workers had been unfairly dismissed.

Four of these cases had been withdrawn and those of Mr Ngwenya and Mr Nkosi had been settled, he said.

PARASTATALS

Cut to size

State utilities are about to unveil capex cuts and deferrals running to billions of rands in the next year or two

Escom has just opened negotiations with contractors for a year's deferment of work on the second half of the massive R2,7 billion Kendal power station, says senior GM Dave van der Walt

The new move will hit at least 150 contractors on the eastern Transvaal project, who will be deprived of contracts running to half the projected capital cost of the project. All contracts already awarded carry postponement clauses allowing project completion to be put back years

It follows the midyear decision to postpone the last two generating sets at both Lethabo and Tutuka and the more recent opening of negotiations to delay work on Majuba by two years. The postponed work at Kendal, Lethabo and Tutuka totals at least R3,2 billion

The De Villiers Commission report, released last month, stresses the need for expenditure curbs and structural changes to the electricity supply

But Van der Walt tells the *FM* that the latest deferment decisions were taken by the Escom board, uninfluenced by De Villiers

He says "The Kendal move means that generating sets four, five and six, due to have come on stream in 1990, 1991 and 1992, respectively, will now be put back almost a year.

With most of Escom's annual R3,46 billion budget going towards the construction of Kendal — the world's biggest dry-cooled coal-fired power station — and six other coal-fired stations, with installed capacities ranging from 3 600 MW to 3 990 MW and costing about R2,7 billion each, postponement of major work at four power stations will be felt throughout thousands of ancillary and supply industries

Van der Walt says that substantial expenditure will be deferred from nine months to two years on Kendal, Tutuka, Lethabo and Majuba power stations "Escom has just lowered its annual load forecasts for additional electricity from 7% to 6%," he says "As a result, talks have been initiated with the contractors to defer completion of Kendal. But the first of six 660 MW generating sets is still to be commissioned there in 1987"

He says discussions have recently taken place on the 1989 completion date of the first of six 600 MW generating sets at the Majuba power station, near Amersfoort, to be put back to 1991 "A final decision has not been taken on Majuba," he says. But a midyear ruling put back by nine months the

commissioning of two sets at both the Lethabo and Tutuka power stations

Van der Walt says Escom's spending curbs were not influenced by the De Villiers report or by the National Projects Committee on Capital Expenditure (NPCCE), headed by Director General of Finance Joop de Loor, which advises the Minister of Finance on the capex programmes of the parastatals

He says that load forecasts are based on Escom estimates of consumers' needs over an eight to 12-year period. These are examined each month and updated annually "When making our long-term load fore-

with it in terms of the future demand for electricity," De Loor adds

It was also responsible for deferring a start on the La Mercy airport, north of Durban. La Mercy will be resubmitted each year, he says

More emphasis is being placed on streamlining operations in SA Transport Services (Sats), where cuts in capex will continue, says GM Bart Grové. Capital expansion has been running at about R1,8 billion/year, with interest accruing at the rate of R300m/year, but Sats aims to slash this to R1 645m in the 1985-1986 year

Cuts in capex and operating costs and improvements in productivity were foremost in Sats' turnaround from its 1982-1983 deficit of R634m to a surplus of R70m at the end of 1983-1984

Grové believes the growth rate in capital investment in the whole transport industry is slowing down "The emphasis on development in transport should fall more on better utilisation of existing infrastructures which will assist in attaining these goals," he says

How, then, does Sats make its cuts? According to Austen Williams, chief director of planning, Sats pruned its budget from R1 815,5m in 1981-1982 to R1 750m this year. He estimates the 1986-1987 budget will be 45%-48% lower in real terms than the spending in 1981-1982

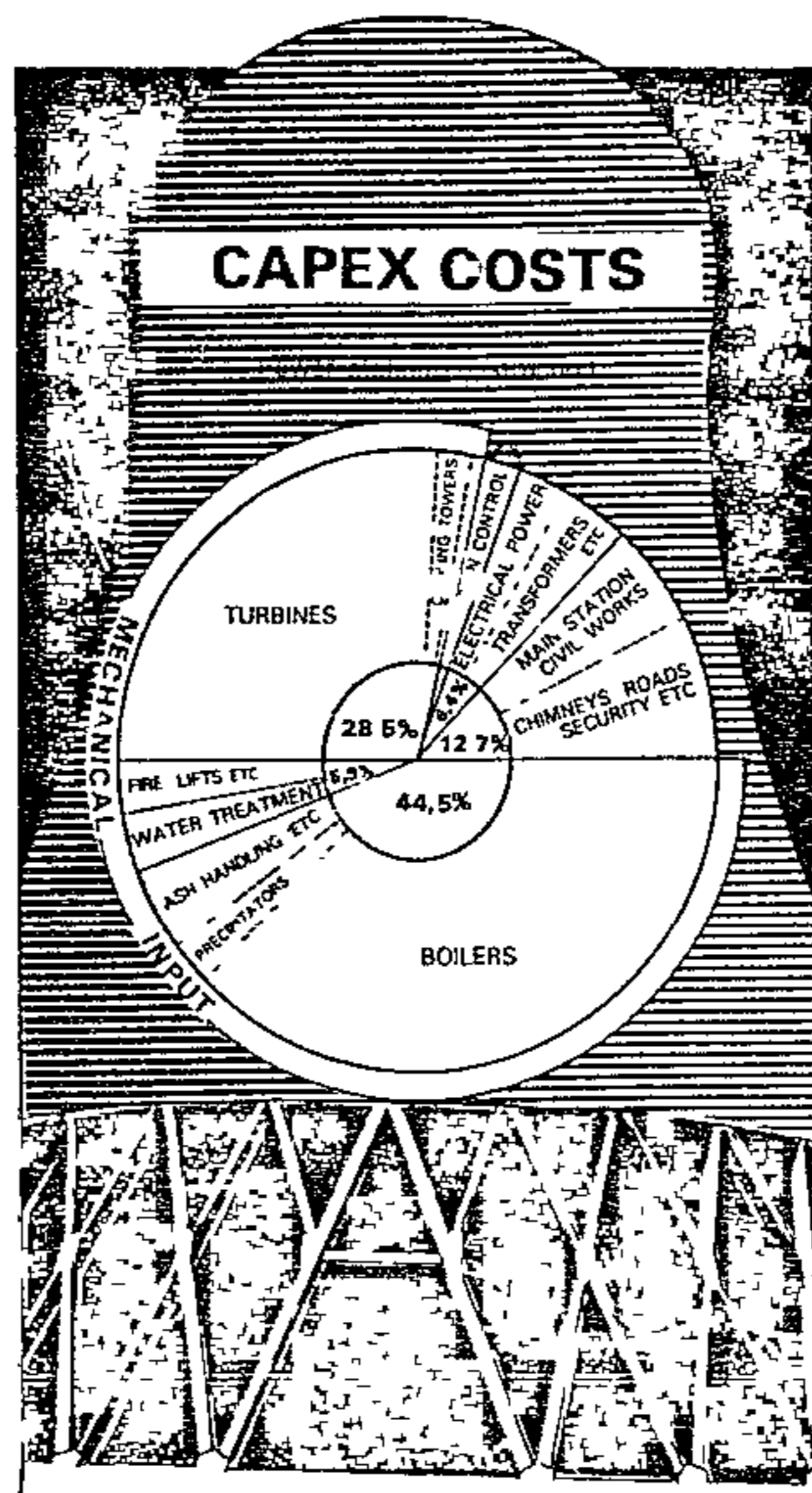
Among the measures were reductions and extensions on construction work, pruned rolling stock and the non-replacement of departing staff — cut from 279 000 in mid-1982 to the current 238 000. Productivity has been increased substantially by higher train loads and quicker turnaround times and deliveries

Among the postponed contracts were the Richards Bay coal line, by far Sats' biggest capital project, the East London electrification project and the extension of the completion date of Port Elizabeth's electrification scheme

Posts and Telecommunications (P & T) has saved about R100m on telecommunications capex, a spokesman says "The automation and modernisation programme will be slowed down. Orders for some equipment could be postponed," he says

With an annual capex budget of R1 120m, P & T has saved a further R6m on buildings and restoration so far this year, he says

Iscor chairman Floors Kotzee says costs have been cut in recent years by staff reductions, curtailed purchases and by placing its buying operation on a generally sounder footing. Iscor's closure of old plants and the modernisation of operations has paid off, he says



casts, it is impossible for us to follow short-term cyclical changes," he says

Escom has also "slowed down" its recruitment programme, he adds, but this is partly due to a lower staff turnover

De Loor tells the *FM* that the NPCCE, formed nearly five years ago, is "gradually refining its method of operation" Its role has been to make budget recommendations to the Minister of Finance "We will concentrate more on smoothing out capex fluctuations in future," he says

Earlier this year, the NPCCE had "recommended some postponement" of Escom expenditure "We were not happy

PUBLIC SECTOR GOVT. STATE - INTERPRISE

1985

Job Title	Current Hours	Hourly Change 1975 to date	Nominal	Real	Current Real Weekly Wage
DRVR <450kg	46	+303.3%	11.50 25.00 25.00 31.00 35.50 46.38	+21.4%	R 26.40
DRVR <2700kg	46	+334.3%	16.10 30.00 30.00 37.00 52.25 69.92	+30.8%	R 39.80
DRVR <4500kg	46	+396.0%	16.10 30.00 30.00 37.00 60.00 79.85	+49.3%	R 45.45
Shop Controller	46	+399.7%	30.43 54.95 49.26 44.18 43.74 53.24 47.00	+50.4%	R 213.30
Cashier	46	+0.0%	75.00 90.00 90.00 90.00 130.00 374.77	+0.0%	R 34.15
Salperson	46	+0.0%	141.78 164.84 147.78 132.55 106.38 115.35 220.58	+0.0%	R 59.11

RDM 10/11/85 (132) 260 (140)

Sasol rehires 1 500 of 5 000 fired workers

By JEANETTE MINNIE
Mail Reporter

MORE THAN 1 500 of the 5 000 employees dismissed by Sasol after the two-day work stayaway last year have been re-employed, while thousands of applications from ex-employees are being processed with a view to re-employing them.

Sasol made the disclosure yesterday after inquiries by the Rand Daily Mail.

It also announced it had resumed meetings with the Chemical Workers' Industrial Union (CWIU), an affiliate of the Federation of South African Trade Unions (Fosatu), which supported the two-day stayaway and that "an understanding" had been reached.

The CWIU has consistently claimed that at least 6 000 employees were dismissed.

A Sasol spokesman said the company was acting in accordance with a Sasol statement on November 20 last year that it would "sympthetically" consider applications from ex-employees who took part in the stayaway "provided they could satisfy Sasol that they were not guilty of intimidation or incitement".

He said over the past seven weeks 4 000 ex-employees had applied for re-employment and that 1 500 had already assumed duty.

Other factors taken into account when re-employing were "merit and attributes such as reliability, loyalty, competence and a stable record of employment", the spokesman said.

"As all ex-employees appointed would fully meet Sasol's requirements, and as it was recognised they could possibly have been the victims of intimidation, it was decided to employ them on terms and conditions which recognised their past employment with Sasol.

"They will receive the same wage as was applicable at the date of their dismissal and they will also retain full pension benefits accumulated until November 6, 1984".

Sasol said it had held several meetings with the CWIU before the festive season "at which the parties sought to lay the foundation on which meaningful, future co-operation could be based, and an understanding was reached".

The spokesman said it was envisaged that more meetings would follow.

CALL Times 11/1/85
AZ 260 (etc)

National strike threatened

Own Correspondent
JOHANNESBURG — In two major developments yesterday the Chemical Workers' Industrial Union (CWIU) announced it had declared a dispute with Sasol and 24 trade unions threatened to go on a national strike unless a conciliation board was appointed to hear the dispute. This is the first time the 24 unions, who are currently involved in unity talks about the formation of a "super" trade union federation, have agreed on united action on a national level. A statement by the

CWU yesterday spelled out the strike threat.

"If the Minister (of Manpower, Mr P T C du Plessis) refuses to grant the conciliation board, then legal national industrial action by all members of the 24 unions will become possible."

The unions include the affiliates of the Federation of South African Trade Unions (Fosatu) and the Council of Unions of South Africa (Cusa) as well as the Commercial, Catering and Allied Workers' Union of South Africa (CCAWUSA), the General Workers' Union, the Food and Canning Workers' Union and the Cape Town Municipal Workers' Association. The general secretary

of the CWIU, Mr Rod Crompton, said the dispute was declared in spite of two "lengthy" meetings with Sasol, because no settlement could be reached, "particularly on the criteria for reinstatement" of the 6 000 Sasol employees dismissed after the two-day work stayaway on November 5 and 6 last year.

Last year Sasol invited the CWIU to negotiations after the 24 unions had jointly demanded the reinstatement of all the workers.

Sasol, however, has said publicly that it will only re-employ those workers who could "satisfy" Sasol that they were not "intimidators or instigators" in the strike.



Sasol at centre of a national strike threat

By JEANETTE MINNIE

IN TWO major developments yesterday the Chemical Workers' Industrial Union (CWIU) announced it had declared a dispute with Sasol, and 24 trade unions threatened a national strike unless the Minister of Manpower appointed a Conciliation Board to hear the dispute.

This is the first time that the 24 unions, who are currently talking about forming a "super" trade union federation, have agreed on united action on a national level — with Sasol as the rallying factor.

A statement released by the CWIU yesterday spelled out the strike threat in the following words: "If the Minister refuses to grant the Conciliation Board then legal national industrial action by all members of the 24 unions will become possible."

The unions include the affiliates of the Federation of South African Trade Unions (Fosatu), the Council of Unions of South Africa (Cusa), the Commercial, Catering and Allied Workers' Union of South Africa (CCAWUSA), the General Workers' Union, the Food and Canning Workers' Union and the Cape Town Municipal Workers' Association.

The general secretary of the CWIU, Mr Rod Crompton, said the dispute was declared because no settlement could be reached, particularly on the criteria for

reinstatement of the 6 000 Sasol employees dismissed after the work stayaway in November.

The meetings took place last year when Sasol invited the CWIU to negotiations after the 24 unions jointly demanded the reinstatement of all the dismissed workers.

Sasol said this week that it had so far re-employed 1 500 dismissed workers and said its criteria for re-employment included "company loyalty".

The CWIU's statement yesterday said that at two meetings with Sasol a "loose understanding" was reached on certain issues, including a union undertaking not to proceed with industrial action before the end of the month. Sasol undertook during that time to reinstate as many dismissed workers as possible.

The CWIU lodged an application for a Conciliation Board with the Minister of Manpower yesterday. This board would hear the dispute.

The 24 unions which, according to the CWIU, have threatened possible legal national industrial action if the Minister does not appoint the Conciliation Board, have held unity talks for some time about the formation of a "super" federation of trade unions.

Mr Crompton said he hoped the talks with Sasol scheduled for the end of January would lead to a settlement and make further action unnecessary.

Romy 11/1/85

CALIF. TIMES 12/11/85

National strike looms

Own Correspondent

JOHANNESBURG. — South Africa could face its first legal national strike next month unless the Minister of Manpower appoints a conciliation board to hear the dispute between Sasol and the Chemical Workers' Industrial Union (CWIU)

Labour lawyers said yesterday that if the minister failed or refused to appoint a conciliation board within 30 days of the application being lodged, a legal strike could be held

Stayaway

The CWIU lodged its application on Thursday, which means that if a conciliation board has not been appointed by February 8 the national strike can go ahead

The dispute between Sasol and the CWIU centres around the reinstatement of the 6 000 workers dismissed by Sasol last year for their participation in the two-day work stayaway

The 24 unions, who are currently involved in unity talks, have all threatened to go on strike unless the minister appoints a conciliation board. They will all be in a position to strike legally, since the law does not define that only parties to a conciliation board may go on strike

Labour lawyers interpret the law as meaning that all unions who support the same demand on the same issue can go on strike

A national legal strike will present extraordinary difficulties for em-

ployers, and although workers can be dismissed in a legal strike, they can seek legal recourse. But such action would herald industrial unrest and confrontation throughout the country on a massive scale

The dispute with Sasol arose when the 24 unions jointly demanded that Sasol reinstate all the dismissed workers and negotiate their reinstatement with the CWIU.

"Sasol would not concede to the demand and has said it will reinstate only those workers who have "satisfied" Sasol that they were not "intimidators or instigators" in the strike

Sasol would not comment on the situation yesterday apart from saying that the 1 500 workers it has reinstated so far and the processing of applications from at least 4 000 dismissed workers are not a result of union pressure

Re-employed

Meanwhile Sapa reports that Sasol said yesterday that more than 1 800 of the 5 000 Sasol workers dismissed after last November's stayaway had been re-employed over the past eight weeks

However, it warned that it could not tolerate stayaway action "which is not work-related and which could jeopardize the safety of its staff, innocent third parties and/or the (Sasol) plants".

In a statement issued in Johannesburg, Sasol said it had received more than 4 000 applications from former employees since November 20

By JOSHUA RABOROKO

SASOL is to hold crucial discussions with the Chemical Workers' Industrial Union in an attempt to avert a national strike before the end of the month.

This was confirmed by spokesmen for the parties following threats that unless the Minister of Manpower, Mr P T C du Plessis appoints a conciliation board to hear their dispute, a national strike will be taken by about 24 trade unions representing over a million members.

The CWIU has an-

Sasol is to hold crucial talks

nounced that it applied for the conciliation board after the Sasol management had reached a "loose agreement" with the union on certain issues at two meetings concerning the re-instatement of the more than 6 000 workers dismissed following their participation in a two-day stayaway from work in November.

Sasol has since re-employed about 1 500 of

the dismissed employees and said that its criteria for re-employment included the company's loyalty. It was also processing some of the applications received earlier.

Action

A spokesman for Sasol said that the agreement was that they should meet before the end of the month and

that the union should not proceed with industrial action.

However during the time the oil company had undertaken to re-employ as many workers as possible.

The union has in the meantime applied for the conciliation board in view of the fact that no settlement was reached, particularly on the criteria for reinstatement of the workers.

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Race bias at supermarket

A BRANCH of a giant supermarket in Nigel on the East Rand, has been accused of practising racial discrimination by refusing to allow blacks to pay with cheques when buying groceries while whites are accorded the privilege.

A number of residents interviewed by The SOWE-

tions but promised to investigate

The latest victim, Mr Khulu Twala, a member of the Duduza Community Council, claimed at the weekend that he had bought groceries worth about R80 at the supermarket on Saturday and when he was about to pay he was told by a Mrs Meyer that blacks were not allowed to pay with cheques

Name:

Springbok Radio ^{AKG's} ^{6/1/55} ²⁴⁰ shut down at night because of TV

JOHANNESBURG. — Springbok Radio is to shut down at night because people would rather watch television.

The station will close at 6.30pm daily from mid-year and its airwaves will be taken over by commercial regional stations which form part of a major new rationalisation plan announced today by the Director-General of the SABC, Mr Adriaan Eksteen.

Radio Highveld and Radio Good Hope are to operate several substa-

tions in major centres, beaming regional programmes until midnight.

Radio Orion is to take over from midnight until early morning.

The announcement means that a host of presenters, writers, actors, producers and technicians will become redundant.

At this stage it appears that most programmes broadcast regularly after 6.30pm will be dropped although some may be accommodated during the day. However, this means

that certain daily programmes will also have to be dropped.

However, a number of Springbok presenters who will be affected by the changes have not been officially informed that their programmes could be axed.

"Rubbish!" was the reaction of veteran broadcaster Dewar McCorkran, presenter of the long-running quiz show Test the Team. "I want to be informed officially by the SABC," David Gresham, presenter of The

David Gresham Show and the Top 30, has not yet been told what would happen to his shows.

A spokesman for the SABC said the corporation could not inform freelancers of the changes until the announcement had been officially made. He said freelancers could enquire at the SABC.

● An announcement was to be made by SABC's director-general, Mr Riaan Eksteen, on TV1 news broadcasts today.

10/11/85 6:09

Sasol silent over workers

Mall Reporter

SASOL said in a statement yesterday that it could not comment on the application by the Chemical Workers' Industrial Union for a Conciliation Board hearing on the dispute concerning the conditions of re-employment for 6 000 workers dismissed in October after a two-day work, stayaway

"The application to the Minister of Manpower for the appointment of a Conciliation Board has not yet been served on Sasol and we have not yet had sight of it," Sasol said.

Sasol was asked to respond to the fact that 24 trade unions indicated that a legal national strike would "become possible" if the Minister did not appoint the Conciliation Board.

ARGUS 17/1/85 (260)

Escom's millions: Man named

Argus Correspondent

JOHANNESBURG. — The Electricity Supply Commission has named the man they are looking for in connection with the R8 350 000 missing from its accounts department funds.

Escom also said today it has succeeded in freezing a Swiss bank account into which the money had been transferred.

A spokesman said police would like to interview Dr Gert Johannes Rademeyer, 49, until recently in service as assistant chief accountant for Escom.

An official confirmed that the money had been traced to a bank in Zurich. Indications are that the bulk of the money is still available in the account.

The missing cash was in the form of 3,6 million US dollars illegally transferred to the Zurich account.

Escom confirmed that the money was missing in a brief statement yesterday announcing that investigations had been launched and that "all necessary steps" were being taken to recover it.

Escom millions: Accountant's wife in court

CAPE TOWN Argus Correspondent
21/1/85

260

PRETORIA — Mrs Familia Rademeyer, wife of the Escom official who allegedly defrauded the corporation of more than R8-million, appeared in secret before a Deputy-Master of the Supreme Court today in connection with her husband's provisionally sequestrated estate

Meanwhile Interpol has been alerted to watch for her accountant husband, Mr Gert Rademeyer, who fled South Africa after transferring large amounts of Escom money to a Swiss bank account

It was also learnt today that some of the money may now be in an Austrian account

Wearing white and looking composed, Mrs Rademeyer dodged Press photographers

On Friday night she was prevented from leaving for France, where she hoped to join her husband. His estate was provisionally sequestrated on Friday

The couple married in community of property.

Mrs Rademeyer's legal adviser, Mr Dawid Maartens, said that in terms of the Insolvency Act the hearing had to be held in secret. Certain sensitive information about Escom was involved, he said

Mr Maartens said the Rademeyers' daughter, Sandra, 21, and Mr Rademeyer's brother, Mr M C Rademeyer, would both be questioned during the hearing before Mr P B van Rooyen.

The provisional trustee of Mr Rademeyer's estate, Mr G S de Wet, said he did not know how long the hearing would continue

Mr C Fuchs, senior legal adviser to Escom, said a Swiss judge had frozen millions placed in a Swiss bank by Mr Rademeyer

millions traced

Rademeyer swindle: Missing

CME Times 22/1/85

260

Own Correspondent

JOHANNESBURG — Escom lawyers have succeeded in tracing the missing \$1-million (about R2,3-million) unaccounted for out of the \$3,6-million (more than R8-million) they were swindled out of by their former employee, "Dr" Gert Rademeyer.

The lawyers, who left for Vienna and Bangkok at the weekend, also established that their former assistant chief accountant had used \$55 000 (about R128 000) of Escom's money to rent an apartment in Monte Carlo. Moves to have his Bangkok and Vienna bank accounts frozen are to follow.

A spokesman for Escom said yesterday that the missing amount, add-

ed to that which had been frozen at the Volksbank in Berne, Switzerland, on January 18, constituted virtually all of the R8-million which Mr Rademeyer had transferred illegally.

The Swiss judge who had ordered the account to be frozen had also issued a warrant for Mr Rademeyer's arrest.

Meanwhile, a major chain of fashion stores disclosed yesterday that Mr Rademeyer had applied for a similar position with the chain, but had been turned down as his qualifications were found to be suspect.

He was found to have a false degree and to have unsatisfactory references in Australia.

Shortly after his return to South Africa in 1978, "Dr" Rademeyer applied for a position as a financial manager at Edgars, but his application was rejected when it was found that his Sussex College of Technology doctorate was not bona fide.

A spokesman for Edgars said yesterday that the company had become suspicious because they thought it "highly unusual for a college of technology to issue a doctor of philosophy degree." They checked it and found it to be false.

The spokesman said the checks were routine for any senior applicant and would have been done by any good personnel manager.

Escom's chief public relations officer, Mr Etienne du Plessis, said the company had not checked Mr Rademeyer's employment record at his previous employer as "it would have embarrassed him".

They had decided not to check the bona fides of his Sussex doctorate "because a doctor's degree makes no difference" and was irrelevant as he "complied with the qualifications needed".

Asked whether Escom's vetting procedure for its employees was adequate, Mr Du Plessis said "We have definite procedures depending on the level at which someone is employed, but if someone wants to mislead you he will be able to do it."

"In this case we did spot-checks and caught up with him quickly. We informed the public immediately."

Mr Du Plessis also said "very little" of the R8,3-million stolen had not been recovered, but he could not say how much.

According to an article in an Afrikaans Sunday newspaper, Mr Rademeyer worked for Toyota for two years before taking up his senior post at Escom. However, a spokesman for Toyota, Mr Bert Wessels, said they had no record of Mr Rademeyer having worked there.

According to the report, Mr Rademeyer had a long history of criminal activity. In 1965, while he was owner of a

Cape Town debt-collecting company, Cape Credit Control, Mr Rademeyer had fled to Australia with about R500 000 belonging to people who had paid their debts to him monthly. He was to have then paid their creditors.

In Australia, he is alleged to have embezzled about R100 000 from an electronics company, according to the report.

The chief investigation officer on the case, Lieutenant-Colonel J A Hulme, said police were aware that the activities of Cape Credit Control had been investigated.

He said he did not know how Mr Rademeyer had been able to get back into the country in 1978 without be-

ing arrested.

● Meanwhile, Mr Rademeyer's wife, Mrs Familia Rademeyer, was interrogated in the offices of the Master of the Supreme Court in Pretoria yesterday by the provisional trustee of Mr Rademeyer's estate, Mr BGS de Wet.

She appeared tense and was comforted by her 19-year-old daughter Sandra.

Officials barred the press on the grounds that Mrs Rademeyer was being interrogated in secret in terms of Section 152 of the Insolvency Act.

There was speculation that Mrs Rademeyer was being quizzed about some R70 000 which had been deposited into her bank account.

Escom: More claims of fraud

CAPF Times 23/1/85
260

Own Correspondent

JOHANNESBURG — Fraud is rife all over Escom. This was said by Escom's first insurance officer, Mr Norman Maher, in an article entitled "No nonsense from the chancers in future."

The article was published in Escom's in-house magazine published this week.

The R8,3-million allegedly stolen by Escom's assistant chief accountant, Mr Gert Rademeyer, may be recouped, but the company nevertheless expects to pay out R10-million in insurance claims this year — many of the claims being fraudulent.

The company runs the insurance scheme as a fringe benefit for employees, the premiums being substantially lower than those offered by outside companies, Mr Maher says.

He said the practice of sending in fraudulent claims "was rife all over Escom."

He said employees who "padded their insurance claims or fabricated claims" would be prosecuted.

Meanwhile police and Escom officials are keeping tight-lipped over Mr Rademeyer's whereabouts.

The investigating officer on the case, Lieutenant-Colonel J A Hulme, said they could not say which country Mr Rademeyer was in, while an Escom spokesman said giving information on his possible whereabouts "could be detrimental to the search."

3 Escom frauds investigated

CAIT Tait's
24/1/85
260

Own Correspondent

JOHANNESBURG — Police and auditors are independently investigating three separate frauds which have hit Escom and the company which provides its insurance

Colonel "Nollie" Hulme, head of the Witwatersrand Commercial Branch confirmed last night that police were investigating allegations of corruption against seven Escom employees, some of whom had already been dismissed

And Escom's insurance company said last night that 20 allegedly fraudulent insurance claims were also being investigated

Secrecy clauses

Escom has meanwhile called in its auditors to examine the commission's entire system of payment and its computer operations in the wake of Mr Gert Rademeyer's alleged fraud of R8 400 000

Escom officials declined to say whether Mr Rademeyer's money transfer overseas had

been made easier by government secrecy clauses for the purchase of strategic materials

Colonel Hulme said yesterday that police investigations into allegations of corruption against the seven employees dated back to October last year and involved R140 000

"The investigation involves allegations that provisions of the Prevention of Corruption Act have been contravened"

It is understood the alleged corruption involves a contractor to Escom. However, Colonel Hulme would not elaborate on this

Investigations were continuing and nobody had been arrested so far, he said, although Escom had dismissed some of the employees since the start of investigations

There have also been allegations concerning a spate of insurance frauds since August last year at the giant commission

A senior Escom official confirmed that 20 employees had put in false insurance claims

The insurance company which has secured Escom's account says it is worth a total of R18-million a year — and it has already paid out R10-million

'Hardships'

Escom's senior officer for insurance, Mr Danie Retief said he believed financial hardships during a recessionary period had contributed to the number of dishonest claims filed

Escom's senior general manager, Mr I D van der Walt, said in a letter to the Rand Daily Mail that

● Escom's personnel insurance scheme, like all Escom's insurance, was put out to tender each year,

● Escom did not pay premiums or subsidize the personnel group scheme. Nor were claims made out from Escom funds

A report in the Rand Daily Mail quoting Mr Retief as saying Escom expected to fork out R10-million in 1985 was therefore incorrect

● See leading article, page 10

ARGUS 25/1/85

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FINANC

Higher fuel price puts Sasol shares on winning ticket

Argus Correspondent

DURBAN — A bullish view of Sasol shares was evident in the market before and after this week's announcement of a 40 percent increase in petrol prices

Sasol's share price peaked at 600c before dropping back to 575c at the close in Johannesburg yesterday as investors continued to believe the chemicals company will be a net gainer from the rise

The move took Sasol shares to a historic dividend yield of 5,7 percent and a prospective yield estimated at 6,8 percent

The usually reticent company was true to form yesterday, with nobody available to throw light on the impact of the price rise on profits

However, at least two straws in the wind have indicated that Sasol stands to gain

● Earlier this week Sasol said it had agreed to forgo a 3,6c a litre levy rebate on fuels made from indigenous raw materials, with effect from January 1

The rebate, it said, was more than compensated for by a rise in producer prices due to the rand's fall against the dollar

The rebate was introduced in 1979 as an incentive for the indigenous fuel industry. The industry and the Government had agreed on the possible circumstances under which it would be re-introduced in the future, but gave no details

● The company has confirmed indirectly that the rise could lead to earlier repayments of debts and to the ability to look at further investment ventures

Production costs and the precise pricing mechanism of Sasol fuels are not disclosed

OPERATIONS MIX

Complicating assessment of prospects for shareholders is the involved "mix" of operations, with crude oil refining, oil-from-coal and various other chemical and fertiliser operations all having a say

In the past, lower world crude oil prices have tended to squeeze Sasol profits but this has been compensated for over the past year or two by a relatively more rapid decrease in the value of the rand and by increased production on the oil-from-coals side (at the expense of crude oil refining)

In the 1984 annual report chairman H P de Villiers, for example, said "Oil prices decreased by approximately 15 percent in the latter half of 1982/3 and had a significant impact on profits. However, a slightly weaker rand on average and materially higher production levels of the oil from coal division more than compensated for the lower international prices"

Sasol is likely to be on a winning wicket both as a supplier of fuel and in the chemicals and fertiliser markets where its competitors often face sharply increased import bills

Prior to the latest increase, market watchers had been anticipating earnings of 86c a share and a total dividend of 39c a share for Sasol in the year to June 1985

This target should now definitely be achieved and even exceeded — but, as indicated, much of the benefit could rather be channelled into investment and debt redemption rather than dividends. In this case shareholders will still reap the benefits, but over a longer period

Multi-million rand retirement villages for city



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VREDENBURG
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CAPE TIMES 25/1/85 (260)

Escom theft. Bid to draw R8,4m spoils?

Own Correspondent

JOHANNESBURG — "Dr" Gert Rademeyer, the man who allegedly stole R8,4-million from Escom, was still using electronic means to attempt to move the money out of Bangkok and Swiss accounts on Wednesday morning

Escom confirmed yesterday that the man they initially thought was too highly qualified to employ was using a telex machine sourcing his messages in Los Angeles to move money from Bangkok and Swiss accounts which have been frozen by court order

Escom officials also said they believed Mr Rademeyer was in California and they were confident he would be extradited to face criminal charges in South Africa

It emerged at the press briefing that Mr Rademeyer may be in Los Angeles

As a result of the Rademeyer affair, Escom has also asked the South African Police and "security authorities" to check personnel working in "security areas"

In a press conference yesterday Escom confirmed that

- Mr Rademeyer had fled South Africa within hours of opening a bank account in Berne (Switzerland) at 3 05pm on December 3 last year and that he had persuaded a colleague to countersign cheques which he had simply initialled

- He allegedly returned to South Africa on December 31 (after he had left the country supposedly on leave) and paid R96 000 in Swiss franc notes into an account allegedly held by his wife

- The initial amount which it is alleged was stolen was moved from a New York bank account which the commission's lawyer, Mr B F Rheeder, said might have been used to pay overseas technicians

- The only checks made on Mr Rademeyer's background were verbal by telephone, and no written proof was requested or required

- It had brought a court action against Mrs Familia Rademeyer because the commission believed it could recover money from her

- The commission also believes Mr Rademeyer is overdrawn to the tune of R20 000 at his bank.

According to Dr George Lindique, who is in charge of personnel at Escom, "Dr" Rademeyer put in his application together with various documents and produced an Australian passport.

Mr Rademeyer had applied to the commission in the Eastern Transvaal in 1979 but the management there had thought that he was too highly qualified for the job and referred him to head office

"It was decided that we would employ him and that he had the necessary qualifications

"We spoke to the managing director of the company which employed him in Sydney (Australia) at the time and again since, and he says Dr Rademeyer is a very efficient and capable person"

Bid to extradite Rademeyer from California

w/k ARGUS 26/1/85 260

ESCOM TO EXTRADITE

Dr Gert Rademeyer

Weekend Argus Correspondent
JOHANNESBURG — Police here are seeking the extradition of runaway former Escom assistant chief accountant Dr Gert Johannes Rademeyer, believed to be in Los Angeles, California

Dr Rademeyer's hideaway was discovered on Thursday when he tried to withdraw money from his frozen Bangkok bank account. He disappeared last week shortly before Escom announced that one of its officials had transferred R8 350 000 of its cash illegally into a Zurich bank account.

Brigadier I van der Vyver, head of the police Commercial Branch, said late today "There are negotiations and inquiries on the go. We have contacted people in the United States about the Rademeyer case

Missing R200 000

"We are trying our utmost to locate him. Our inquiries must continue and we are getting co-operation from the Americans."

Most of the cash Dr Rademeyer allegedly transferred for his own pocket is now frozen, but more than R200 000 is not accounted for.

Dr Rademeyer started at Escom in October 1980 as assistant chief accountant.

On November 3 last year he opened a Swiss bank account. A month later, when his boss was abroad, Dr Rademeyer persuaded a senior accountant (Escom refuses to identify him) to co-sign a "secret and urgent" transfer of \$3,64-million from an Escom account in New York to the private account in Berne.

Convictions

When Escom's worried personnel department researched Rademeyer this week it found a "person of that name" had convictions for fraud and theft.

But his previous employer in Sydney, like many South Africans, was stunned by the R8,4-million theft.

"I don't believe it," he said.

Escom to recover millions

Own Correspondent

JOHANNESBURG — Within the next six months Escom expects to recover most of the R8,4-million allegedly swindled by its former assistant chief accountant Mr Gert Rademeyer, now in hiding in Colnado, California

Escom's legal advisor, Mr Ben Rheeder, said yesterday that legal proceedings to recover the money were well under way

Escom obtained urgent court orders to freeze the money, which has been deposited in various bank accounts in Berne, Vienna and Bangkok.

Mr Rheeder said Escom-appointed attorneys in Switzerland and Austria were already instituting action, while an attorney in Bangkok was to be instructed this week to start legal proceedings

However, criminal proceedings cannot be taken against Mr Rademeyer in Austria, because his transfer of money from the Swiss account to accounts in Vienna does not constitute a crime

In this case civil proceedings to reclaim the money can be taken and Escom has appointed an attorney to deal with the matter

Escom has applied to the court to have a temporary trustee appointed who will defend Mr Rademeyer

Mr Rademeyer — wanted by Interpol — has offered to return to South Africa with the money in exchange for indemnity against prosecution

This offer, made through attorneys acting for his wife, has been turned down by Escom officials, who refuse to negotiate with him

In a further development, Escom has admitted that it has written off R57-million in trade losses because of political pressure exerted on South Africa, according to a report in the Sunday Express

Escom's acting legal manager Mr A A Loots said these losses had not been reflected in its books or publicly disclosed because it had to be careful not to contravene the Atomic Energy Act or the Official Secrets Act

Meanwhile in a telephone call to the Sunday Express, Mr Rademeyer denied his guilt and accused Escom of making him the victim of a massive cover-up of financial irregularities

PBM 29/11/85 (260) 152 156

Threat of union action against Sasol increases

By PHILLIP VAN NIEKERK

WITH the Chemical Workers' Industrial Union (CWIU) set for what could be a make-or-break meeting with Sasol this week, the threat of concerted action against the company by the union was given further impetus at the weekend.

At the same time, the company has now re-employed about half of the workers fired during last November's stayaway.

During the weekend, the Transvaal executive committee of the Federation of South African Trade Unions (Fosatu), formulated a "strategy" to recommend to members how to "combat victimisation of workers at Sasol".

A statement demanding the reinstatement of all dismissed workers said Sasol's "malpractices" and "refusal to negotiate constructively with the CWIU" would not be tolerated.

While the strategy was not publicly revealed, it is believed to include pressure on a number of fronts, including the possibility of some form of industrial action if the talks fail.

This could slot into the threat of concerted industrial action by 24 emerging unions, fuelled by the

National Union of Mineworkers' congress resolution to strike if all Sasol workers were not reinstated.

While Sasol is re-hiring workers, there are still major differences between the parastatal and the CWIU over the criteria for re-employment.

A spokesman for Sasol said that since it had been negotiating with the CWIU — the only union directly involved since mid-December — they could not understand how they could be accused of failing to negotiate constructively.

He said that 2 513 workers had been re-employed so far out of a total of 4 300 applicants.

● The Fosatu regional committee has strongly criticised employers for "clandestinely assisting the Security Police to pressure workers to make statements for the forthcoming case against Mr Moses Mayekiso", according to a union statement.

Mr Mayekiso, the Transvaal secretary of Fosatu's Metal and Allied Workers' Union, is due to appear in court on Thursday along with four others on charges of subversion for allegedly organising last November's stayaway.

Escom swindle 'may be tip of iceberg'

Argus Correspondent

JOHANNESBURG — The R8,4-million Escom swindle may be only the tip of the iceberg of colossal losses incurred by the State because of the Government's "obsession with secrecy", Mr Brian Goodall, PFP spokesman on mineral and energy affairs, claims

Mr Goodall, who sits on the influential parliamentary select committee on public accounts, plans to deliver a direct attack on the Government over the Escom scandal and the way it gags information on State corporation scandals by using the excuse that disclosures would harm national strategic interests

"The taxpayer is paying dearly for

the political ostracism caused by the Government," he said.

"And the general public is entitled to know the full facts when there are blunders, because South Africa is so exposed to international rip-offs"

Mr Goodall claimed that swindles traced back to secrecy in overseas deals had run into hundreds of millions of rands

Mr Goodall intends to continue the attack on Government secrecy when State corporation budgets come under discussion in the next few weeks

"The public has become utterly sick and tired of the way the Government hides behind the curtain of laws that prohibit the release of de-

tailed information about financial muddles

"Of course South Africa needs to protect itself from hostile elements around the world that want to disrupt its international business ties, but secrecy has become an obsession"

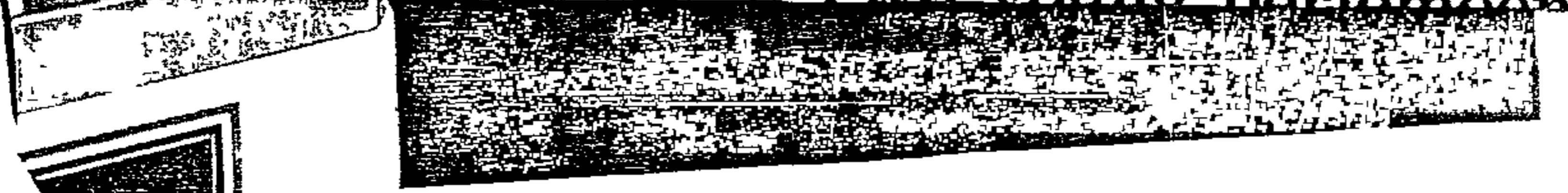
Mr Goodall said the penalties paid by the taxpayer had now run into astronomical figures

He intends to argue that Escom and similar State organisations should all be made accountable to Parliament for their financial affairs

"Several of them — handling billions of rands of taxpayer money — believe they need answer to no-one"

London correspondent

Two young porlo...



Mrs Suzman
if the Govern
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Affiliations:

Southern African Catholic Bishops Conference;
The International Young Christian Workers.

Periodicals

1. 'Young Worker' Newspaper
2. Pamphlets on specific information on what a trac

Parliament and Politics

Parliament and Politics

Schwarz calls for Eskom inquiry

CAFC Times 31/1/85 (260)

HOUSE OF ASSEMBLY — The PFP's spokesman on Finance, Mr Harry Schwarz, yesterday called for a parliamentary inquiry into the affairs of Eskom and for a return to parliamentary control of Eskom and other "parastatal" organizations.

Speaking during the no-confidence debate Mr Schwarz (PFP, Yeoville) said Eskom was a public asset and it was therefore owned by the taxpayer.

As such, Parliament was the representative body to exercise control and there should be accountability to Parliament.

"But there is no such accountability. The Auditor-General and the Committee on Public Accounts are excluded."

Recent reports on Eskom had shown the ease with which frauds could be committed and showed the lack of control over the employment of staff.

Mr Schwarz said: "Furthermore, there had been a failure to disclose losses of at least R57 million under the cloak of secrecy laws."

He therefore demanded a parliamentary inquiry into the affairs of the commission.

"Let their audits be subject to the supervision of the Auditor-General, and let the persons responsible for management appear before the Parliamentary Public Accounts Committee to be questioned and to explain."

Mr Schwarz said the acting manager of Eskom had denied that hundreds of millions of rands had been lost.

What had been lost was as a result of political pressure and other factors beyond Eskom's control.

But there was no mention of the losses in Eskom's accounts unless they had been included under the heading "Trade losses."

When asked about this, the manager had responded by saying that the commission had to be careful not to contravene the Atomic Energy Act and the Official Secrets Act.

But the Official Secrets Act was abolished in 1982," the finance spokesman said.

Referring to the R57 million in losses, he said the Minister of Finance, Mr Barend du Plessis would know what that sum meant to the taxpayers' pocket.

"It has been hidden away."

It had emerged that the losses were known only to a small number of people and he asked if the minister was aware of the losses.

"There was R8,3 million involved, yet the money could be withdrawn without anybody checking," Mr Schwarz said.

The general manager had signed an authorization although he had not known what he was signing.

Although the money was then sent back from Switzerland, it was again transmitted to that country this time on the authorization of a book-keeper.

How could a book-keeper authorize a transaction of that size? Mr Schwarz asked — Sapa

SASOL

Fuelling up

From 1/2/83



Government and Sasol's management are undoubtedly correct when they stress that Sasol will not benefit from last week's increase in the petrol price. But from the investors' point of view, that is beside the point.

What is more important is that Sasol's earnings have been boosted enormously by the rand's fall against the dollar, and should also be helped by improved efficiencies and de-bottlenecking at the plants. As shown by strong demand for the share, the market expects that Sasol will report stronger profits and cash flow. In heavy trading last week, the share climbed from its 12-month low of 435c to 585c.

Sasol normally sells all the coal-based petroleum products it produces. It refines a significant amount of crude oil, but the main determinant of its profits is the producer prices. These are linked to the rand equivalent of the international oil price, which is quoted in dollars. So, despite the fact that the raw materials used in Sasol's synfuel plants are sourced locally, the

group always does well when the rand weakens against the dollar. The opposite happens when the rand firms against the dollar.

The more than 50% drop in the rand in the past year caused the price at which Sasol sells its petroleum products to the distributors to increase too. As there are some fixed elements in the price, such as transport and excise duty, the rise would not have been in line with the rand oil price, but it would have been very large.

The retail price is controlled, so a higher rand price of oil results in an under-recovery by the petrol retailers, who also import crude oil. Sasol, on the other hand, over-recovers. That, at least, is how the slate normally works when the fluctuations in the rand are not unduly large. This time the cost was borne by government, which subsidised the industry by selling from strategic oil stocks.

Regardless of who carried the cost, though, Sasol has obviously gained substantially from the lower rand. This should more than compensate for the 14,7% fall in the oil price, and the suspension from January 1 of the 3,6c/l levy that had subsidised Sasol since the group went public in 1979. Of course, when the rand is overvalued, Sasol's income falls, as happened in 1981.

For more than a year now, the large Secunda plants, Sasol 2 and Sasol 3, have been fully on stream and have been running at, or above, theoretical capacity. This, and a de-bottlenecking programme planned to run over the next year or so, will have further increased production efficiencies.

At end-June last year, total group debt stood at some R2,3 billion. Included in this is the R1,5 billion borrowed from government during the acquisition of Sasol 2 in November 1983. With the interest on this loan calculated at the rate on five-year Escom loan stock plus 1,5%, it must now be close to 20%. There is, therefore, every incentive for Sasol to reduce its borrowings as quickly as possible. Much of the cash bonanza from the rand is likely to be used to repay debt, and should speed up the repayment schedule considerably.

At the very least, interest payments for the six months to end-December will be lower than expected. Because the public may assume that Sasol is raking in windfall profits as a result of the higher petrol price, Sasol would probably prefer to play down its surge in profits. But the interim report in March will inevitably show large growth on last year's earnings of 36,3c. The dividend is unlikely to rise in line, but an advance of about 18% to 16,5c is probable.

Andrew McNulty

260

Escom swindle fallout

US doubts about 'secret fund'

Weekend Argus Correspondent

JOHANNESBURG — The South African Government has been asked by the US State Department to provide an assurance that Escom has not used its bank account in New York as a secret fund to recruit American technical experts for the Koeberg nuclear power station outside Cape Town

Escom has also been asked by the US Ambassador in Pretoria to ensure that all 38 Americans employed at Koeberg complete a formal questionnaire that amounts to seeking approval from Washington of their work in South Africa

The recruitment of American nuclear technicians has become a subject of diplomatic exchanges following news coverage of the R8,4-million swindle that has been exposed at Escom

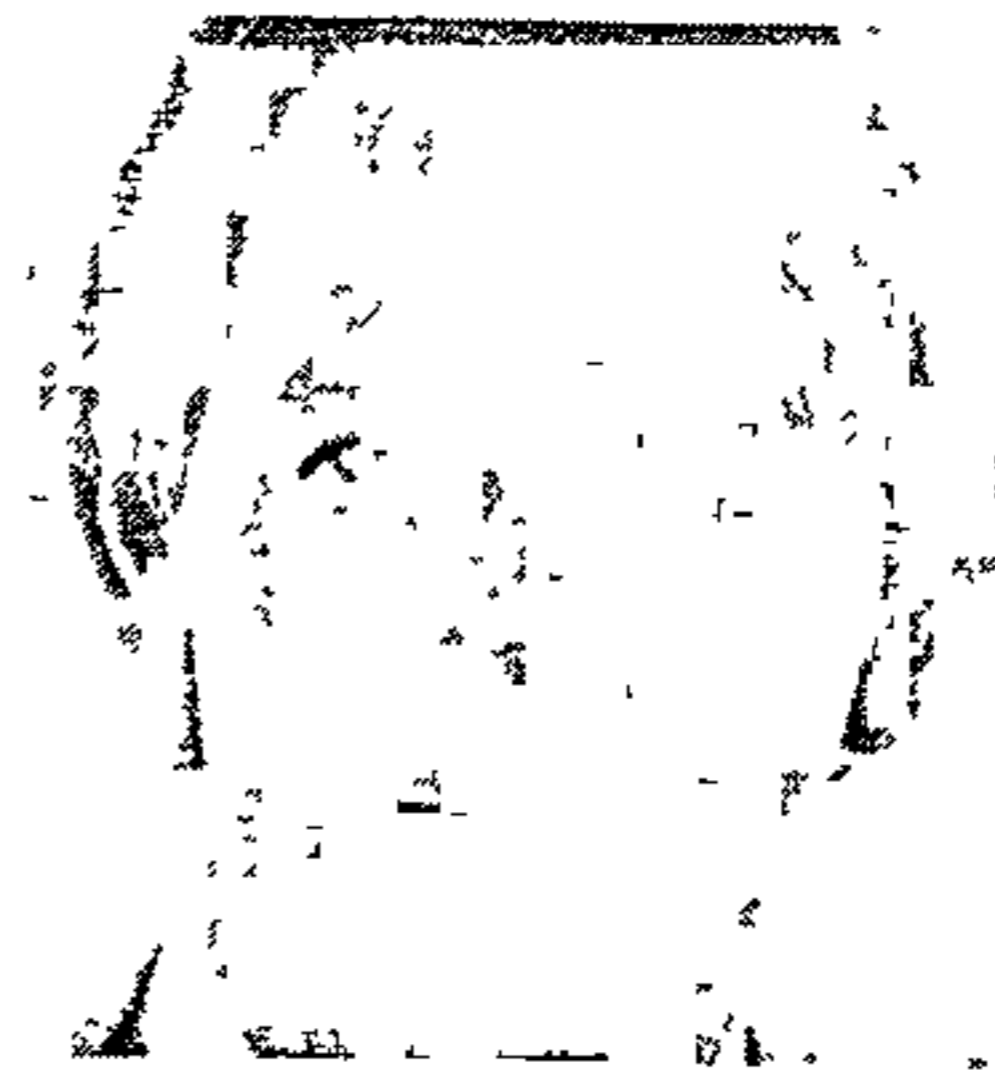
Inaccurate report

Escom blames the storm on inaccurate American news reports "First of all, none of the Americans recruited for the Koeberg project is working here in contravention of US legislation relating to nuclear plants," said a spokesman "The recruitment has all been above board

"The role of our New York bank account has been raised in error due to inaccurate reporting in a Washington newspaper that implied it acts as a strategic fund to finance recruitment in the US That is nonsense

"Our bank account in New York is one of several that we maintain overseas to handle international trade deals It's as simple as that

"But in all the furore about the Escom swindle, its role has come under suspicion as a result of the misquot-



Mr Gert Rademeyer . . . never concerned with overseas recruiting.

ing of officials in a Washington newspaper report

"It can be categorically denied that funds in the foreign accounts of Escom, which does much business on the foreign money markets, are used or were used for defraying costs of recruitment in Europe or in the United States"

The spokesman also emphatically denied that Mr Gert Rademeyer, the former assistant chief accountant who is the prime suspect in the R8,4-million scandle, had ever been concerned in overseas recruitment, as had been incorrectly implied.

Never sent overseas

"He has never been on a single overseas assignment on behalf of Escom," he said

In spite of the Escom denial, congressional investigators are trying to come up with their own evidence on the New York account and the possibility that several of the US technicians at Koeberg may be violating American laws on technology secrecy

NATIONAL/INTERNATIONAL

ARGUS 6/2/85 (114) 260 (115)

'Rademeyer went on secret trip to find uranium'

Argus Correspondent

PRETORIA — "Dr" Gert Rademeyer went on a secret, round-the-world trip in search of uranium vital for the operation of the Koeberg nuclear power station, it was claimed in an affidavit in the Pretoria Supreme Court today

The trip was so successful, the affidavit claimed, that the ex-Escom accountant was entitled to more than the R8-million he is alleged to have stolen in commission. His secret deals had supplied Escom with "even

more uranium than it had bargained for"

Papers containing details of highly secret procurement deals were handed into court

Two senior Escom officials had appeared "quite happy" to transfer the money, which Escom now claims its former accountant stole.

Mr E Berg was applying on behalf of Mr Rademeyer for a three-week postponement of the return date for the final sequestration of the estate

Mr Berg told Mr Justice

Stegmann that Escom general manager Mr Isak van der Walt and assistant-general manager (finances) Mr Len te Goren, had authorised the transfer of the money into an account held by Enrichment Services, a company set up by Mr Rademeyer

Affidavits handed to the court by Escom had not made it clear exactly how the alleged theft had been committed

Mr F Zondagh, Mr Rademeyer's attorney, said in the affidavit, telexed by Mr Rade-

meyer from Sydney that his client had realised in mid-1981 that uranium bought by Escom in South Africa and shipped to Westinghouse in the United States for enrichment would never reach South Africa because this country had not signed the Nuclear Non-Proliferation Treaty

Escom had urgently needed uranium for the R2 000-million Koeberg plant and Mr Rademeyer had used his Australian passport to travel in search of supplies

Estates of Rademeyer and wife

APPE TRANS 7/2/85

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Own Correspondent

JOHANNESBURG — Gert Johannes Rademeyer, the former Escom accountant who conducted his defence in sequestration by telex from his hide-hole in Australia, yesterday lost his case.

The Pretoria Supreme Court has made a final sequestration order against his estate. That of his wife was also sequestrated at the same action.

Three dramatic new twists developed in the case of the

missing R8,4-million which Mr Rademeyer transferred from Escom's New York account.

● Mr S A Cilliers SC, for Escom, told the court that judgment must be given as a matter of urgency because Mr Rademeyer's bank account in Bangkok, Thailand, had been "unfrozen" and Mr Rademeyer was now able to use the money in the account.

● Escom's senior accountant, Mrs Margeret Hefer, said she had been misled by Mr Ra-

demeyer to transfer the money to his personal accounts for secret payments in respect of nuclear fuel.

● Mr E Berg, counsel for Mr Rademeyer, said the former accountant was entitled to payment as a result of the secret nuclear procurement. The money had been paid into a company known as Enrichment Services.

"Mr Rademeyer did not commit an act of insolvency. He was paid the money owed to him,"

Mr Berg said

Mr Rademeyer fled the country after transferring R8,4-million of the commission's money from its New York account to accounts he had opened in his own name in Europe and the Far East.

In a last-ditch attempt to prevent the sequestration, three Johannesburg lawyers flew half-way round the world to Sydney, Australia, to consult Mr Rademeyer on his defence, which was telexed to counsel in

Pretoria.

Mr Rademeyer asked the court through counsel that he be given until February 26 to challenge the provisional sequestration order made by Mr Acting Justice W G Human on January 14.

Mr Justice M S Stegman dismissed Mr Rademeyer's application for postponement with costs and made final the provisional order.

Mr F Zondag, a Pretoria lawyer for Mr Rademeyer, told the

court in an affidavit that he had received a telex message from Mr Rademeyer on Tuesday from Sydney.

He said he was not aware of Mr Rademeyer's present residential address and that he and two lawyers had been consulting him since January 31.

Mr Zondag said Mr Rademeyer had been involved in a scheme to obtain uranium for the R2 000-million Koeberg atomic station.

Rademeyer and wife sequestered

CAPE TOWN 7/2/85

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Mr Zondagh said Mr Rademeyer had been involved in a scheme to obtain uranium for the R2 000-million Koeberg atomic station.

As commission, he was paid \$3 645 000 (about R7 168 000) in strict confidence.

Mr Rademeyer was entitled to payment and the amount was thus transferred to a bank in Berne, Switzerland. There was no wrongfulness, fraud or theft involved," Mr Zondagh said.

Mr Isak David van der Walt, the senior chief manager of Escom, said in papers before court that Mr Rademeyer had fraudulently obtained the \$3.6-million from Escom for his personal account on November 21 last year.

Before the final order was made, Mr Berg interrupted the judge to say that the Matrimonial Act required that the estate of Mrs Rademeyer must also be sequestered if her husband's estate was sequestered.

AKG u) 7/2/85

Schwarz pushes for probe on Escom

Political Staff

THE Progressive Federal Party says the Government appears to be unwilling to discuss — let alone agree to — an investigation into irregularities in the financial affairs of Escom

The Official Opposition spokesman on finance, Mr Harry Schwarz, said his motion to appoint a parliamentary select committee to investigate any irregularities was in such a position on the House of Assembly's Order Paper that it indicated the Government's unwillingness even to discuss the issue

"This is a matter which the taxpayer and user of Escom's power cannot allow to rest the reality is that Escom is owned by South Africans and its financial affairs are the business of their elected representatives," Mr Schwarz said

"Lost R50-million"

He appealed to the Government to agree to the appointment of the select committee, saying that to frustrate such an investigation was contrary to taxpayers' interests

Mr Schwarz said an independent investigation was necessary not only because of events involving fugitive Mr Gert Rادمeyer but also because Escom had admitted that it had

"lost" more than R50-million of public money

He said that although Escom was owned by the State it was not accountable to Parliament, except that the Minister of Mineral and Energy affairs accepted political responsibility for it

The Minister could choose whether to speak about Escom or not, Mr Schwarz said

"If Escom managers appear before a parliamentary committee, however, they would be required to answer questions and provide information"

He said that if the information could prejudice the interests of the State a procedure could be followed to deal with that

Cloak and dagger

He added that too much cloak and dagger methods were used to cover up dishonesty in South Africa

"If any State department had been involved in similar circumstances it would have come before the Public Accounts Committee and the Auditor General would make inquiries," said Mr Schwarz

The PFP therefore wanted the Auditor General to also make inquiries into Escom's finances and the people concerned should appear before the select committee on Public Accounts

Escom

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swindle:

CARE TIPS 9/2/85

Two top men quit

JOHANNESBURG. — Two top officials of the Electricity Supply Commission were leaving their jobs after embezzlement allegations against former assistant chief accountant Mr G J Rademeyer, Escom's chairman, Mr Jan Smith, announced yesterday.

Mr Smith said in a press release that the senior general manager of Escom, Mr I D van der Walt, had taken early retirement and Mr L te Groen, general manager (finance), had resigned.

It is alleged by Escom that Mr Rademeyer transferred more than US \$3.6-million from Escom's New York account

to private accounts in Switzerland and elsewhere last year.

In the press release, Mr Smith said the auditors investigating the case had found there had been negligence on the part of Mr Van der Walt and Mr Te Groen, who had authorized the withdrawal of the money without ascertaining

that necessary documents of proof were attached.

But there was no evidence of fraud on the part of any Escom employees other than Mr Rademeyer.

Mr Smith said that "as a result of coincidence", Mr Rademeyer was acting chief accountant at the time he submitted a document authorizing the transfer of the money for approval to Mr Te Groen.

"At that stage Mr Rademeyer had already given four years of satisfactory service and Mr Te Groen made an error of judgement by accepting the validity of the authorizing document, drawn up in the name of Mr Te Groen, without requesting the verifying signed vouchers."

'Secrecy'

Mr Van der Walt also signed this authorization, Mr Smith said.

But the transfer had been rejected by the receiving bank. Mr Rademeyer had then drawn up an amending document and "pressured the subordinate official under the cover of a need for secrecy to have the said amount transferred to his own Swiss account".

Mr Smith commended Mr Te Groen and Mr Van der Walt for their service to the company.

Both men had been subject to "great pressure over long periods of time" and Escom's problems were definitely some of the most difficult in the present "adverse financial climate", Mr Smith said — Sapa

● Rademeyers not moving house yet, page

(2) (a) No.

(b) It has not been deemed specifically necessary to request the Board, to make recommendations on the creation of employment opportunities for unemployed contributors as the Directorate of Economic Planning in the Department of Constitutional Development and Planning and the National Manpower Commission have given serious attention to the unemployment question for several years and have submitted recommendations to the Government which led to the White Paper on A Strategy for the Creation of Employment Opportunities in the Republic of South Africa which was tabled last year. The Government accepted a recommendation to the effect that the National Manpower Commission and the Directorate of Planning launch an investigation into more effective methods that can be used to moderate cyclical increases in unemployment. In this process they have and will continue to consult with the Unemployment Insurance Commissioner and whenever necessary the Unemployment Insurance Board.

Dieldrin

*34 Mr E K MOORCROFT asked the Minister of Agricultural Economics.

- (1) Whether any instances of dieldrin contamination have been reported to his Department; if so, (a) how many instances and (b) in which magisterial districts,
- (2) whether contamination of any food resources has been reported, if so, what resources,
- (3) whether any steps are being taken to trace the source of the contamination; if not, why not, if so, what steps,

(4) whether he will make a statement on the matter?

The MINISTER OF AGRICULTURAL ECONOMICS.

- (1) No instances have been reported during the last 12 months.
- (2) and (3) No

(4) I issued a press statement on the matter on 5 February 1985. In view of recent allegations in the media that dieldrin is being used on sugar cane in Natal, a team of 35 inspectors of the Department visited 400 sugar cane farms in Natal during the period 5 to 7 February 1985. No evidence could be found that dieldrin is still being used. Approximately 200 kg of dieldrin which is more than 6 years old was found on farms. On to the condition of the containers it is clear that these stocks were acquired prior to 1 May 1981 and have not been used since. The dieldrin was removed from the farms.

Handwritten: Howard Q. 61.85 12/2/85
 *35 Mr E K MOORCROFT asked the Minister of Law and Order

- (1) Whether the South African Police have conducted an investigation into the death of one Madodana Tyuka in Port Alfred Township on or about 6 November 1984, if not, why not, if so, what were the findings of the investigation,
- (2) whether any person or persons have been taken into custody in connection with his death, if not, why not,
- (3) whether any other action has been taken as a result of the investigation, if so, what action?

The MINISTER OF LAW AND ORDER

(1) Yes, the investigation of the inquest docket has not yet been concluded, but will on completion be referred to the attorney-general for a decision

(2) and (3) No. Whether or not steps will be taken will be determined by the decision of the attorney-general

Handwritten: Howard Q. 61.85 12/2/85
 *36 Mr P G SOAL asked the Minister of Mineral and Energy Affairs

(1) Who are the members of Escom at present,

(2) whether persons appointed to Escom are required to have any special qualifications in regard to the supply of electricity, if not, why not, if so, what special qualifications does each of the present members of Escom possess,

(3) Whether the members of Escom are advised of losses which are not reflected in its books of account, if not, why not, if so,

(4) whether these members are required to take any action as a result of such losses, if not, why not, if so, what action?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

- (1) Messrs Jan H Smith (Chairman)
 D J Malan
 E Pavitt
 T R Castle
 The Honourable J F W Haak

(2) The members of the Electricity Supply Commission are appointed by the State President in terms of section 2(2) of the Electricity Act, 1958 (Act No 30 of 1958) for their knowledge and experience in respect of business or administration and, in so far as the State President may deem expedient, electricity supply.
 I would like to refer to the Honourable Member's attention also to

the reply to a question in his name, question 10 of 25 May 1983

(3) Members of the Electricity Supply Commission are informed about trade losses suffered by Escom even if, as a result of security and/or security requirements, it is not specified in accounts

(4) Yes. Applicable actions of control as dictated by circumstances

Handwritten: Howard Q. 61.86 12/2/85
 *37 Dr A L BORAINÉ asked the Minister of Manpower

(1) Whether he or any member of his Department has received any representations concerning apprenticeship training for motor mechanics, if so, (a) from whom, (b) when and (c) what was (i) the nature of the representations and (ii) his response thereto,

(2) whether any changes in the training of apprentice motor mechanics are envisaged, if not, why not, if so, (a) what changes and (b) when?

The MINISTER OF MANPOWER

(1) Yes

(a) The major automobile manufacturers have made representations to the National Training Board

(b) During 1983

(c) (i) To have the existing system of training of apprentice motor mechanics changed. The proposed changes relate to institutionalized training by instructors as opposed to the present system of training on the shop floor by a qualified artisan as prescribed in the training schedules

(2) (a) No

(b) It has not been deemed spectifi-ally necessary to request the Board, to make recommendations on the creation of employment opportunities for unemployed contributors as the Directorate of Economic Planning in the Department of Constitutional Development and Planning and the National Manpower Commission have given serious attention to the unemployment question for several years and have submitted recommendations to the Government which led to the White Paper on A Strategy for the Creation of Employment Opportunities in the Republic of South Africa which was tabled last year. The Government accepted a recommendation to the effect that the National Manpower Commission and the Directorate of Planning launch an investigation into more effective methods that can be used to moderate cyclical increases in unemployment. In this process they have and will continue to consult with the Unemployment Insurance Commissioner and whenever necessary the Unemployment Insurance Board.

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- (4) whether he will make a statement on the matter?

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Howard
Death of M Tyuka 12/2/85
*35. Mr E K MOORCROFT asked the Minister of Law and Order:

- (1) Whether the South African Police have conducted an investigation into the death of one Madodana Tyuka in Port Alfred Township, on or about 6 November 1984, if not, why not, if so, what were the findings of the investigation;

(2) whether any person or persons have been taken into custody in connection with his death; if not, why not;

(3) whether any other action has been taken as a result of the investigation, if so, what action?

The MINISTER OF LAW AND ORDER:

(1) Yes, the investigation of the inquest docket has not yet been concluded, but will on completion be referred to the attorney-general for a decision

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Howard
Escom 12/2/85
*36 Mr P G SOAL asked the Minister of Mineral and Energy Affairs

(1) Who are the members of Escom at present;

(2) whether persons appointed to Escom are required to have any special qualifications in regard to the supply of electricity; if not, why not; if so, what special qualifications does each of the present members of Escom possess,

(3) Whether the members of Escom are advised of losses which are not reflected in its books of account, if not, why not, if so,

(4) whether these members are required to take any action as a result of such losses, if not, why not, if so, what action?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

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(4) Yes Applicable actions of control as dictated by circumstances

Howard
Motor mechanics: apprenticeship training
*37. Dr A I BORLAINE asked the Minister of Manpower

(1) Whether he or any member of his Department has received any representations concerning apprenticeship training for motor mechanics, if so, (a) from whom, (b) when and (c) what was (i) the nature of the representations and (ii) his response thereto,

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The MINISTER OF MANPOWER

(1) Yes.

(a) The major automobile manufacturers have made representations to the National Training Board.

(b) During 1983.

(c) (i) To have the existing system of training of apprentice motor mechanics changed. The proposed changes relate to institutionalized training by instructors as opposed to the present system of training on the shop floor by a qualified artisan as prescribed in the training schedules

Anti-Sasol action looms

MEMBERS of the Sweet Food and Allied Workers' Union have condemned the "intransigent attitude" of Sasol management and threaten to join a national strike in support of the sacked Sasol workers.

By JOSHUA RABOROKO

The decision to support the Sasol workers, dismissed after last year's two-day stay-away, was taken at the union's annual general meeting held in Springs

at the weekend

The union's chairman, Mr Chris Dlamini, said the workers were angry with the Sasol management for not resolving the issue

"We are appalled at the management's attitude of sacking workers

who participated in the stayaway which we were also a party too. Why did other companies not dismiss their workers in large numbers?" the workers asked

SFAWU is one of the many unions which have threatened to take any national industrial action if the sacked workers — members of the Chemical Workers' Industrial Union — are not reinstated by management

The workers were dismissed following a two-day stayaway from work, which was called by major trade unions, including the Federation of SA Trade Unions (Fosatu), Council of Unions of SA (Cusa) and other unions. Several leaders were detained after the stayaway, including Mr Dlamini, who is also Fosatu's president, and Mr Phurashaw Camay, general secretary of Cusa

Dlamini said members were fully behind Sasol workers and demanded management resolve the matter before it was too late

Saxfr 12/2/85 260

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ESCOM fugitive held in Sydney

Own Correspondent

JOHANNESBURG — Mr Gert Rademeyer, who allegedly skipped South Africa with millions of Escom's money, has been caught and is in jail in Australia

In a telephonic interview, the Australian Attorney-General's office confirmed Mr Rademeyer's dramatic arrest

Mr Steven Pane, a spokesman for the Attorney-General's office in Sydney said Mr Rademeyer — Escom's former assistant chief accountant — had been taken into custody shortly after 10am on Friday and appeared in a Magistrate's Court on Saturday

A charge of defrauding South Africa's electricity supply giant was put to Mr Rademeyer, who was not asked to plead

He will appear again on Wednesday when a bail application will be heard

Mr Pane said South Africa would have to prove sufficient grounds existed for Mr Rademeyer to be extradited

The Australian Governor General was responsible for the warrant of arrest which followed 10 days of high-level contact between authorities in the two countries

It could be six months before Mr Rademeyer was returned to South Africa, Mr Pane said

Mr Rademeyer was an Australian citizen, he added, and South Africa would have to have a "very strong" case before he was sent back

If the magistrate ruled against Mr Rademeyer he would have two chances to appeal against the extradition at higher judicial levels

His arrest comes three months after Mr Rademeyer disappeared from South Africa following Escom's disclosures that he had defrauded the company of R8,4-million

Escom's public relations chief, Mr Etienne du Plessis, said last night he had not been notified of Mr Rademeyer's arrest

Mr Rademeyer disappeared after transferring R8 400 000 from Escom's account in New York to a Swiss account called Enrichment Services He has claimed the money was a commission paid to him for obtaining certain strategic supplies for South Africa

Escom refused to comment on the allegations

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Legislation coming to
restructure Escom

CAMC Times 19/2/85

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HOUSE OF ASSEMBLY
— Legislation to restructure the Electricity Supply Commission (Escom) to conform with most of the recommendations of the De Villiers Commission report released last November will be submitted during the present parliamentary session, according to a White Paper tabled here yesterday

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The comprehensive report and the government's acceptance of the recommendations, with minor amendments, was released in Pretoria last year by the Minister of Mineral and Energy Affairs a few days after the announcement that Escom, which supplies more than 95 percent of the country's electricity needs, would increase its

tariffs
According to the White Paper, Escom "must be replaced with a body corporate with a two-tier control structure comprising an electricity council and a management board"

Levy

"The electricity council, as the controlling body of Escom, will be financed separately by a levy on the sale of electricity, with the responsibility of formulating policy, strategic planning and high-level control, while the management board will manage Escom's affairs on sound business principles within the guidelines, policy and objectives determined by the electricity council"

The electricity council must submit proposals to the government on the implementation of five other recommendations put by the commission and accepted by the government

"In particular, it must give attention on a priority basis to the establishment of a tariff structure according to the guidelines recommended by the commission, with the emphasis on savings"

The government will submit the amending legislation to the Electricity Act "with a view to rationalizing electricity supply in South Africa as soon as possible and especially to appoint the electricity council so that it may commence its task" — Sapa

No extradition treaty to get Rademeyer

CAIR TIME 19/2/85
260 261

Own Correspondent

MELBOURNE — South Africa has not concluded any special extradition treaty to try to bring Mr Gert Rademeyer back to the Republic to face criminal charges of stealing R8,4-million from Escom

Late yesterday the South African Department of Foreign Affairs confirmed that negotiations to try to establish a treaty were still going on

"If recent press reports are right and he knows something more about South Africa's uranium deals, and that proves to be the real reason they want him back, then it becomes a political game," said an Australian federal police officer last night. "In that case it's anyone's guess if we'd bother to send him"

The Australian authorities said that there would have to be very powerful justifications for extraditing Mr Rade-

meyer, and that if there was any suggestion that he was being hounded for political reasons, an extradition would be out of the question. And he would be afforded every avenue of appeal against an extradition order

South African Government sources said that the matter of Mr Rademeyer's extradition was at a sensitive stage but there was reasonable confidence that an application for his extradition would succeed

Mr Rademeyer denies stealing money from Escom and says he was owed the money as commission on secret enriched-uranium deals

Speaking to Australian newspapers, Mr Rademeyer has threatened that unless Escom drops all charges against him, he will disclose irregularities in the Commission's secret payments to overseas agents who have assisted South Africa in buying enriched uranium

(iii) Burst tyres	Internal		International
	A300	B737	B747
March 1984	—	—	—
April 1984	—	—	—
May 1984	—	—	—
June 1984	1	—	—
July 1984	—	—	—
August 1984	1	—	—
September 1984	—	—	—
October 1984	—	—	—
November 1984	—	—	—
December 1984	1	—	—

204 Mr A SAVAGE asked the Minister of Transport Affairs.

What was the extent of the subsidy granted to bus operators in respect of commuter traffic in each of the four main metropolitan areas in the 1983-84 financial year?

The MINISTER OF TRANSPORT AFFAIRS

Pretoria	R36 136 387
Johannesburg	R22 196 215
Durban	R24 560 894
Cape Town	R12 305 234
Total	R95 198 730

For the attention of the hon member it is mentioned that the payments effected above include amounts derived from the respective transport accounts as well as monies appropriated by the Treasury

TUESDAY, 19 FEBRUARY 1985

Indicates translated version

For oral reply
General Affairs
State President

Departments/bodies: programmes for
improvement of attitudes

*1 Mr D J DALLING asked the State President.

HOA

Mr D J DALLING, Mr Chairman, further arising out of the reply given by the State President, could he tell the House when he anticipates he will be ready to give those replies?

The STATE PRESIDENT Mr Chairman, when the proceedings have been finalized

Mr D J DALLING, Mr Chairman

The CHAIRMAN OF THE HOUSE Order! I will allow the hon member for Sandton one final supplementary question

Mr D J DALLING Mr Chairman, there is only one more question I should like to put to the State President Could he tell us whether he has sent out any directives at all at this stage?

The STATE PRESIDENT Mr Chairman, I am prepared to reply to that question when the proceedings have been finalized

Ministers

Question standing over from Tuesday, 12 February 1985

Escrom 19/2/85
*40 Mr B B GOODALL asked the Minister of Mineral and Energy Affairs

(1) Whether Escrom suffered losses of approximately R57 million in the recent past if so

(2) whether the management of Escrom recently admitted that such losses had occurred, if so, (a) how were these losses incurred, (b) who authorized the transfer of the funds concerned and (c) in what manner was this money lost,

(3) whether these losses were reflected in Escrom's books, if not, why not,

(4) whether any Escrom officials were informed of these losses, if not, why not, if so, (a) which officials and (b) when were they informed,

(5) whether these officials took any action as a result, if not, why not, if so, what action

(6) whether any other such losses have been incurred by Escrom, if so,

(7) whether these losses were reflected in its books, if not, why not, if so, (a) what total amount was lost in this manner, (b) when were these losses incurred and (c) who was aware of these losses?

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Yes

(2) Yes

(a), (b) and (c) In 1974 Escrom concluded a contract with an American contractor for the enrichment of uranium which would serve as fuel for the Koeberg Nuclear Power Station. In terms of the contract Escrom had to supply the contractor with unenriched uranium for enrichment. The relevant American administration has, however, prohibited the return to South Africa of the enriched uranium and consequently Escrom had to obtain enriched uranium from other sources. The unenriched material was, however, supplied in order to avoid breach of contract by Escrom.

Approximately a year ago Escrom and the American contractor agreed to suspend the contract and Escrom has taken steps to dispose of the enriched material as well as unenriched material. Losses were, however, suffered as a result of the collapse of the uranium market and the high uranium prices to which Escrom were contractually bound which are reflected by the fact that in the last quarter of 1984, as a result of escalation, Escrom had to

HOA

pay R194.46 per kilogram for uranium while the spot market price is approximately R60 per kilogram at present.

Contractual obligations and forced sales are as follows:

Costs	R-million
Purchases of U ₃ O ₈	47,800
Uranium enrichment costs	34,793
Interest	30,120
Miscellaneous*	3,671
Total	116,384

Income from sales

Ten transactions between 2/4/82 and 31/3/83 (29,226)

Further transactions:

29/6/84 (7,850)

13/9/84 (9,820)

26/11/84 (12,257)

Interest on deposits at the contractor (0,449)

Total (59,602)

Total amount written-off 56,782

Note *Include legal costs, transport, insurance, transformation of U₃O₈ to UF₆, handling charges and brokers' fees

- (3) Yes At the insistence of the external auditors and with the knowledge of the Atomic Energy Corporation and members of the Electricity Supply Commission a provisional amount of R59,317 million was written off against operating costs which are reflected on pages 40 and 41 of Escom's 1983 annual report.

- (4) (a) and (b) Yes. Officials involved in these transactions, including the Senior General Manager, General Manager (Finance), the Commercial Manager and the Legal Manager were aware of the situation and members of the Electricity Supply Commission were informed accordingly

- (5) By direction of the Commission, steps were taken to, as far as poss-

ible, recoup expenditure and to minimise losses by negotiation of the most advantageous contracts possible

- (6) Yes

(7) (a), (b) and (c) Contracts on the local market were concluded in December 1977 for the supply of uranium but as a result of the suspension by the USA of the enrichment contracts, this material was not required anymore

The resale of the material at the present lower world price will have losses as a result and resales in 1984 will be accounted for in the applicable annual report The amounts involved will only be known after the 1984 figures are audited and approved by the members of the Electricity Supply Commission

Members of the Electricity Supply Commission including the Senior General Manager, General Manager (Finance), the Commercial Manager and the Legal Manager are aware of the potential losses

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New Questions

Alexandra Township

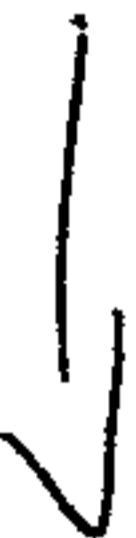
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The MINISTER OF COMMUNICATIONS

Yes,

(a) a site for the proposed post office has been acquired at the corner of Roosevelt Street and Sixth Avenue (next to the new mens hostel) in



(iii) Burst tyres	Internal	B737	International	B747
March 1984	—	—	—	—
April 1984	—	—	—	—
May 1984	—	—	—	—
June 1984	—	—	—	—
July 1984	1	—	—	—
August 1984	—	—	—	—
September 1984	—	—	—	—
October 1984	—	—	—	—
November 1984	—	—	—	—
December 1984	—	—	—	—

Howard
19/2/85
 Bus operators
 204 Mr A SAVVAGE asked the Minister of Transport Affairs

What was the extent of the subsidy granted to bus operators in respect of commuter traffic in each of the four main metropolitan areas in the 1983-84 financial year?

The MINISTER OF TRANSPORT AFFAIRS

Pretoria	R36136387
Johannesburg	R22196215
Durban	R24560894
Cape Town	R12305234
Total	R95198730

For the attention of the hon member it is mentioned that the payments effected above include amounts derived from the respective transport accounts as well as monies appropriated by the Treasury.

TUESDAY, 19 FEBRUARY 1985

†Indicates translated version.

For oral reply:
 General Affairs,
 State President

Departments/bodies: programmes for improvement of attitudes

*1 Mr D J DALLING asked the State President

Mr D J DALLING Mr Chairman, further arising out of the reply given by the State President, could he tell the House when he anticipates he will be ready to give those replies?

The STATE PRESIDENT Mr Chairman, when the proceedings have been finalized

Mr D J DALLING Mr Chairman

The CHAIRMAN OF THE HOUSE Order! I will allow the hon member for Sandton one final supplementary question

Mr D J DALLING Mr Chairman, there is only one more question I should like to put to the State President Could he tell us whether he has sent out any directives at all at this stage?

The STATE PRESIDENT Mr Chairman, I am prepared to reply to that question when the proceedings have been finalized

Ministers

Question standing over from Tuesday, 12 February 1985

Howard
19/2/85
 Escom

*40 Mr B B GOODALL asked the Minister of Mineral and Energy Affairs

(1) Whether Escom suffered losses of approximately R57 million in the recent past, if so,

(2) whether the management of Escom recently admitted that such losses had occurred; if so, (a) how were these losses incurred, (b) who authorized the transfer of the funds concerned and (c) in what manner was this money lost,

(3) whether these losses were reflected in Escom's books; if not, why not,

(4) whether any Escom officials were informed of these losses, if not, why not, if so, (a) which officials and (b) when were they informed,

(5) whether these officials took any action as a result, if not, why not, if so what action,

(6) whether any other such losses have been incurred by Escom, if so,

(7) whether these losses were reflected in its books; if not, why not, if so, (a) what total amount was lost in this manner, (b) when were these losses incurred and (c) who was aware of these losses?

†The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) Yes

(2) Yes

(a), (b) and (c) In 1974 Escom concluded a contract with an American contractor for the enrichment of uranium which would serve as fuel for the Koerber Nuclear Power Station In terms of the contract Escom had to supply the contractor with unenriched uranium for enrichment

The relevant American administration has, however, prohibited the return to South Africa of the enriched uranium and consequently Escom had to obtain enriched uranium from other sources The unenriched material was, however, supplied in order to avoid breach of contract by Escom

Approximately a year ago Escom and the American contractor agreed to suspend the contract and Escom has taken steps to dispose of the enriched as well as unenriched material Losses were, however, suffered as a result of the collapse of the uranium market and the high uranium prices to which Escom were contractually bound which are reflected by the fact that in the last quarter of 1984, as a result of escalation, Escom had to

pay R194,46 per kilogram for uranium while the spot market price is approximately R60 per kilogram at present.

Contractual obligations and forced sales are as follows:

Costs	R-million
Purchases of U ₃ O ₈	47,800
Uranium enrichment costs	34,793
Interest	30,120
Miscellaneous*	3,671
Total . . .	116,384

Income from sales

Ten transactions between 2/4/82 and 31/3/83	(29,226)
Further transactions	(7,850)
29/6/84	(9,820)
13/9/84	(12,257)
26/11/84	(0,449)
Interest on deposits at the contractor	(59,602)
Total	56,782

Note *Include legal costs, transport, insurance, transformation of U₃O₈ to UF₆, handling charges and brokers' fees

- (3) Yes At the insistence of the external auditors and with the knowledge of the Atomic Energy Corporation and members of the Electricity Supply Commission a provisional amount of R59,317 million was written off against operating costs which are reflected on pages 40 and 41 of Escom's 1983 annual report
- (4) (a) and (b) Yes. Officials involved in these transactions, including the Senior General Manager, General Manager (Finance), the Commercial Manager and the Legal Manager were aware of the situation and members of the Electricity Supply Commission were informed accordingly
- (5) By direction of the Commission, steps were taken to, as far as poss-

ible, recoup expenditure and to minimize losses by negotiation of the most advantageous contracts possible

(6) Yes

(7) (a), (b) and (c) Contracts on the local market were concluded in December 1977 for the supply of uranium but as a result of the suspension by the USA of the enrichment contracts, this material was not required anymore

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Soekor HQ to move to Parow

Cape Times 19/2/85 260

Chief Reporter

A START is to be made at Parow North in the next few months on a new head-office complex for the State-sponsored oil-exploration company Soekor, which is moving from Johannesburg and centralizing its operations at the Cape for logistical and other reasons.

The site acquired for the new complex is near the Tygerberg Hospital.

A Soekor spokesman said from Johannesburg yesterday that the new head office was scheduled to come into operation in January 1987.

The complex would ac-

commodate between 300 and 400 people, but no special housing scheme was planned for the staff.

Soekor's logistics base would remain at Mossel Bay, but all its technical and managerial operations would be centralized at Parow North.

The spokesman said the cabinet was expected to take a decision in June on whether to go ahead with gas production from the wells being investigated off the Southern Cape coast.

Feasibility

Feasibility-study contracts had been awarded to two consortia in December, and it was on the

basis of these studies that the government decision would be taken.

● Last year it was reported that South Africa was ready to produce offshore natural gas from a major field established off the Cape coast and that engineers were studying a R2 000-million plan to convert the gas to petrol and diesel fuel.

It was officially disclosed that Soekor's target figure was 1-trillion cubic feet of gas, which would yield 20 000 barrels of liquid fuel a day. Soekor has said that once this figure is reached, the high costs of extraction will be justified.

Demand for control after huge ^{Argus} Escom loss ^{20/2/85} ⁽²⁶⁰⁾

Argus Correspondent

DURBAN — Against a background of huge losses, demands were made today that Escom should either be handed over to private enterprise or be brought back under the control of Parliament

Progressive Federal Party spokesmen on finance and energy said today after confirmation of a R57-million loss on a uranium deal that the party was not satisfied that proper controls were being applied at Escom

The loss on the uranium deal was yesterday confirmed in Parliament by the Minister of Mineral and Energy Affairs, Mr Dame Steyn, who also announced he had asked for details of allegations of further losses totalling R800-million

DISCLOSURE

The losses were initially exposed after fugitive Escom accountant Mr Gert Rademeyer, who is alleged to have taken R8,5-million of Escom funds, had telephoned a Sunday newspaper making claims of a cover-up of bad management

Mr Brian Goodall, PFP energy spokesman, said there was clearly a "less-than-full disclosure" by Escom over what was happening

"There is this obsession with secrecy laws being used whenever there is something embarrassing"

PROHIBITION

Last week PFP MP Mr Peter Soal accused the Government of making political appointments to the board of Escom instead of appointing people according to their experience and expertise

Mr Steyn told Parliament yesterday that the R57-million loss was caused by a United States prohibition on the sale of enriched uranium to South Africa and a drop in the price of uranium

The loss had been written off in 1983, being shown in that year's Escom report as "operating costs"

260

per kg

Escom lost R56m on uranium contract

Political Staff

THE Minister of Mineral and Energy Affairs, Mr Danie Steyn, confirmed in Parliament yesterday that Escom lost nearly R57-million when a contract with an American contractor for enriched uranium for the Koeberg power station collapsed because of political pressure.

Escom suffered additional losses when related contracts also collapsed, he said.

The additional losses would be known only when Escom's 1984 figures were audited and approved.

In reply to questions from the Progressive Federal Party spokesman on Mineral and Energy Affairs, Mr Brian Goodall, Mr Steyn said Escom concluded a contract with an American contractor in 1974 for the enrichment of uranium for Koeberg. In terms of the contract, Escom supplied the uranium for enrichment.

The relevant American administration has, however, prohibited the return to South Africa of the enriched uranium and consequently Escom had to obtain enriched uranium from other sources.

The unenriched material was, however, supplied in order to avoid breach of contract by Escom.

About a year ago, Escom and the American contractor agreed to suspend the contract and Escom had taken steps to dispose of the enriched uranium as well as the unenriched material.

However, losses were suffered because of the collapse of the uranium market.

Escom was contractually bound to pay far higher prices for uranium than the spot market price.

For example, in the last quarter of 1984, Escom was contractually bound to pay R194,46 a kg for uranium while the spot market price was about R60 a kg.

The cost of the American contract was R116 384 000, including purchase of the uranium, enrichment costs and interest.

The income from sales after the contract was suspended was R59 602 000, which led to R56 782 000 being written off he said.

The loss was reflected in Escom's books.

Further losses were incurred when contracts concluded in 1977 for the supply of unenriched uranium collapsed as a result of the suspension of the American enrichment contract.

"In explanation, it can be pointed out that the acquisition of the uranium is of a long-term nature and economic factors of the 80s leading to a decline of world prices could not be foreseen in 1977," he said.

The loss on the collapsed enrichment deal was disclosed to the Sunday Express recently by Escom's fugitive former accountant, Mr Gert Rademeyer.

21/2/85

'Politics' in Escom drama

260

Own Correspondent

JOHANNESBURG — Mr Gert Rademeyer's Australian lawyer said late yesterday that his client wished to be brought to trial as soon as possible and would testify about South Africa's uranium deals to establish that his extradition was wanted for political reasons

Mr Ros Barwick, acting for Mr Rademeyer in Sydney, said he would bring a bail application as soon as possible to establish his client's innocence of allegedly defrauding Escom of R8 400 000

Mr Rademeyer, 49, who has dual South African-Australian citizenship, was taken to court in handcuffs and tried to avoid being photographed by covering his face with a newspaper

He left Johannesburg in December last year, re-entering on New Year's Eve before leaving again

Australian sources said his defence appeared to rely on proving he was wanted in South Africa because of his knowledge of the Republic's attempts to buy enriched uranium. South Africa, India and Israel are barred from buying

enriched uranium as non-signatories of the UN Nuclear Non-Proliferation Treaty

The Australian Government has said that if there were any political, racial, or religious reason for wanting Mr Rademeyer extradited, he would not be sent back for trial

Australian authorities are awaiting documentation from South Africa which both countries claim will have an important bearing on Mr Rademeyer's case

But Canberra has agreed in principle to investigate Mr Rademeyer's extradition, reports Chris Freimond

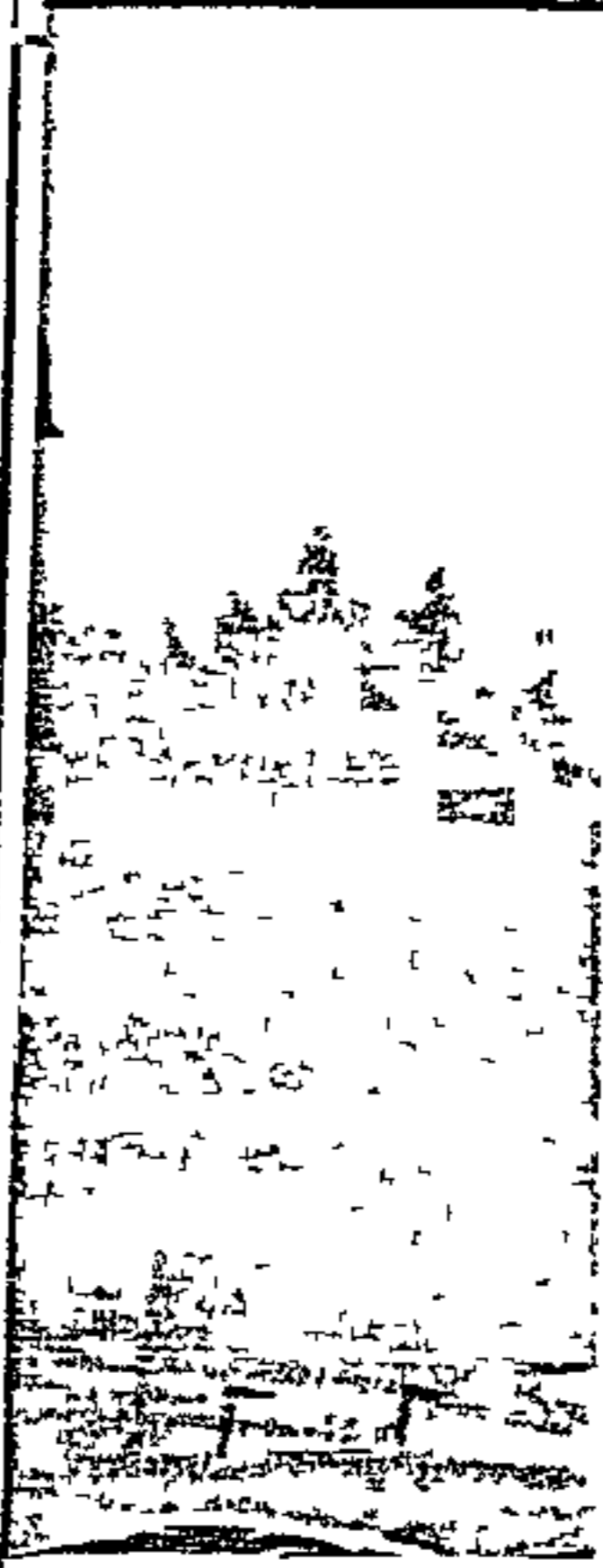
This was confirmed by a South African Department of Foreign Affairs statement last night.

There is no extradition treaty between the two countries at the moment, but it is believed one is soon to be concluded. In the meantime an interim arrangement is in force

The statement said the South African Police, the Department of Justice, the Attorney-General in Johannesburg and other interested parties were preparing an application for Mr Rademeyer's extradition



8 15am — 1pm



Escom chief explains 'secret acts'

Escom did not act in secret in an unwarranted manner, chairman Mr Jan H Smith said in a Press release in Johannesburg last night

He was reacting to reports of Escom losses connected with the Koeberg nuclear power station, and in other ways

He denied that Escom published information only when forced to do so, and said the source of many allegations, Mr Gert Rademeyer, was untrustworthy

Mr Smith also dismissed allegations that Escom was badly managed and that "financial control is insufficient"

The findings of the commission of inquiry

into electricity supply, published last November, had "confirmed that the measure of financial control in Escom was of recognised and acceptable standards"

Of Koeberg, Mr Smith said "It is self-evident that Escom wished to, and will, obey the laws of the country"

The Nuclear Energy Act and the instructions of the State and the Atomic Energy Corporation to keep certain information secret "is directly in opposition to Escom's normal desire to inform Parliament and the public fully and properly concerning all its activities", he added — Sapa

(Handwritten scribble)

Sapa

22/2/85

260

Own Correspondent

JOHANNESBURG — The Koeberg nuclear power station near Cape Town has been shut down for "some time" because faults have been found in imported stainless steel pipes — less than a year after it came on stream.

Escom has declined to take delivery of the second reactor — and may have to unload the nuclear fuel because of the faulty pipes.

In an official statement last night, Escom said the giant plant had been shut down and that so far 50 pipe "elbows" of the 500 in the stainless steel piping system had been taken out and sent for close inspection in Germiston.

Escom has also had to purchase special equipment from abroad to inspect the piping in both reactor systems.

This follows the an-

Faulty pipes at Koeberg

Cape Times 22/2/85

announcement that the number one reactor had been shut down for certain work and inspection, after the station had produced more power in six months than all the 11 other Escom stations in Natal and the Cape Province.

Mr ID van der Walt, senior general manager at Escom, said there was no danger to the public or the Koeberg operating staff because Escom had introduced the most stringent safety precautions in the world.

During the pre-commissioning inspection of the second reactor, Escom had found small

ferritic inclusions (faults in the steel which could lead to rust and other difficulties) in a stainless steel pipe elbow.

"Further inspection has since revealed more of these. Although the contractor did not regard these as serious, Escom extended the inspection to the number one reactor.

"At this stage we cannot evaluate the full extent of the damage but among 500 pipe elbows we have tested, there are 50 we would like to examine more fully," the Escom statement said.

Escom said late yesterday that "in depth" discussions were being held with the contractors responsible, because the number one reactor was still under guarantee and the second one had not yet been taken over.

Commenting on the closure, a Koeberg Alert spokesman, Mr John Venn, said last night that his organization "deplored the vagueness of the statement by Escom" and called for a detailed and public assessment of the faults at the power station.

"It is not clear from the statement whether the faults lie in the reactor steam generator or the condenser," he said.

"However, the fact that the removal of the fuel elements, as contemplated, indicates that the fault is a serious one."

Fresh calls

for probe

into Escom

By David Braun,
Political Correspondent

Cape Town
Opposition parties have renewed calls for a full parliamentary investigation into Escom's financial affairs after the announcement that South Africa's nuclear power station has been shut down because of faulty pipes

Last night Escom announced that Koeberg nuclear power station, near Cape Town, would be shut for at least two months because faults had been found in imported stainless steel pipes

It has given an assurance that there is no danger to the public or operating staff because the safety precautions are the most stringent in the world

Power supplies

Today Escom spokesmen also said there would be no threat to winter power supplies

"There is no risk of blackouts," they said "Consumers can rely on normal services through the peak months"

However, the announcement of the closure — less than a year after Koeberg came on stream — has raised a storm of criticism

It is being seen in the light of other recent revelations that Escom has written off a R500 million cost overrun at Koeberg, that it faces losses of R300 million as a result of failing to cover its overseas deals against the fall of the rand, that it has "lost" millions of rands in other deals, and because it was allegedly defrauded by a former senior employee

Mr Roger Hulley, a Progressive Federal Party spokesman on energy af-

fairs, said today that it was quite horrendous that a new nuclear power station should have developed faults so soon

"Quite apart from a safety aspect," he said, "the question that needs to be answered now is how much money is going down the drain. The bad news about Escom just seems to be piling up to a ridiculous degree"

Mr Harry Schwarz, PFP spokesman on finance, said that the latest Koeberg development reinforced demands for full parliamentary control of Escom

"There is a tremendous amount of (public) money invested in Koeberg. Escom should be accountable to Parliament in the same way that any Government department is"

He added that the case for a complete investigation of Escom's financial affairs by a parliamentary committee grew stronger by the day

"The PFP will insist and persist on this issue," said Mr Schwarz.

Mr SP Barnard, the Conservative Party's spokesman on economic affairs, also called for an inquiry

"It worries me that we, as MPs, have to read what is going on in the newspapers. We have not been informed of Escom's losses and other activities"

In the Escom statement last night, senior general manager Mr ID van der Walt said stainless steel piping in the No 1 reactor was being inspected for iron particles after these had been found in No 2 reactor, which is yet to be commissioned

The full extent of the problem could not be evaluated yet, he said, but among more than 500 pipe elbows tested Escom wanted to examine about 50 more fully

Koeberg has produced more power during the past six months than the annual output of all Escom's 11 power stations in the Cape and Natal — hydro stations excluded

● See Page 5.

260

22/2/85 Stan

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Concern over length of Koeberg's closure

Weekend Argus Reporters

ESCOM spokesmen admit they are not sure how long the Koeberg nuclear power station will be out of action and concede it will be "uncomfortable" if Koeberg's power is not available to the national grid in winter

Meanwhile, Mr Harry Schwarz, Progressive Federal Party spokesman on finance, has issued a new call for an investigation of Escom's affairs. He also wants Escom made answerable to the taxpayer, through Parliament

The unexpected closure of the R5-billion power station this week after flecks of rust were noted in stainless steel piping is the latest in a series of incidents which have aroused concern

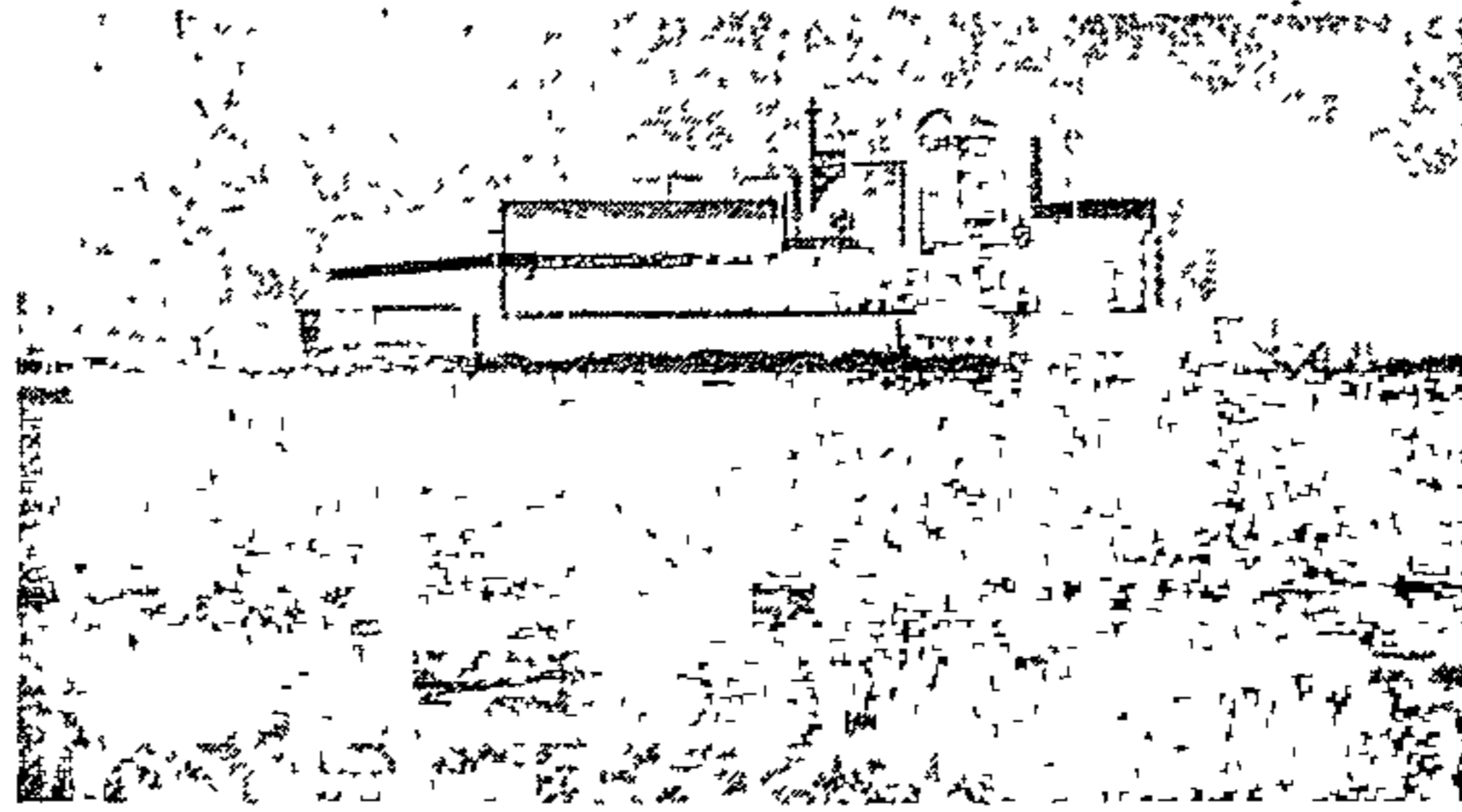
The suspect pipe elbows in the Koeberg reactor are throughout the entire station and include those which carry contaminated material, Escom officials confirmed today

Confusion

Until now there has been confusion about whether the suspect pipes carry contaminated material

An Escom spokesman confirmed today that the potential faults were in ancillary pipes in both the primary and the secondary systems of the station, including pipes which carry borated water to the reactor

The Escom statement contradicts earlier suggestions that the pipes were outside the containment building — which shields the radioactive reactor at the core of the station



The turbine hall and two reactor containment buildings at Koeberg power station.

But the Escom spokesman emphasised that the material in the pipes was not "highly contaminated". He also emphasised that the pipes might not be faulty at all. There had been no leaks and even if the pipes were faulty they would probably have continued to operate for years without danger

"We would like to stress that right now the station is perfectly normal. It is just that we have some pipes which might cause a problem in a number of years"

Escom discovered an iron particle on the surface of a stainless steel pipe in Unit 2 of the reactor — which has not yet begun operating. It then decided to check the pipes in Unit 2 which has been working for over a year but which happened to be shut down for routine maintenance

Escom investigated 500 pipe elbows in Unit 1 and got "preliminary indications" that 50 might

contain iron particles. These would be investigated

If Escom found that the 50 suspect pipe elbows did not contain iron particles, Unit 1 would be back on stream in a short time. If all 50 were faulty it would take "some months" to replace them, the spokesman said

Koeberg Alert

A spokesman for Koeberg Alert said the disclosure that the suspect pipes were throughout the station confirmed their view that there was cause for concern about the quality-control of materials used in the plant

"This calls into question the safety and reliability of all the equipment used in the plant"

The Government will be questioned in Parliament this week about the Koeberg shutdown by the NRP spokesman on mineral and energy affairs, Mr Ralph Hardingham

Koebert's:

PRP to

ask who will pay

Capl Tins 25/2/85

260

JOHANNESBURG. — Questions are to be tabled in Parliament this week on whether electricity consumers will foot the bill for losses incurred in the shutdown of the Koebert nuclear power station.

Own Correspondent

A loss of about R1-million a day in revenue to Escom, South Africa's power-supply giant, would result from the shutdown, weekend reports said.

The Progressive Federal Party deputy spokesman on energy affairs, Mr Roger Hulley, confirmed yesterday that he would ask in Parliament for

● Details of the problems which caused the shutdown

● A breakdown of the costs involved and the losses to Escom

● Escom's plans on how the costs would be covered

Rim a day

The number one reactor at Koebert, which was on stream for six months before its closure last week, generates more electricity than the 12 alternate power stations in the Cape and the hydro-power stations in Natal together.

The number two reactor, scheduled to come into operation in July, should alone have earned R1-million daily, according to the latest Escom annual report.

With Koebert idle, Escom will lose a source of finance for repayment of interest — estimated at R300-million a year — on the cost of building the power station.

The estimated R1-million daily revenue loss excludes the cost of possible repairs to faulty pipes in both reactors.

However, an Escom public relations spokesman, Mr Etienne du Plessis, yesterday denied

that Escom was losing money in electricity sales because of the closure.

"Escom is still selling and supplying electricity to all its consumers. Therefore there is no loss in revenue," he said. He estimated Koebert's average daily income from sales at R790 000.

He said that when Koebert was closed down Escom simply invoked the use of spare capacity generating units at other big power stations, since Escom functioned on a national interlocking grid system.

Koebert generated less electricity than other big power stations such as Matla and Duvha, which could each generate 3 600 megawatts compared with Koebert's 920 megawatts on each of its two units.

Asked why Koebert was built if enough power could be generated nationally without it, Mr Du Plessis said the main reasons were "strategic in nature" and he did not want to go into this.

Mr Hulley said yesterday that he would be tabled questions about the exact nature of the problems at Koebert and what had given rise to them, and also about the costs involved and who would foot the bill — the contractor or Escom.

If Escom had to foot the bill, the cost would be passed on to consumers indirectly.

"The bottom line here is that a brand-new

nuclear power plant has had to be closed down, and it sounds like a fiasco. Consumers will be expecting some pretty smart answers from the minister," he said.

Mr Du Plessis said yesterday that Koebert's number one reactor was still functioning under the contractor's guarantee and the guarantee made provision for repair costs, but not for "consequential losses". "We are busy negotiating with the contractor on this count," he said.

'Over-reacting'

A statement released in Paris by the French contractor, Framatome, over the weekend, accused Escom of "over-reacting" and said that the number one reactor had been shut down against its advice.

Mr Du Plessis drew attention yesterday to a statement released by Koebert Alerl, which praised Escom for "obviously adhering to high standards of safety".

The PRP spokesman on finance, Mr Harry Schwarz, said yesterday that the PRP would continue calling for Escom finances to be put under parliamentary control.

"Any losses that Escom may suffer because of the Koebert shutdown will indirectly be passed on to consumers.

"Escom must be brought under the control of Parliament's Committee of Public Accounts," Mr Schwarz said.

● Koebert French hit back, page 3

Koeberg: French hit back

CME Times 25/2/85

260

JOHANNESBURG — The French contractors at Koeberg have hit back at the Electricity Supply Commission (Escom) for shutting down the giant nuclear plant because of faults found in some of the imported equipment, the Johannesburg Sunday Express reported this weekend.

Escom claims faults have been found in stainless steel pipes which could lead to rust and other problems, and says it will keep the plant shut in the interest of safety, no matter the cost.

But Framatone, the French suppliers of the equipment and co-ordinator of the Koeberg project, disputes the claims.

'Over-reacting'

In a statement issued in Paris on Saturday, Framatone, which has built 37 similar units in France, accused Escom of "over-reacting" and said the No 1 reactor had been shut down against its advice.

In the light of the "French experience", said Framatone, there were no defects at Koeberg that could threaten public safety.

The cost of the shutdown — now expected to be longer than the two months originally estimated — will run into hundreds of millions of rands.

Framatone has also criticized Escom for saying it may now have to unload the nuclear fuel

from the No 1 reactor and empty the water circuits for a thorough examination.

Escom said this week that during pre-commissioning inspection of the second reactor, it found small ferritic inclusions in a stainless steel pipe elbow and extended the inspection to the No 1 reactor.

So far, said Escom, 500 pipe elbows had been tested, of which 50 would be more fully examined.

However, according to Framatone, the faulty pipe elbow in the second reactor was replaced in spite of laboratory tests showing that it could have been left in place with no risk to the safety of the plant.

It said no other defects existed that could affect the quality of the equipment, and believed Escom's over-reaction would cast doubt on the safety of the plant.

Framatone has undertaken to replace whatever equipment may be shown to be faulty during future inspections. It has strongly recommended to Escom that the first reactor be put on stream again and that commissioning of the second reactor be resumed while samples removed from it are inspected.

Mr I D van der Walt, Escom's senior general manager, said in a statement "It may be said we are over-reacting and that this costs money, but Escom has never considered the question of safety as negotiable" — Sapa

CAPE TOWN 25/2/85 (260)
Escom denies report

JOHANNESBURG — Escom yesterday denied any knowledge of weekend reports that former accountant "Dr" Gert Rademeyer, who made off with over R8-million of Escom funds, was returning to South Africa voluntarily

It was reported that Mr Rademeyer, now held in Australia, was meant to return on Saturday night but could not do so because police confiscated his traveller's cheques when he was arrested last Saturday to appear in court for an extradition hearing

The report quoted a "senior Escom official" who was not named

But yesterday Escom spokesman Mr Etienne du Plessis said he did not believe the report of Mr Rademeyer's return was true "I can't even find the official who was quoted"

He said Escom had not been negotiating with Mr Rademeyer at all

The Rademeyer family could not be contacted for comment yesterday

R360-m electric plan

26/2/85

Keeping tariffs at half those Escom charges

span

260

Municipal Reporter

A planned saving of more than R360 million by the Johannesburg Electricity Department over the next decade should allow the city to continue to charge consumers half the price which Escom does, says chief electrical engineer Mr Wessel Barnard

Mr Barnard said that up to 1995 his department would save more than R400 million on buying Escom electricity by maintaining its own power stations — but this would cost about R40 million

"About 40 percent of our electricity comes from Escom, but our tariff increases have been half Escom's

"This should continue," he added

He said the department would maintain its power stations by using machinery from obsolete British stations

"Some of our equipment is quite old, and you can no longer get spares.

"The British are closing down some of their smaller stations and we recently bought two major parts for what it would have cost to repair one," said Mr Barnard

He added that British Electricity International, a consulting company, recently conducted a technical feasibility study to see what equipment at the Johannesburg stations needed to be replaced

Mr Barnard said he expected a report from the company within the next few weeks

C T. 26/2/85

Koeberg may cost R2m a day

260

By DI MEEK
Environment Reporter

THE Koeberg Nuclear Power Station could be costing the consumer over R2-million a day at present overdraft rates, Mr Roger Hulley, the Progressive Federal Party spokesman on energy affairs said yesterday.

Mr Hulley was reacting to a statement by an Escom public relations spokesman that the closure of Koeberg meant no loss in revenue.

Mr Hulley said his information was that the capital cost of establishing Koeberg had been in the order of 3½ billion rand.

According to informa-

tion supplied to him yesterday this was borrowed money which had to be financed. At current interest rates the interest alone on this amount of money would be over R2-million a day excluding operating costs, maintenance and overheads.

He said even if the financing of Koeberg was at a more favourable interest rate he would estimate that the interest bill must be at least R1-million a day.

"If you have the facility and do not derive electricity from it and then say you are not making losses it is juggling with figures to a ridiculous point.

"The hard fact is that you can't afford to spend that amount of money on something that is not producing anything.

"Escom is saying that it doesn't cost anyone anything to shut down the plant but that strikes me as a rather fallacious argument," he said.

Mr Hulley said that if South Africa's electricity supply was so over-established there was an element of wasted money on facilities.

A spokesman for Escom, Mr Etienne du Plessis, said the same argument used by Mr Hulley for Koeberg could also be used if any of the giant coal fire stations on the Highveld were closed down, as they were periodically. They also cost Escom money and were also built on loans.

Mr Du Plessis also disputed the claim that South Africa's electricity supply was over-established.

He said he thought it would be irresponsible if Escom did not have the reserves to call on in the event of a shutdown, whether at Koeberg or at one of the major coal fire stations in the Transvaal.

"Because Escom has this reserve capacity it is still selling and supplying the same amount of electricity as it did before Koeberg was shut down. And that is why I say there is no loss in revenue," Mr Du Plessis said.

He said he could not confirm the figures quoted by Mr Hulley but he felt sure the interest rates would have been less than the current rate.

● Leading article, page 10

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in and around Johannes-
burg road people to

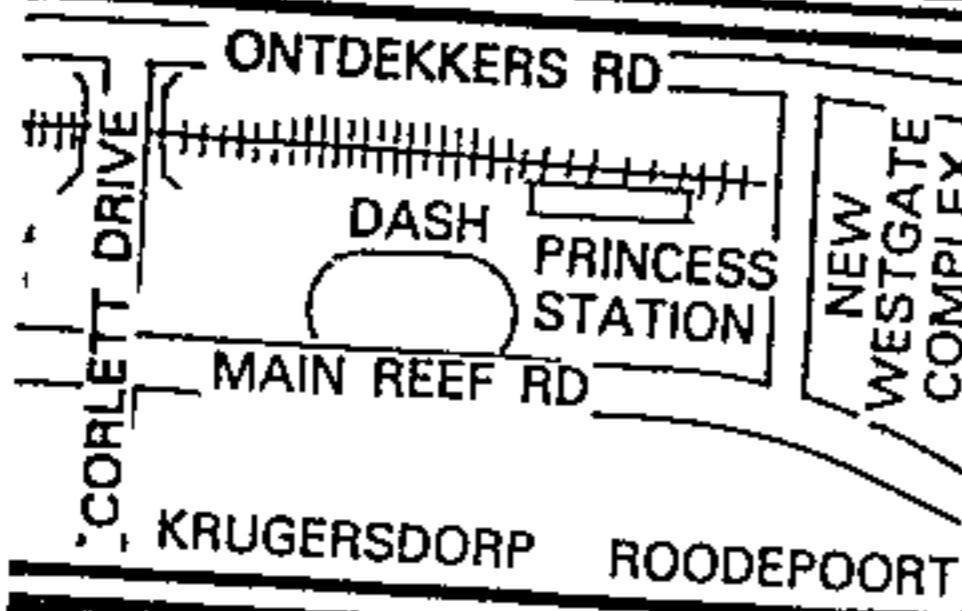
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R107,50
R170,00
3 000 or more

R205,00
R205,00
5 000 or more

R336,00
R336,00
R336,00
R336,00
5 000 or more

90c ea
99c ea
R1,10c ea
300 or more



y, Excl. G.S.T.

Sasol peace hangs in the balance

By PHILLIP VAN NIEKERK

THE final deadline for a settlement of the Sasol dispute, which followed the mass dismissal of more than 5 000 workers for taking part in last year's stayaway, has been set for Monday.

But settlement prospects are in jeopardy after an armed policeman was discovered at a mass meeting of the Chemical Workers' Industrial Union (CWIU) at Secunda on Tuesday night.

Union representatives disarmed the man and took him to the local police station to lay charges, but instead Security Police arrested a union leader on charges of assault and theft of the firearm.

"Union leaders were subjected to abusive language and interrogated and one union leader has been detained," the CWIU said in a Press release yesterday.

The CWIU strongly condemned the "untimely intervention" of the police at a delicate stage in the settlement talks.

Sasol has put forward its final offer — understood to involve the reinstatement of 70% of the workforce, including several shop stewards — and the union has until Monday to respond.

If the offer is not accepted, strike action by several hundred thousand workers from 24 emerging unions is being considered.

A spokesman for Police Public Relations in Pretoria said yesterday that "in the light of the present unrest, members of the SAP attend meetings where and when it is necessary."

"In this instance a member of the SAP attended a meeting where he was identified as a policeman by people at the meeting. He was then allegedly assaulted and robbed of his firearm."

"A charge of assault and robbery is being investigated."

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First oil in 'fairly large' quantities

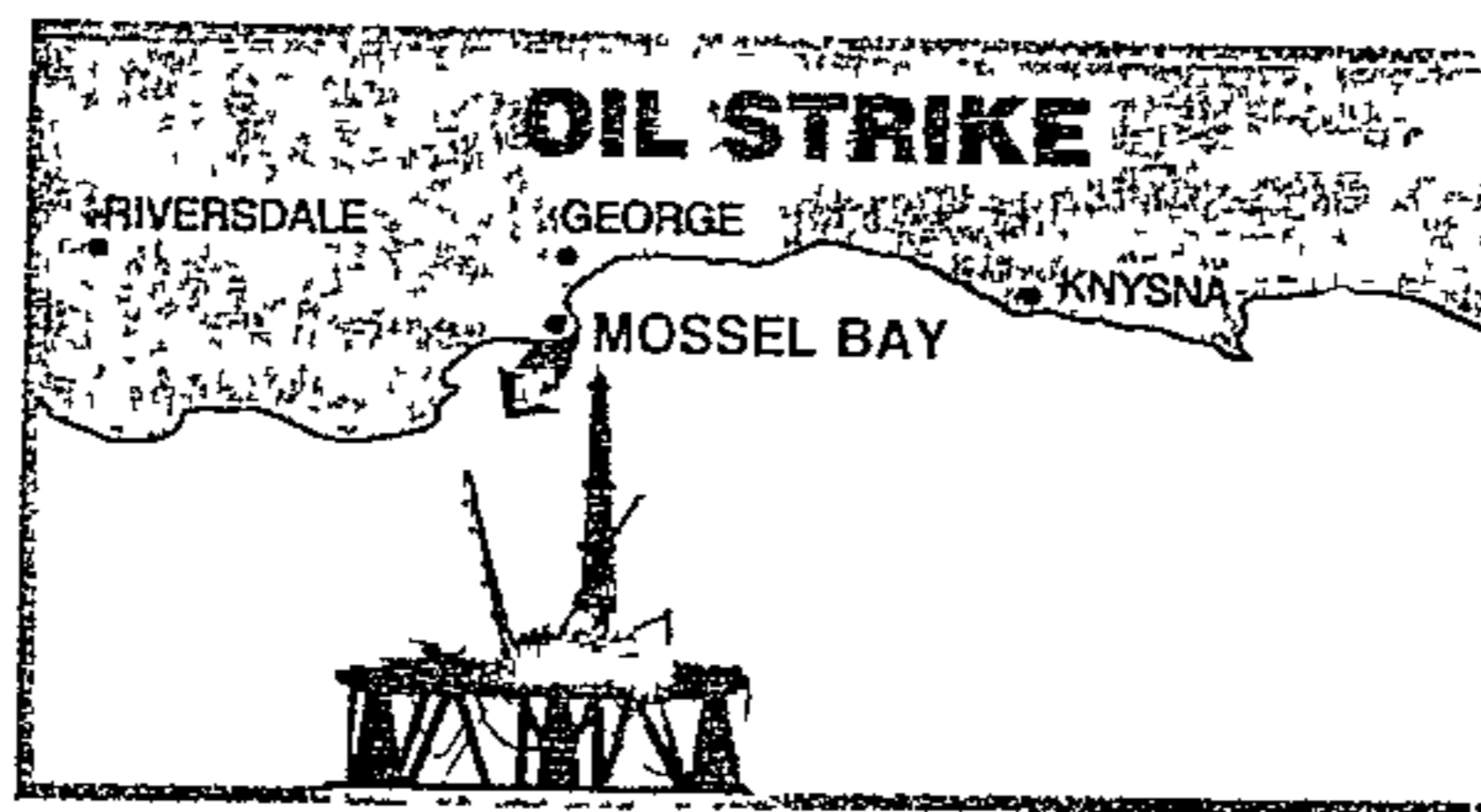
Cape Times
11/3/85
260

JOHANNESBURG.
— South Africa's State-owned Southern Oil Exploration Corporation (Soekor) yesterday announced the first strike in its 20-year search for the only strategic mineral the country does not have.

Soekor spokesman Mr Mike Leibrand said a well sunk off the southern coast near Mossel Bay, about 480km east of Cape Town, was producing 2 600 barrels of light crude and a million cubic feet of gas a day

"This is the first time we have brought crude oil to the surface," he said, "But it is expected that the oil occurrence will be of limited extent"

Mr Leibrand said the find was not immediately viable, but it was significant because it was the first time prospectors had found crude since Soekor was established in 1965



ing would establish the exact significance of the strike

The search, believed to have cost about \$200 million so far, has yielded significant quantities of natural gas, some including quantities of oil condensate, in the same offshore area and plans are under way to convert the gas into petroleum

South Africa already is the world's leading producer of petrol made from coal

South Africa, a leading producer of minerals including gold, diamonds, platinum and other strategic metals, has no oil of its own

An embargo by the Organization of Petroleum Exporting Countries (Opec) and unofficial

sanctions by other oil-producing nations opposed to its race laws has left the country without a regular supply of crude

Since the Iranian revolution, the country has had to buy all its oil on the international spot market, often at above-average prices

● In a statement, Soekor said it had "encountered" oil in a borehole to the south of Mossel Bay

Soekor said "This is the first oil produced to the surface in fairly large quantities by Soekor"

But, the statement added, "it is expected that the oil occurrence will be of limited extent"

Further holes will have to be drilled

Approached by Sapa to

explain the significance of the find, a Soekor spokesman said it was "of limited extent"

"The gas is merely associated with the oil. A gas find of significance should produce at least 20 000 000 cubic feet a day"

● On March 25, 1969, the then Minister of Mines and Planning Dr Carel de Wet, announced in the House of Assembly that a "significant petroleum discovery" had been made 40 miles offshore from Plettenberg Bay. Reports at the time said the gas production was 25 million cubic feet a day

Dr De Wet produced two bottles of oil condensate for members of Parliament to examine. These two bottles were displayed at the Rand Easter Show a few days later

In May of the same year, the head of the American oil exploration consortium said the Plettenberg Bay gas well would not be developed for industrial or commercial purposes. UPI, Sapa and Staff Reporters

ARGUS 1/3/85 (260)

Soekor hopes to exploit gas soon

Staff Reporter

SOEKOR hopes to get the green light for its fuel-from-gas project at Mossel Bay by the middle of this year

This was disclosed today by Mr Mike Leibbrandt, Soekor liaison officer, following yesterday's announcement that oil had been brought to the surface for the first time in the 20-year search for oil

Mr Leibbrandt said the oil find was a significant bonus in the search but Soekor's top priority was to prove as many reserves as possible and go ahead with the Mossel Bay project

He said there was no question of the oil find being economically viable and there

would be further exploration to determine the size of the reservoir, "but we do definitely know that it is limited"

The well could produce about 2 600 barrels of light crude and 1 000 000 cubic feet of gas a day

Two feasibility studies into the Mossel Bay project are being made by engineering groups — one for the offshore operation and one for the on-shore operation — and these were expected to be with the Cabinet by May

After that a decision on whether to go ahead with the scheme was expected to be made fairly quickly

Mr Leibbrandt said he could not disclose the extent of the

gas reserves already proved. However, Soekor had said several times that it would consider one trillion cubic feet of gas as commercially viable to produce 22 000 barrels of fuel a day over about 20 years

News of South Africa's historic first oil strike was greeted with nonchalance by locals

Mr Abie van der Merwe, owner of Hotel Bellevue in Still Bay, close to where the find was made 82km south-west of Mossel Bay, said today it was not news

"This has been in the pipeline for several years and nobody got very excited when they saw the announcement on television news last night"

ARGUS 1/3/85 260
Armcor forced to cut staff

Argus Correspondent

JOHANNESBURG — In spite of a string of marketing successes overseas, arms manufacturer Armcor has been forced to retrench staff because the South African Defence Force is spending less

The cut in State spending was the main reason for retrenchments, said Armcor spokesman Mr Johan Adler

He said. "Naturally we will continue to market our products overseas where we have had numerous successes which cannot be disclosed to the media

"Armcor is a private company, existing without a State subsidy, and of course if the State — one of our main buyers — cuts back its spending, we have to suffer"

He said Armcor consisted of diverse enterprises, some of which were putting out products which

"sold like hot cakes" while others were not doing well during the recession

However, he said it would not be possible to say which products or departments would be affected

Sapa reports that the Armcor subsidiary, Naschem, is cutting the workforce at its Lenz factory outside Johannesburg by more than 600

The Lenz factory is a filling plant for heavy ammunition

To keep the number as low as possible "a number of employees" were placed elsewhere in the group, Armcor said

Depending on years of service, up to four months' salary and benefits will be paid to retrenched workers

Industrial sources in Johannesburg said the reduction was likely to have a ripple effect on suppliers of components

RDM 7/3/85

Union settles with Sasol on 6 000 workers

By ANTON HARBER
Political Reporter

THE dispute between Sasol and the Chemical Workers' Industrial Union (CWIU), which had threatened to develop into a major fight, has been settled

The dispute arose from the dismissal of 6 000 Sasol workers who joined the two-day stayaway in November last year

In a joint statement yesterday, Sa-

sol and the union said an agreement had finally been reached and the CWIU had undertaken to withdraw its application for a conciliation board

Sasol has given an undertaking to guarantee the re-employment of at least 70% of those ex-employees who applied for jobs and to "consider the further employment of ex-Sasol employees"

The two parties said the meetings were held to try to settle differences

and achieve constructive cooperation
The agreement includes

- The setting up of a committee to negotiate relative procedures and codes of conduct
- Existing arrangements between Sasol and the CWIU will continue. A negotiating committee has been established
- An agreement on the rights, duties, responsibilities and accreditation of shop stewards has been concluded

crit Times 5/3/85 (8) (20)

Sasol earnings show 20,1% growth

SASOLBURG — The income of Sasol Ltd attributable to shareholders for the six months ended December 29 last year was R245,5m (43,6c a share) compared with R204,4m (36,6c a share) for the same period in 1983

This represents a growth of 20,1 percent which largely corresponds to earnings growth in preceding periods

An interim dividend of 16,5c a share has been declared for the half year (14c)

The directors in a report released yesterday say that as forecast at the end of the preceding financial year, the provision for tax increased considerably

The amount provided increased by R153m compared to the first half of the previous financial year

"The financial results of our industry depend to

a large extent on continuous and steady operations, control of production costs and on the market prices of crude oil and petroleum products," their report says

"At the Sasol I and Sasol II plants of the oil-from-coal production division and the related collieries production was consistently good

"At Sasol II production optimization resulted in a material improvement in production. Good production at Natref improved the financial results of the refining division considerably compared with the corresponding period the previous year

"Since the half year ended in 1983, Sasol III has attained full normal production which also positively influenced these results"

They say that in spite of a further weakening in the dollar market prices of crude oil and petrol-

eum products, the strengthening of the dollar against the rand led to a significant net increase in the local producer prices of liquid fuels

The chemical division also benefited in respect of exports from the strengthening of the dollar against the rand

The results of the fertilizer division, however, were unsatisfactory "as a result of the prevailing unfavourable circumstances in the fertilizer industry"

In the interests of the group, "a flexible dividend policy is applied in respect of Sasol III due to future uncertainty regarding crude-oil prices and exchange rates. It has been decided to maintain the previous interim dividend of R25m"

The profit attributable to Sasol Ltd for the half year therefore includes R12,5m being the com-

pany's share of the interim dividend declared by Sasol III

Sasol III's before and after tax profit for the half year was R225m (R73m). Apart from the strengthening of the dollar against the rand, it reflects the achievement of full production at Sasol III

Sasol III's profit does not include provision for tax as the company has a loss for tax purposes

Of the future outlook, the directors say "The profit expectations in respect of the oil-from-coal production division for the remaining six months of the financial year will be influenced largely by the dollar market prices of crude oil and petroleum products and the international value of the rand

"If the present circumstances continue, it is expected that the profit growth for the current financial year will not be

less favourable than the rate achieved in the past"

About the repayment of loans, the directors say they "believe that in times like these it is in the interest of the Sasol companies on the one hand and the country's interests on the other, to diminish Sasol's indebtedness to the government sector substantially

"The present favourable cash flow outlook permits the exercising of the contractual right to accelerate repayment of the loans. At this stage it is anticipated that Sasol Ltd will repay approximately R400m and Sasol III approximately R300m of these loans at the end of the financial year

"The repayment of foreign loans which are fully covered against exchange rate risks will proceed in terms of the existing agreements" — Sapa

RDY 5/3/85
Gushing

Sasol

to repay

R700m

SASOL achieved a 20,1% earnings growth in the six months to December to maintain its excellent growth record.

Cash flow was so great that Sasol Ltd and Sasol 3 will be repaying R700m of their Government loans.

Sasol income attributable to shareholders for the six months was R245,5m (43,6c a share), compared with R204,4m (36,6c) for the same period in 1983

An interim dividend of 16,5c (14c) has been declared

The directors, in a report released today, say that, as forecast at the end of the preceding financial year, provision for tax has increased considerably. The provision rose by R153m compared with R1m in the corresponding period of 1983

"The financial results of our industry depend to a large extent on continuous and steady operations, control of production costs and on the market prices of crude oil and petroleum products

"At the Sasol 1 and Sasol 2 plants of the oil-from-coal production division and the related collieries production was consistently good.

"At Sasol 2, production optimisation resulted in a material improvement in production

"Since the half-year ended in 1983, Sasol 3 has attained full normal production, which also positively influenced these results."

The chemical division also benefited in respect of exports from the strengthening of the dollar against the rand.

Results of the fertiliser division, however, were unsatisfactory.

In the interests of the group "a flexible dividend policy is applied in respect of Sasol 3 due to future uncertainty regarding crude-oil prices and exchange rates. It has been decided to maintain the previous interim dividend of R25m."

The profit attributable to Sasol for the half year therefore includes R12,5m being the company's share of the interim dividend declared by Sasol 3.

Sasol 3's before- and after-tax profit for the half year was R225m (R73m). Apart from the strengthening of the dollar against the rand, it reflects the achievement of full production at Sasol 3.

Of the future outlook, the directors say: "The profit expectations in respect of the oil-from-coal production division for the remaining six months of the financial year will be influenced largely by the dollar market prices of crude oil and petroleum products and the international value of the rand.

"If the present circumstances continue, it is expected that the profit growth for the current financial year will not be less favourable than the rate achieved in the past"

The directors add: "The present favourable cash flow outlook permits the exercising of the contractual right to accelerate repayment of the loans. At this stage it is anticipated that Sasol Ltd will repay approximately R400m and Sasol 3 approximately R300m of these loans at the end of the financial year." — Sapa

DEY 14 J 1 85

CAPE ARGUS 22/3/85

NATIONAL/CITY

'Blooming nonsense': How Eskom spent R10-m on flower power

Political Staff

ESKOM spent nearly R10-million last year on "floral and herbaceous decorations, landscaping and gardening".

But some Members of Parliament have slammed the spending — Mr Ralph Hardingham (NRP Mooi River) called it "extravagance of the highest magnitude"

The Eskom viewpoint emerges from a memorandum to the Minister of Mineral and Energy Affairs, Mr Danie Steyn, who confirmed this week that the organisation had spent more than R28-million on plants and gardening since 1980

The memorandum says Eskom

believes thorough planning and design can give many installations a "visually more positive impact" on the South African landscape

"Eskom regards it as part of its social responsibility optimally to integrate man, nature and machinery to the advantage of the consumer and its own employees," the memorandum says

Use of plants inside administrative buildings is primarily functional and not purely decorative

At power stations and other installations, the workmen who "reduce visual disturbance" consist of maintenance staff who have to be available anyway to cope with emergencies

And much of the maintenance work — such as cutting grass and fighting weeds — is done for security reasons, Eskom says

It goes on to explain that the dams and ponds it builds contain fish which serve to keep insects and plant growth under control

A lot of this is blooming nonsense, according to some MPs

Mr Hardingham, whose questions in Parliament drew the cost figures, said "The aims surely don't justify such extremely extravagant expenditure."

"Eskom properties must of course not be allowed to run down into slum conditions but

the question now arises of how its whole expenditure programme has functioned in recent years

"With the Rademeyer affair and other allegations there have been suspicions of gross misuse of funds

"Is this not just another indication of the lack of financial control that has existed at Eskom for some time?"

Eskom says, however, that its spending on plants and landscaping is low

Its botanical running costs for 1983 amounted to 0,15 percent of total running costs, while capital expenditure on flora came to 0,1 percent of total capital spending

five lifting positions * Bench

* Ideal for gym chest

Parliament and Politics

R519m Koeberg

CAM- Tim B 6/3/85 (260)

'cost over-run'

Political Staff

HOUSE OF ASSEMBLY

— There had been an estimated cost over-run of R519 million on the Koeberg nuclear power station project, the Minister of Mineral and Energy Affairs, Mr Danie Steyn, said yesterday

And he also disclosed that Escom faced foreign exchange losses of R137,2 million on commitments payable at various times up to 1989

Revised cost

In reply to questions by the Progressive Federal Party spokesman on Mineral and Energy Affairs, Mr Brian Goodall, Mr Steyn said the estimated cost of Koeberg on December 31, 1979, excluding fuel, was R2 492 million

The revised cost as at December 31, 1984, ex-

cluding the additional costs incurred by the sabotage incident, was R3 011-million

The increase comprised R10 million in capital, R131 million for a price adjustment due to inflation, R46 million for overheads and R332 million of interest capitalized

Annual accounts

“The increased capital costs, overheads and interest arise from approved modifications and additions to the original contract as a result of improvements in design, increased security measures as well as delays to licensing problems and the late delivery of fuel,” Mr Steyn said

The costs incurred up to the end of 1983 were included in Escom's pub-

lished annual accounts, and the 1984 amounts would be included in the 1984 report

In reply to questions by Mr Goodall on Escom's foreign exchange losses as a result of the fall of the rand, Mr Steyn said “Escom's accounts for 1983 included a realized profit of R11,7-million on foreign exchange transactions which was credited to finance charges, and the unaudited accounts for 1984 indicate that a net profit of R72 735 will be realized on foreign exchange transactions for 1984

“Unrealized losses, valued at the rate of exchange ruling at December 31, 1984, amounted to R137,2 million. This unrealized loss is in respect of commitments payable at various times up to 1989”

SASOL

Settlement at last

Four months after the November stayaway and the mass dismissal of 5 100 employees at Sasol 2 and 3, the company and the Chemical Workers' Industrial Union (CWIU) have reached a compromise agreement on the re-employment of the dismissed workers

According to a joint statement on Tuesday, "at least 70% of the ex-employees who applied for jobs" will be taken back Sasol has also undertaken to consider "the further employment of ex-Sasol employees" The FM understands that about 4 500 workers have applied, which means that a total of more than 3 100 will be re-employed Many are already back at work

In addition, an attempt has been made to normalise the relationship between the company and the union, with a commit-

ment to bargaining in good faith in future Existing procedural agreements will remain in force, an agreement relating to the status of shop stewards has been negotiated and a negotiating committee has been established The CWIU has agreed to withdraw its application for a conciliation board to settle the dispute

The settlement has also averted the possibility of a general strike by members of 24 unions which had threatened the action in the event of a deadlock.

GAS EXPLORATION

The cost of Kudu

Soekor refuses to say how much it paid the American oil company Chevron to relieve it of the concession which yielded the giant Kudu gas reservoir off the Namibian coast

Chevron made the find in 1974, some 120 km off the mouth of the Orange River, and spent three years exploring it. The company then capped the well and went away, apparently having been bought off by Soekor.

A Soekor spokesman tells the *FM* that it is "not company policy" to divulge such information, despite the fact that it is a State-owned company using taxpayers' money. Neither will the agency disclose when it took over the concession and what the conditions were.

Swakor, the Namibian counterpart of Soekor, referred all *FM* questions on Kudu to Soekor.

Government has only recently given Soekor the go-ahead to develop the gas reservoir, despite the fact that Chevron's oil rig, Sedco 135, capped the well in April 1974 and found the pressure too high to measure accurately.

It is clear that exploitation of the find has been held in abeyance until clarity emerges on the constitutional status of the territory.

Soekor MD Piet van Zijl said in a 1979 report (only recently made public) that if the reservoir proved to be as large as preliminary findings suggested, it would have reserves of at least two trillion cubic feet of gas. That makes it one of the biggest gasfields in the world, worth in the region of R8 000m. It could make Namibia one of the wealthiest countries in Africa.

Van Zijl said that recommendations of his 1979 report had not been implemented because of the political situation in SWA. "Now it appears that the political situation is not of such importance. Now we will have to see if anyone is interested in carrying out the exploration. Previously they were all jittery, but now I don't think a non-political company will be nervous about becoming involved in SWA prospecting."

Although Foreign Affairs spokesmen have declared that the Kudu reservoir will not be exploited for SA's benefit but that all revenue would go to Namibia, the whole operation is firmly in SA hands. A spokesman tells the *FM* Swakor is a private company controlling all oil and gas exploration in the territory. It was registered in Namibia on January 1 1979. All its shares are held by the First National Development Corporation (Enok), which is an agency controlled by the Administrator General, SA's ruler in Namibia.

Swakor's chairman is Nico Stutterheim,

who is also chairman of Soekor. Other members of the SWA agency's board are Soekor MD Van Zijl, Enok MD Johan Lerm, SWA Water and Electricity Commission (Swawec) MD Polla Brand, Namibian Secretary of Finance Johan Jones and the territory's director of geological survey, Roy Miller.

The Soekor spokesman tells the *FM* that Kudu has not been tested since 1974. Soekor is presently looking for a partner to drill four more wells. "After that, the extent of the find can be gauged. If the wells are successful, viability studies will be done. If it is found viable, permission will have to be obtained from the authorities in SWA to continue with production. We are talking of a process that could take several years."

The spokesman declined to say whether the find will be privatised.

□ Escom received a welcome contribution to its network from the Ruacana hydroelectric scheme following the shutdown of Koeberg's reactors. Swawec MD Polla Brand tells the *FM* Ruacana is delivering some 700 000 kWh/day to Escom via the Keetmanshoop-Aggeney's powerline. Swawec has so far earned R6,4m from sales to Escom. After ample rains in southern Angola, Ruacana is generating some 150 MW. Its total capacity is 240 MW. Since the Angolan war of 1975, the sluice gates of the regulating dams in Angola cannot be operated properly.

POLITICAL GESTURES Deciding to suffer

Recession-hammered businessmen might be forgiven for dismissing the 3% paycuts accepted this week by all MPs and President's Council (PC) members as tokenism. However, there are indications that this "drop in the ocean," as PFP leader Frederik van Zyl Slabbert put it, is the forerunner of a meaningful assault on public service paypackets.

Political sources say the primary targets are the "13th cheques" and overtime payments of public servants. The Cabinet is apparently considering cutting the bonus cheque in half and extending public service working hours without increasing pay. The annual bonus payments cost the taxpayer roughly R900m a year. It is, however, highly unlikely that actual salaries for public servants will be cut.

The 3% cut for MPs and Ministers is therefore seen as a political gesture aimed at preparing the ground for cutting public service peripheral payments. Observers

point out that government could hardly approach public servants with paycuts unless MPs had taken a drop themselves.

The cut, announced by State President P W Botha in Parliament, will cost ordinary MPs R67,50 of their R3 000-plus monthly salaries and reimbursive allowances. Botha will take a R210/month drop, while Ministers (whose salary package is R78 000, consisting of R59 000 salary and R19 000 allowances) will lose R147,50. Deputy Ministers, who receive a package of R64 000 (R45 000 salary and R19 000 allowances) lose R112,50. In total, the 3% cut will amount to R340 000 over 12 months.

At least two provincial councils, the Cape and OFS, have already volunteered similar cuts and the remaining two are likely to follow suit.

The appointment by the President of a committee to investigate remuneration and facilities for MPs arises out of the changed nature of parliamentary processes under the new constitution. There is a long-standing cross-party conviction that the current system, whereby all ordinary MPs receive the same pay, is inequitable. Some obviously carry greater responsibility than others.

President Botha also says the new constitution has changed and increased the burden on the State President, Ministers and deputies, MPs and PC members — mean-



State President P W Botha . . . cutting into public service costs.

Koeberg will be back in action soon, says Escom

ARCUS 14/3/85

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Staff Reporter

KOEBERG nuclear power station, shut down on January 21, will be operating again within two to three weeks, Escom spokesman Mr Etienne du Plessis said today.

He said in a statement that the problem of iron particles found in stainless steel piping "is now understood and is regarded as acceptable in the short and medium term and probably acceptable in the long term".

Escom believed the two reactors at Koeberg could go back into service "subject to the satisfactory completion of present work".

INSPECTION

Late in January Escom said the station was being shut down for a few days for inspection and maintenance. But the shutdown was extended when an iron particle was discovered on the surface of a stainless steel pipe in Unit 2.

It was decided to investigate "preliminary indications" that more pipes might contain iron particles.

Mr du Plessis said intensive investigations were carried out by Escom's quality-insurance organisation, by the French contractor at Koeberg, and in Escom's metallurgical laboratories at Rosherville, Johannesburg.

Specialists supported the belief that the pipes would not be affected by the "possible presence of laminar inclusions".

"SATISFYING"

"Escom's current efforts are directed towards satisfying itself, the AEC and the Council for Nuclear Safety within two to three weeks that the integrity of the plant remains unaffected," the statement said.

"Because there is two to three weeks' work to be done to restore Unit 1 to operational readiness, certain activities have already commenced.

"These include replacing the lagging removed to facilitate inspection of a number of pipe elbows, and bringing the chemical conditions in the plant to the state required.

"This work is now to be subjected to final tests before start up."

US lawmaker wants inquiry into Escom

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WASHINGTON. — A House of Representatives sub-committee chairman asked this week that a criminal investigation be launched into reports that highly-skilled US nuclear technicians may have illegally taken high-paying jobs in South Africa

Democratic Representative Mr Edward Markey of Massachusetts, who heads the Energy, Power and Commerce sub-committee, made the request after the Tennessee Valley Authority, a US Government agency that operates a vast hydro-electric system, told him it had indications that 21 of its skilled reactor employees had been recruited since 1980 by Escom.

Illegal

In a March 8 letter to Mr Markey, TVA chairman Mr CH Dean said 11 of the technicians may have joined Escom in 1984, the year after the US Congress made it illegal for United States citizens to work in nuclear programmes of certain nations without specific approval of the US Energy Department. The 1983 law applies to countries such as South Africa that have not signed the international treaty against nuclear proliferation.

Mr Dean said Escom may have offered the former TVA technicians up to R400 000 a year in salary — about four times what they would earn in the States — plus broad fringe benefits.

Mr Dean told Mr Markey that TVA had received an as-yet unverified report that some of the technicians who left last year were recruited by a former TVA employee who went to South Africa in 1980. He said "The recruiter is reputed to have received a R9 000 bonus for each licensed individual hired.

"There is some indication that the compensation package offered by Escom included a salary range of R173 000 to R384 000 and fringe benefits such as profit-sharing, housing allowances, relocation bonuses, free round trips to the United States for leave and the payment of South African taxes"

Mr Markey wrote to US Energy Secretary Mr John Herrington yesterday asking that he turn the matter over to the Justice Department for an FBI investigation. He said that while letters to the department from some technicians "indicate they were unaware of the law", an Energy Department employee's notes from a March 6 meeting with Escom officials indicates the South Africans told the Americans of the law

● In a statement released in Johannesburg yesterday, Escom said it follows the letter of US law when recruiting American workers

"We have always believed that in a free market people can sell their skills," said Escom spokesman Mr Etienne du Plessis.

Mr Du Plessis said in an interview that 52 Americans are employed by Escom at the Koeberg nuclear power station outside Cape Town

"Twenty of these are from firms who have Department of Energy approval. Some of those 20 do not participate in activities that fall under the law. We are talking about 32 people who are on a temporary contractual basis who do not have approval."

The spokesman said eight of the 32 do not work in jobs covered by the US law, and the remaining 24 have applied for Energy Department permission — Sapa-AP

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CAPE TOWN 26/3/60

Top-level talks in City on SA oil

Chief Reporter

A TOP-LEVEL two-day symposium starts in Cape Town tomorrow on the practicalities of producing oil and gas from wells discovered off the South African coast.

Such production would open up a completely new and sophisticated technology in this country and could make a considerable impact on the economy.

A number of overseas organizations concerned with the production of offshore oil and gas will be represented at the talks and the keynote address will be given by Dr P J van Zijl, managing director of Soekor, South Africa's State-sponsored oil exploration company.

Soekor is hoping for a Cabinet decision in June on production from wells off the Southern Cape coast that have yielded promising results recently.

Earlier this month it was disclosed that the first oil in "fairly large" quantities had been

found south-west of Mossel Bay and that this well was producing 2 600 barrels of light crude and a million cubic feet of gas a day.

The production symposium, to be held at a Sea Point hotel, has been organized by the 400-member SA Institute of Marine Engineers and Naval Architects (SAIMENA).

More than 100 delegates are expected, and matters to be discussed will almost certainly include the possibility of establishing an offshore oil and gas production platform off the Southern Cape coast.

A spokesman said yesterday that the SAIMENA was convening the symposium "to enable a wide spectrum of South Africans to familiarize themselves with the magnitude and complexity of systems that have been used elsewhere, in the interest of avoiding the mistakes of others and to make valuable contacts with specialists in their field."

Argus 27/3/85 (280)

Guilty verdicts in Salem case

Argus Foreign Service
AUSTIN (Texas) — Frederick Soudan, charged as a principal in the Salem tanker swindle involving the sale of stolen oil to the South African Government, was found guilty on 17 counts of the 22-count indictment against him in Houston

The charges covered fraud, conspiracy, perjury and tax evasion

The court found Soudan not guilty on the first five counts involving wire-fraud, but they found Soudan's cousin, Abdul Wayhab Al Ghazou, guilty on all three of the counts against him. These involved laundering through foreign banks the money Soudan gained from the oil transaction to avoid paying US taxes

Maximum

US district judge Mr Carl Bue set a hearing for April 22, when the court will pass sentence on the two men

The maximum sentence, if Soudan had been found guilty on all

22 counts against him, would have been 111 years

With five of the counts dismissed, it could still run as high as 86 years

The first five counts of wire-fraud, on which Soudan was found not guilty, involved telex messages sent before his visit to South Africa on October 15 1979, to discuss the oil deal. Other counts involving similar messages after the South African visits brought guilty verdicts

Supertanker

Mr Bruce Locke, who with Mr David Berger defended Soudan and Ghazou, said an appeal against the verdict would be made for Soudan and possibly for Ghazou

The case involved the use of the supertanker Salem to transport stolen oil from Saudi Arabia to Durban, where it was unloaded and sold to the South African Government. The tanker was later sunk at sea to cover the fraud

The swindle cost the South African Govern-

ment more than R60-million, which had to be paid to Shell International Trading Company, real owners of the oil

The trial in Houston involved about 70 witnesses and saw 1 500 documents submitted in evidence

Saldanha area wants a piece of gas, oil action

260 CME Times 27/3/85

Chief Reporter

THE Minister of Mineral and Energy Affairs, Mr Danie Steyn, has caused deep disappointment in the Saldanha area by stating, in a letter to the local council, that any industrial processing of gas and oil from wells off the Cape coast will be done in the Mossel Bay area, not at Saldanha

Prominent businessmen and others in and around Saldanha feel that the West Coast harbour, with its under-utilized infrastructure developed over the past decade, would be the logical centre for a processing plant, and they

are still pushing hard for this

They are convinced that wells that have been investigated off the West Coast are richer in gas, and possibly oil, than those in the Mossel Bay area and that it would make economic and logistic sense to site the processing plant at a point that is central to both production areas

Soekor, the State-sponsored oil exploration company, is expecting a Cabinet decision to be taken in June, on whether the recent offshore oil and gas finds south-west of Mossel Bay should be commercially exploited

Meanwhile, the pro-Saldanha lobby continues to make a strong case for industrial processing to be done on the West Coast

Mr Johan Hofmeyr, a former mayor of Saldanha, was this week given the go-ahead by the management committee of the West Coast Regional Development Association, of which he is a prominent member, to make a direct approach to the Administrator-General of SWA/Namibia, concerning any exploitation there may be of wells that have produced promising results to the north of the Orange River Mouth

poration would, for example, presumably pay bonuses on merit related to such factors as productivity which normally do not influence a government intent on buying and securing votes. A shift in ownership need not be painful for any but the most cosseted employees who doubt their own ability to compete and place an enormous premium on security. And there can surely be no better way to cement political allegiance than generally rising prosperity.

As for government itself, privatisation will mean that new corporate taxpayers will begin to file returns, and the tax base will be accordingly broadened. Rising State revenues will mean that Cabinet ministers have more to spend. And Cabinet reputations and the ability to spend go hand in glove.

One danger could be that existing State monopolies would simply be seen to become

private monopolies. So the process of deregulation, to which Pretoria certainly pays more than lip-service, would need to be speeded up. In the case of Sats, for example, private road haulers would have to be given unrestricted access to road permits. Efficiency would be the watchword and the result. For this, prices need to be determined by competition in the marketplace.

Probably the most difficult thing about privatisation is changing the traditional and conservative thinking of those bureaucrats who must adapt to being answerable to shareholders and not government, that Big Brother whom it is all too easy to see as the employer of last resort.

As E S Savas notes in the book *How to Shrink Government Privatizing the Public Sector*, privatisation involves "reconsidering the respective roles and responsibilities of government, the individual, the family, voluntary associations, private firms, and the marketplace."

"Public services can be provided through several alternative institutional means, including some that permit greater reliance on private initiatives and require a more modern role for government than is often — thoughtlessly — deemed necessary."

"Broad recognition of these principles can bring about more limited and more sensible government — and hence greater freedom, justice and efficiency — without sacrificing the advances of the last century. This promises a restoration of legitimacy and a greater measure of public trust in democratic government."

Without too much cynicism, it could be noted that "democratic government" might not mean to our rulers precisely what Western societies have in mind. Nonetheless, the current drift towards a shambles of collapsing pricing systems, rising inflationary expectations, and what amounts to welfarism for whites, is too dangerous a path for SA to maintain. It simply cannot afford to carry on if it aspires to become a reasonably equitable society, and thus a stable one. Nor can it hope to have an efficient economy capable of competing in world markets. The alternative is stagnation and falling living standards for all its peoples.

For one thing, privatisation can convert slumbering assets and services into driving, profit-seeking and often ruthless, enterprises. The private sector, unlike corporate wards of the State, always faces the ultimate death threat bankruptcy. Going bust, besides being a sign of a healthy economy (because it flushes out the inefficient), is something no quango bureaucrat has ever yet had to fear.

Immunity to bankruptcy and competition takes the edge off innovation. Buyers of any privatised concern will clearly do their utmost to recoup the cost — and try damned hard to get rich after that. They will have to do so in the face of free competition. The rewards could be great for the successful entrepreneurs, but in the transition period obstruction from those who fear (possibly

correctly) that their jobs are on the line must be expected. But that is the climate in which contemporary world business flourishes.

Privatisation is part of a new economic order sweeping the world. It has earned widespread support. For it works — and its successes have startled some of the most cynical of observers.

In the US where there are no state corporations (although there are privately owned utilities) the process of deregulation and privatisation at federal and local government level helped create a jobs boom that has far outweighed the speed of job creation in any other industrialised country in modern times. It has found favour even in some communist countries, notably Red China. And it is part of a new wave of economic thinking in some Comecon countries.

The process of privatisation, as the Americans have shown, can successfully be extended down to municipal level — changing city

FOR THE BIDDING

South Africa's unprivatised corporations are worth megarands — and many make megaprofits. In its 1984 financial year, SA Transport Services (Sats) reported a consolidated turnover of R6,5 billion, with net operating profits of R2 billion, probably making it the best business in the land.

Its reported profits were R76m, after writing off depreciation of R369m, additional depreciation of R478m, and other non-cash items and financial charges of some R1 billion.

The corporation invested R1,4 billion in the financial year, leaving it with a cash inflow (or surplus) of R680m after investment. But 1984 was a good year for Sats, in the previous period it experienced a cash outflow of some R658m.

Professor Brian Kantor of UCT's School of Economics says that if Sats was floated on the stock exchange, its market capitalisation would amount to about R10 billion ignoring debt.

Kantor says almost all the entities that can be privatised "are in fantastic businesses." Escom's power generation, for example, is expanding at a compound rate far in excess of inflation.

And despite their fossilised image, many public corporations are already cutting staff by taking a most pragmatic business attitude to their affairs. Sats, notably, has shrunk its labour force in recent years. "Sats does not offer the free jobs it once did," Kantor comments.

Staff levels at Posts and Telecommunications (P & T), by contrast, have risen dramatically as the new technology takes its hold on SA's development. But P & T also runs a highly profitable business. Its 1984 turnover came onto the scorecard at R2,3 billion, with net operating profits of some R880m, and reported profits of R348m.

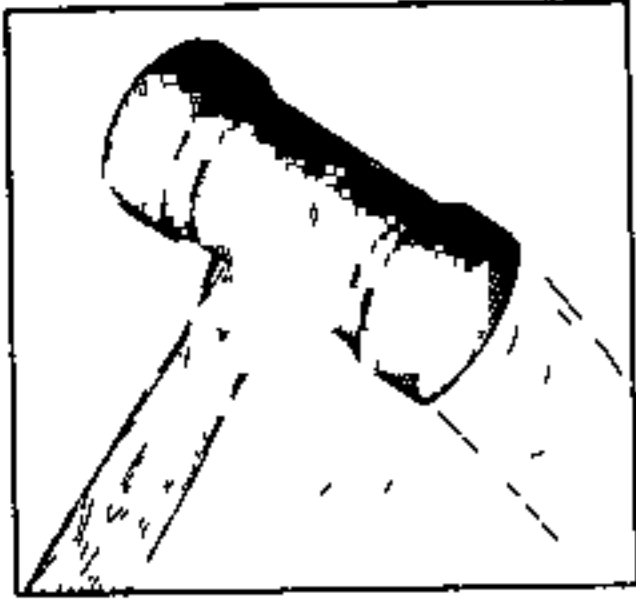
UP FOR GRABS

- Electric power
- Education
- Transportation
 - railways
 - harbours
 - road haulage
 - pipelines
 - airways
 - buses
- Postal Services
- Telephone Services
- Health Care
- Television
- Radio
- Fire Protection
- Protective/security services
- Social services
- Custodial services
- Food services
- Forestry
- Towing
- Weather forecasting
- Water supplies
- Legal Aid
- Family Planning
- Public Laundry & Dry Cleaning
- Airports
- Maintenance/cleaning
- Public swimming pools
- Prisons and correction services
- Sewage works
- Garbage collection
- Management & Admin services

Extracted from *How to Shrink Government Privatizing the Public Sector* (E S Savas), and *Fiscal Watchdog*, newsletter of the Local Government Centre, a project of the US's Reason Foundation.

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The hammer or the sickle



If the record of the P W Botha administration is anything to go by, privatisation — or at least a major initiative in that direction — could remain an impossible ideal for the future. Certainly

Barend du Plessis' Budget pronouncements last week have helped to give that impression. Whether he be waiting for Godot or Margo or any other go is beside the point. There are no reasons for waiting at all. There are compelling reasons to get on with it.

The plain fact is that the process of selling State-owned assets and services to the man-in-the-street is part of supply-side economics. It assists in cutting taxes, shrinks the size of government and reduces the public debt. What could be a more appropriate policy under present circumstances?

Most important, too, privatisation cuts deeply into government's regulatory role, one that has been blown out of all proportion in this country. Indeed, it could be a significant impediment to fixed capital investment.

Privatisation is not simply a piece of economic legerdemain executed by governments in search of every last cent they can squeeze out of the private sector. It demonstrates, rather, a commitment to the processes of the free market — and a recognition that only the market can create the wealth that will in turn create more jobs, foster prosperity and encourage social stability.

For this reason, privatisation is fast becoming a major driving force behind modernising economies. It reduces waste caused by the misallocation of scarce resources that flows automatically from controlled prices and the distorting influences of misguided decentralisation.

Experience, especially in Britain, has demonstrated that there are benefits all round. Governments enjoy a one-off windfall from

Overspent and strapped for cash as it is, government should be giving privatisation far more thought. The immediate sale of State corporations could have a telling impact on government revenues, reduce the pressure to spend, improve economic efficiency, and give flagging private enterprise a shot in the arm. In the longer term, it is vital for the survival of our economy as we know it.

the sale — and in the process usually gain a new taxpayer. Shareholders gain a stake in the assets they have financed as taxpayers. Consumers have the prospect of greater efficiency and thus more stable prices.

Government disinvestment in concerns

HIGH-TECH SUPPLY

Posts and Telecommunications (P & T) spends most of its money on products of the big, established suppliers. This buying policy fails to recognise that technology, the world's new economic engine, usually starts with one man's idea. The world's biggest-selling microcomputer, the Apple, was invented in a backyard garage in the US.

P & T has five "agreement suppliers": Siemens, Plessey, Telephone Manufacturers of SA (TMSA), STC and Teltech, the latter two wholly-owned Altech subsidiaries. Of P & T's R696m telecommunications budget last year, R517m was spent with these companies, leaving precious little for alternative suppliers who may indeed have had more innovative — or even cheaper — products on offer.

How much privatisation would change this is difficult to say. But it's a fair guess that if P & T were open to competition, and answerable to shareholders, its list of product suppliers would increase substantially.

In the US, American Telephone & Telegraph was forced by antitrust authorities to divest itself of seven huge regional operating companies. Since then, hundreds of smaller competitors have emerged to offer their innovative services or supplies. And the technology market, like Topsy, has just grown.

It's expected that US and European markets for telecommunications equipment will double within the next three years and, with P & T's latest budget estimated at R1,2 billion, a similar development could be expected for SA.

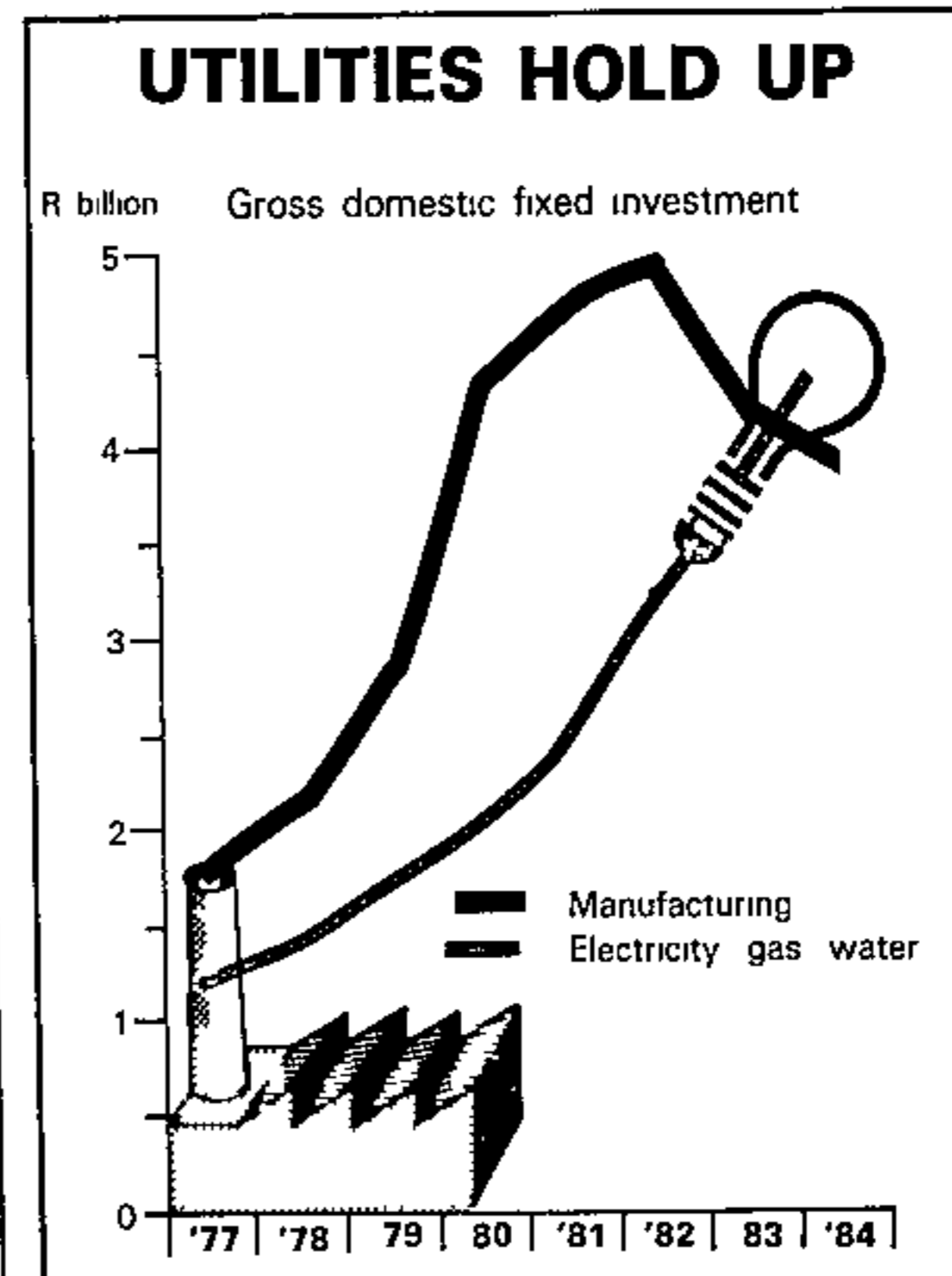
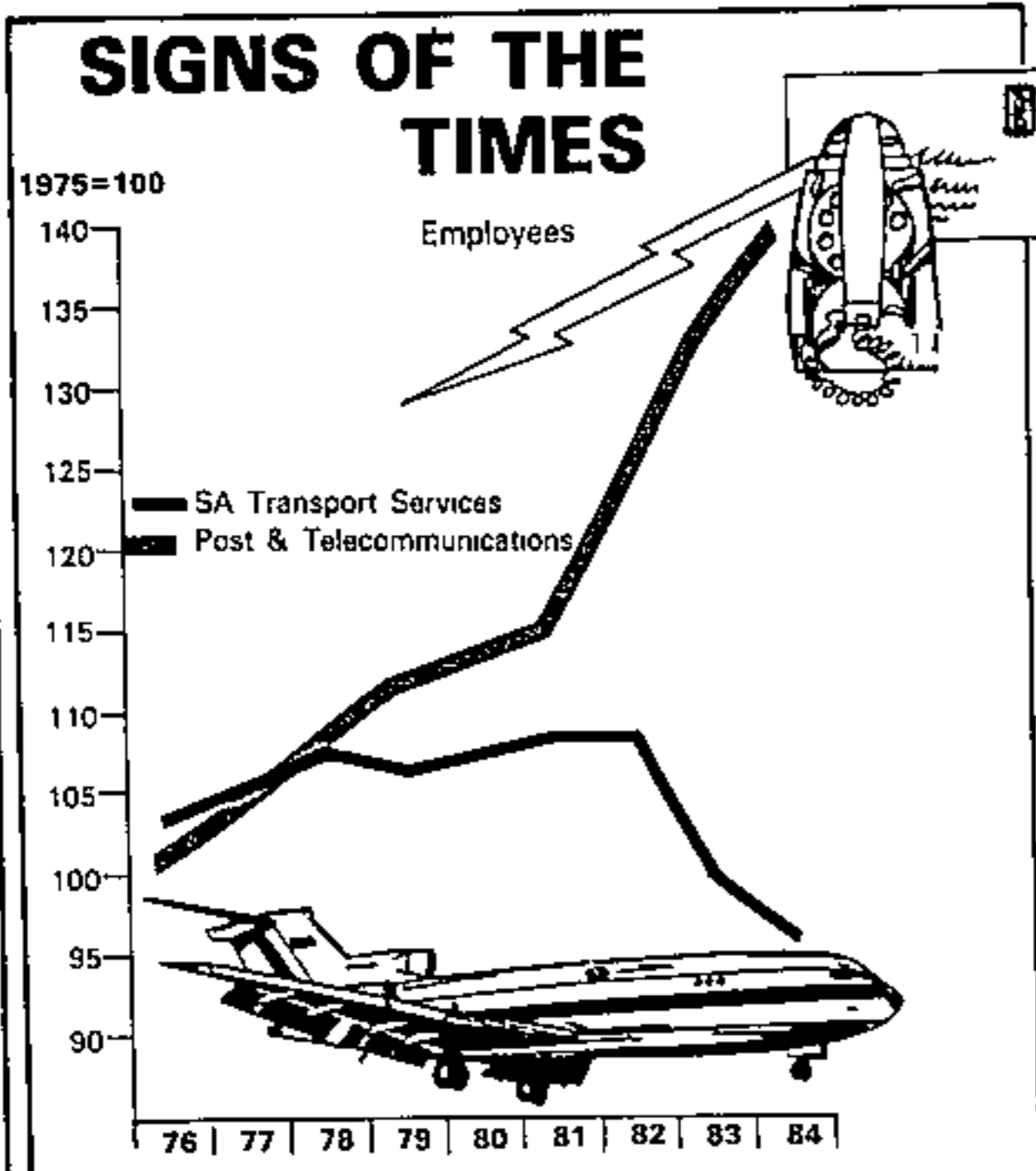
that can be better run by the private sector could have enormously beneficial consequences, especially for SA where capital investment has been flagging. It could be a telling incentive to foreigners seeking good returns in a stable economy. For example, if SA Transport Services (Sats) were to be fully privatised, it could notch up a market capitalisation of up to R10 billion. This would make it the biggest listing on the JSE, worth more than Anglo American and Sasol combined. The sale would be world-ranking, and would probably lead to flotations on several stock exchanges.

It is easy to underestimate investor interest in privatising SA's State services. For after years sometimes of declaring deficits, there is a natural tendency to assume that State corporations are simply not profitable. This is partly the fault of the corporations themselves — since they use antiquated accounting policies that tend drastically to under-report profits and overstate costs. It is a device, moreover, that has been used to good affect to argue for higher controlled prices for outputs.

Many State enterprises are, in fact, highly profitable enterprises, as Professor Brian Kantor of the University of Cape Town points out. In 1984, Sats's net operating profits were R2 billion on turnover of R6,5 billion. Posts and Telecommunications' corresponding figures were R880m on R2,2 billion.

But how to persuade Pretoria to relinquish its iron grip on these services, which are largely staffed by people it hopes to retain as political supporters? The agonising over the relatively painless recent cut, by one-third, in public-service bonuses suggests that this is not going to be easy.

In fact there are several ways of persuasion. A profit-making private-sector cor-

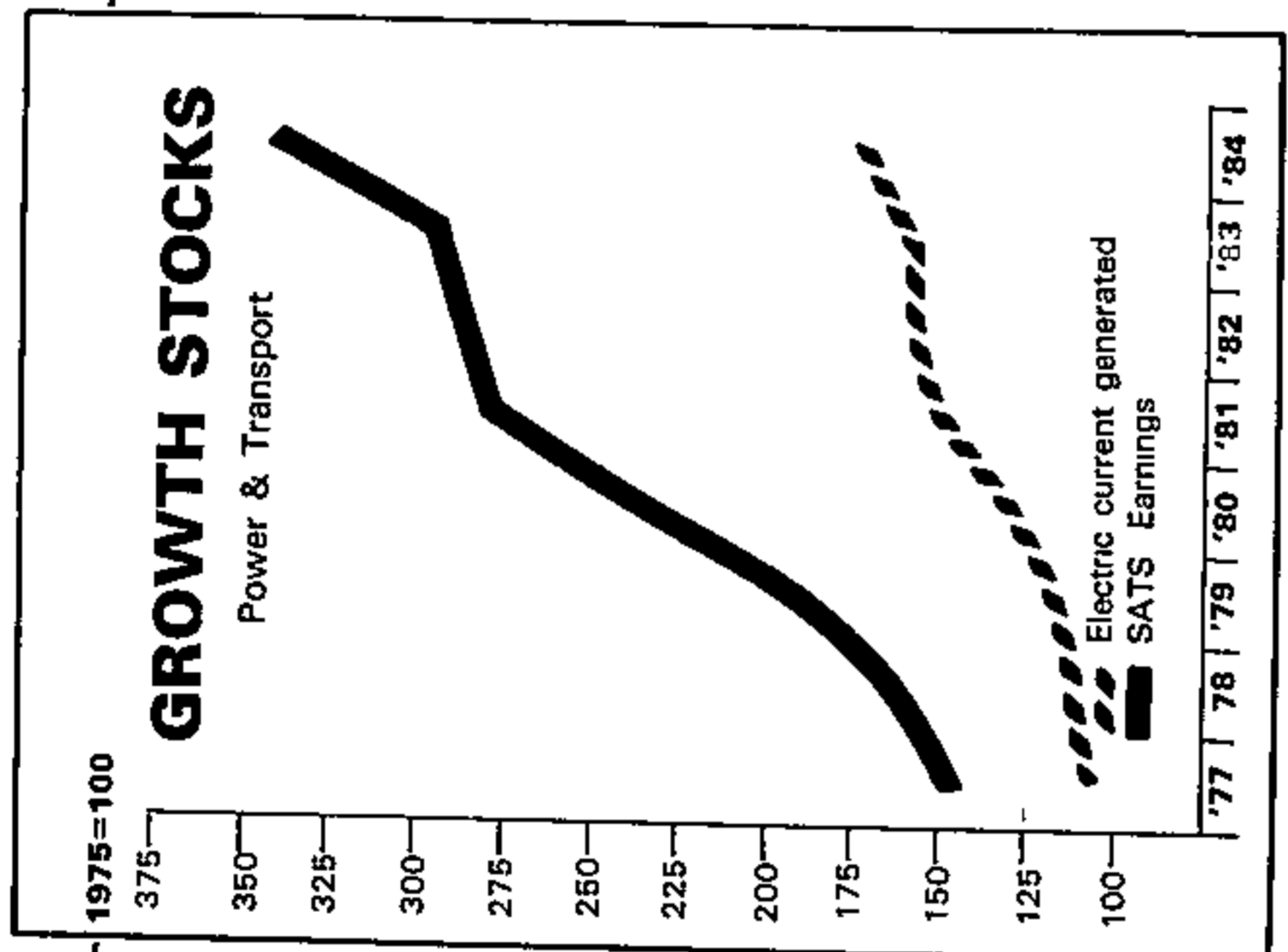


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tion, the sum of the parts is greater than the whole, the benefits are greater than the costs. Just think how cheap it is today to rent a car and how efficiently this competitive industry is run. It is not by accident that it is one of the most fiercely competitive sectors of the economy. Yet what would have happened if 10 years ago, in the interests of a so-called orderly market, the State had abrogated to itself all car rental business?

There is another compelling argument for rapid privatisation here. It has to do with the very rapid growth in the black population. No wonder futurologist André Spier, of the think-tank Syncom, says that SA now faces a choice between privatisation and bankruptcy. Our population is expected to double in 35 years, and urbanisation, with all its attendant costs, will increase dramatically.

Syncom projects that government spending, as a percentage of GDP, could rise from its present 37% to 50% by the year 2010 if present trends continue. That level of spending cannot be financed from taxes alone. They would have to be so high that economic growth would simply be choked off. Stagflation would be the outcome and that ultimately would amount to SA facing the bankruptcy that has become commonplace in the Third World. The only real alternative is privatisation. The only real problem is time.



councils to evaluators of tenders for various services rather than maintaining them as mini-governments with excessive regulatory powers. There are, of course, political implications that extend beyond the succour of voters when State enterprises are hived off. In SA there is a fear in Pretoria that privatisation could lead to control of major industries passing to what has been referred to as the Hoggenheimers or powerful English-speaking capitalists. Illustrative of this was the scandal of the privatisation of Samancor a few years ago. Government made sure that the corporation was not bought by Anglo American.

The answer to that fear is not through a devious favouring of one buyer ahead of another, but by selling the shares as widely as possible, especially to employees of the enterprise concerned. The British Telecom issue was just so structured — partly for political purposes. It will be very difficult for any future socialist-inclined government to deprive small shareholders of their stock.

So the valuing of the assets to be privatised, the nature of the share issue to the public, and the price of the stock have to be carefully determined. For instance, if earnings have been deliberately understated, it would be misleading to sell a State enterprise on a multiple of earnings. Equally, if self-

financing of capital expansion has been used extensively, net asset value could be distorted.

But those are not insuperable hurdles. We in SA have very sophisticated merchant banks skilled at determining that sort of thing. Moreover, there is government's experience in the highly successful quasi-privatisation of Sasol. The important thing is that in privatisa-

CAPE TOWN 30/3/85
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Koeberg closed a few more weeks

By RENEE MOODIE
THE Koeberg nuclear power station is to remain closed for another few weeks because the Atomic Energy Commission has requested Escom to inspect a wider range of pipes than those already inspected

This was announced in a statement released in Johannesburg last night.

Koeberg, which was due to come on stream again soon, was shut down on February 21 after iron particles were discovered in stainless steel pipes during an inspection

The statement said it remained for Escom to satisfy itself, the AEC and the Council for Nuclear Safety that the integrity of the plant remained unaffected.

A spokesman for Escom last night said "Escom has submitted its report regarding the start of Koeberg to the Atomic Energy Commission.

"Escom is satisfied that the plant meets the safety criteria to which it was designed. However the licensing branch of

the Atomic Energy Commission has requested that the inspection be extended to a wider range of pipe fittings - which serve the primary circuit before approval for start up can be granted

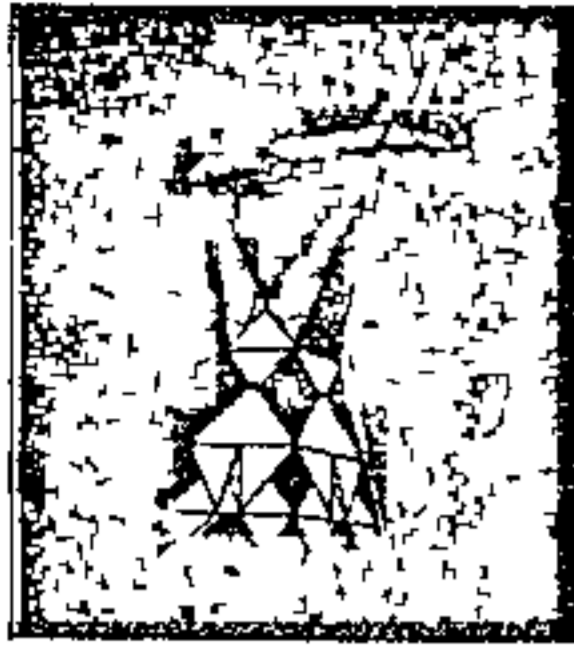
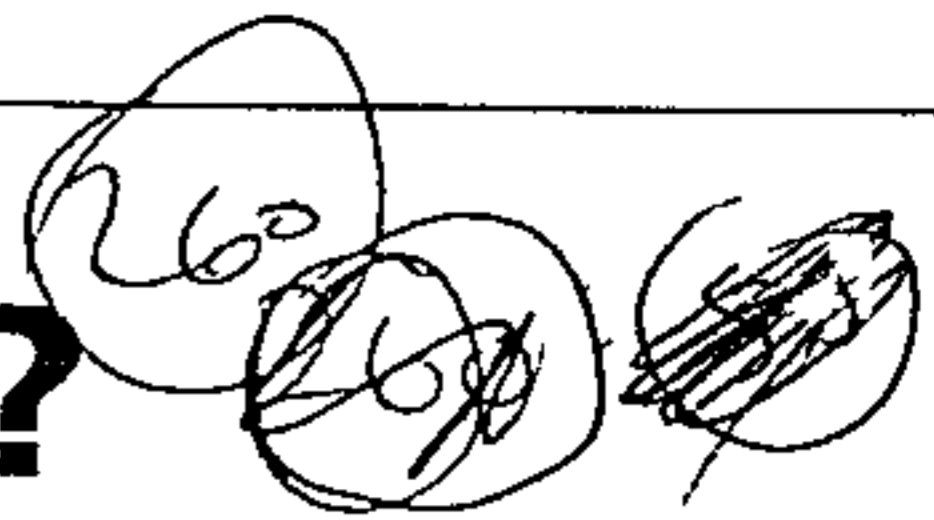
Ultrasonic

"This inspection, which will make use of ultrasonic equipment, will take a further few weeks"

● Mr Michael Kantey, a spokesman for Koeberg Alert, responded to the latest statement by saying "My initial response is to ask one question. Do they know what is going on?"

"In the larger context, I would like to ask if we really need Koeberg. After all the confusion surrounding the plant, the costs involved in the shutdown and the doubts about the safety of the plant, is this not the opportunity to simply stop the whole thing dead and address the real issue, which is the supplying of appropriate energy to all the people of South Africa"

Are the critics on beam?



There is a certain sensitivity noticeable when you talk to Escom chairman Jan Smith about the R28m flower bill of which he stands accused by a few newspapers and some

others. And, indeed, so large an amount is involved that it is tempting to dedicate to him the fifth stanza of Marvell's *Thoughts in a Garden* *

But that would be a gross distortion. The R28m was spread over five years, averaging, therefore, R5,6m/year, which is less than 0,16% of Escom's annual revenues.

It was spent, moreover, keeping the surroundings of 29 power stations in reasonable nick. Very little was spent on the playing fields of Megawatt Park in Sandton, whence Escom is ruled.

Without it, says Smith, "the environmentalists would be on my back." After spending it, he has electricity consumers in the same place.

Having said that, there is certainly something about the volumes that have been written on Escom lately that call to mind the metaphysical poets, of whom Marvell was one. Burton, in *The Anatomy of Melancholy* (1621), referred to their "neat construction, strong lines, hyperboles, allegories" and their "affection of big words, fustian phrases, jingling terms that like Acastes' arrows caught fire as they flew."

Out of proportion

Simply put, some of the criticism of Escom is dangerously close to being out of hand, out of proportion and maybe even out of mind.

Take, for instance, the matter of Gert Rademeyer, who whisked R8,4m of the commission's money into his own accounts. It is the first time anything like this has been done over 60 years by any of Escom's 65 000 employees.

Two thorough investigations of Escom's affairs — by the De Villiers Commission and, before that, a Board of Trade inquiry — found nothing wrong with Escom's present accounting control system. It has on three occasions won *Sunday Times* accounting awards.

Yet, one newspaper has said that if the De Villiers Commission's recommendations had been implemented by government more swiftly, the Rademeyer incident would never have occurred. This is even more puzzling, because the commission's report deals mainly with matters like capacity forecasting.

The next criticism of Escom concerns its foreign exchange losses. Speculation has put these as high as R300m in 1984. The fact is that Escom writes off each year a proportion of a possible forex loss relative to the life of a

loan or commitment. Each year this is revalued according to prevailing currency values. Last year, there was a direct loss of R9,6m. Part of this is in respect of covered commitments. They arose as a result of currency price movements during the few hours that it takes the Reserve Bank to provide the actual cover required.

However, at present, Escom calculates that it has a deferred unrealised loss of R141,6m in respect of its known foreign commitments up to 1989. This amounts to 2,57% of its R5,5 billion foreign liabilities, of

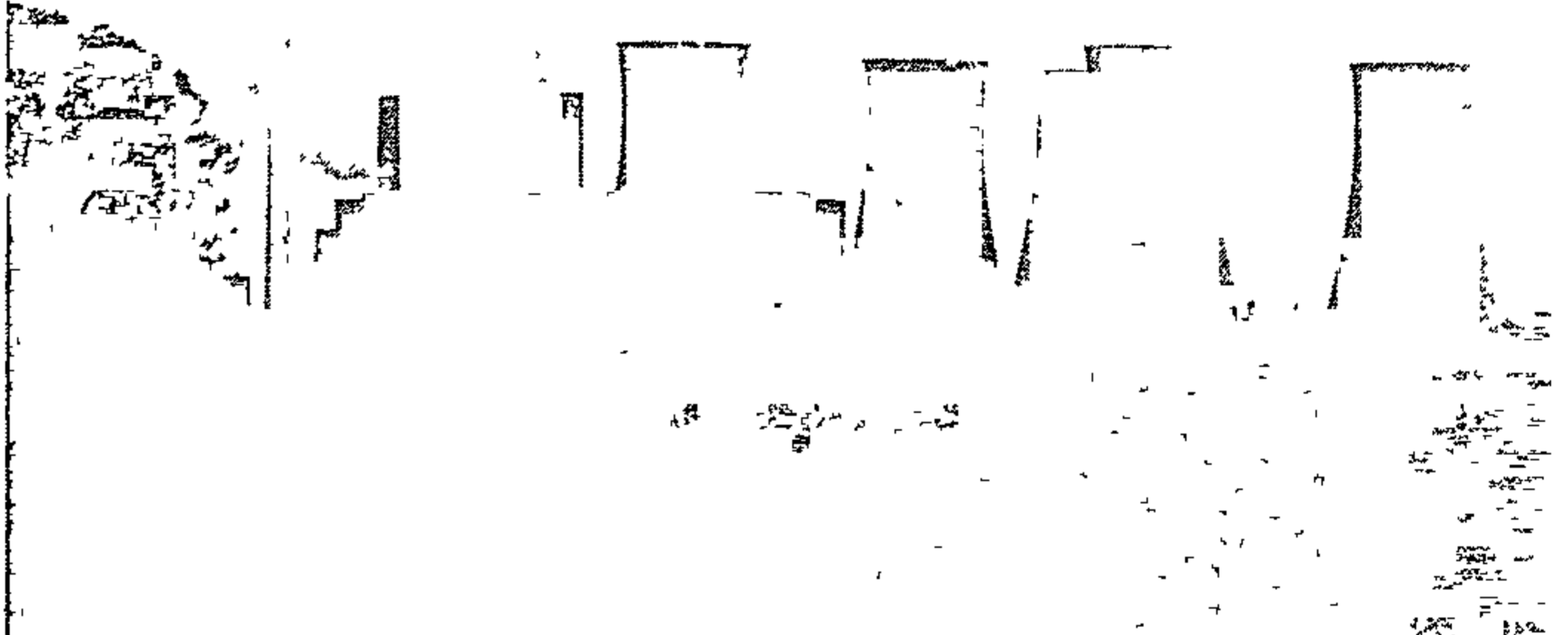
which R3,7 billion is in the form of loans and bonds and R1,8 billion in import financing and extended credits.

Compare that with the position of some other corporations. The ratio for General Mining was 14,9%, for Tedelux 37,4%, for Barlow Rand 8%, for Sentrachem 22%, for Toyota 25,8% and for Messina 50%.

Taking loss provisions as a percentage of total assets, Escom's were 0,7%, Toyota's 5,3%, Barlow Rand's 0,38%, Sentrachem's 4,2%, Tedelux's 22,7%, Gencor's 2,1% and Messina's 14,8%.

Escom requires each year far more capital than can be obtained in the local capital market. For its capital requirements it has to go abroad, where the cost of forward cover is expensive. To the extent that it buys this cover against the dollar from the Reserve Bank, the bill has partially to be met anyway by SA taxpayers during those years that the rand's value depreciates.

Escom's foreign loans generally have lives of eight to 10 years. Decisions on forward cover have to be taken annually, because 12 months is usually the longest period over which cover can be brought. The costs and risks that have to be weighed each time this is done vary considerably. Smith points out that over the last four years Escom actually made a profit on its foreign currency obligations. So, its decisions over time have not



Are power stations too big for optimal performance?

which R3,7 billion is in the form of loans and bonds and R1,8 billion in import financing and extended credits.

Compare that with the position of some other corporations. The ratio for General Mining was 14,9%, for Tedelux 37,4%, for Barlow Rand 8%, for Sentrachem 22%, for Toyota 25,8% and for Messina 50%.

been wide of the mark, and it is common cause that last year in the currency markets was exceptional.

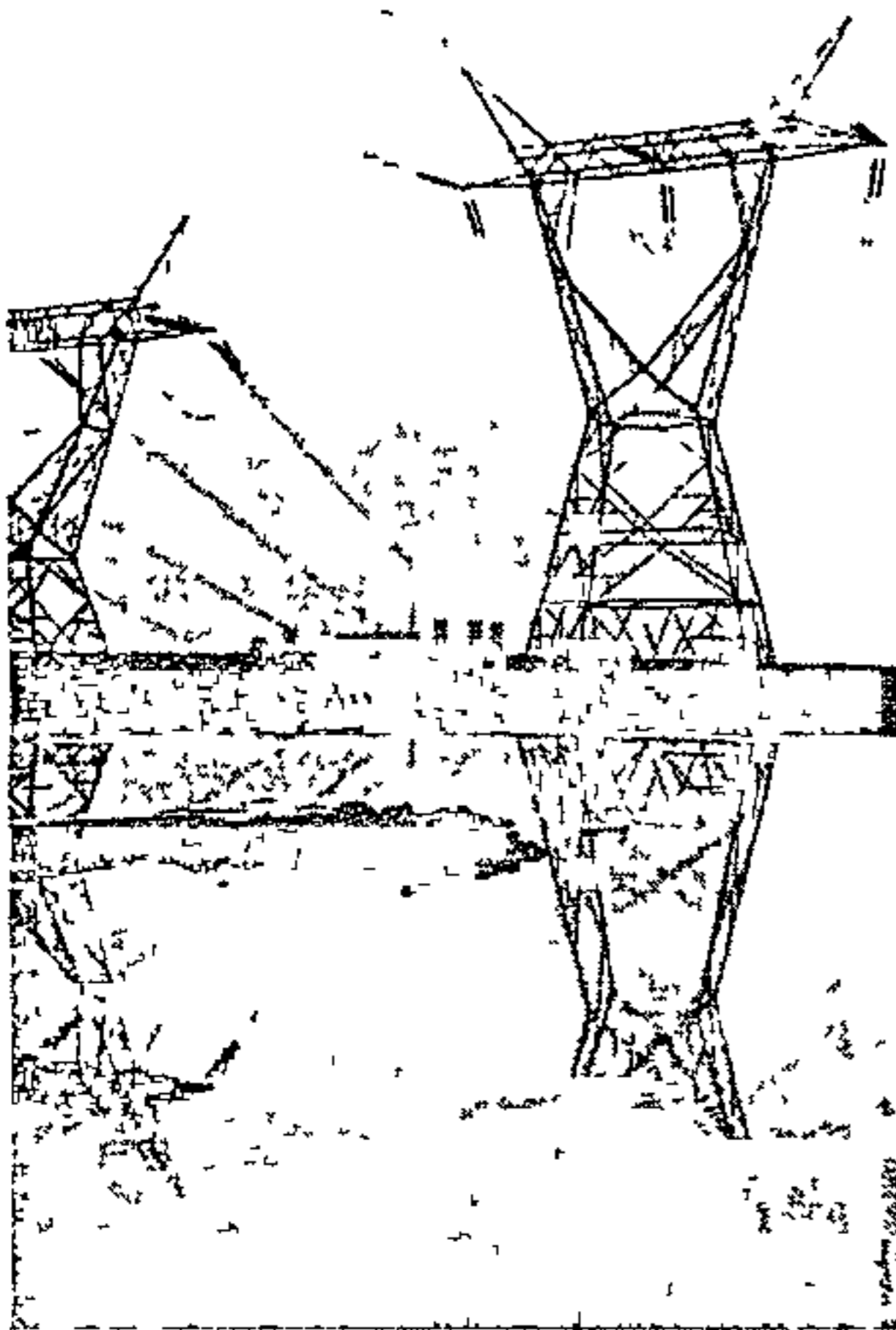
The "cost" of temporarily closing the Koeberg nuclear power station has led to the publication of some wild estimates (R1,8 billion was mentioned) based on the cost of servicing the capital borrowed to build it.

Smith points out that these finance charges for the nuclear station have to be paid, whether the station is in use or not, in exactly the same way that the capital costs of a coal-fired station have to be met.

Moreover, the cost of power from a nuclear station is higher than that from a coal-fired one. The price Escom now pays for local uranium is much higher than the world

* What wond'rous Life is this I lead
Ripe Apples drop about my head,
The Luscious Clusters of the Vine
Upon my Mouth do crush their Wine,
The Nectaren, and curious Peach,
Into my hands themselves do reach,
Stumbling on Melons, as I pass,
Insnar'd with Flow'rs, I fall on Grass
Thoughts In a Garden by Andrew Marvell (1621-1678)

260



Electricity sales grew more than 8% last year

price. And, because there is at this time of the year spare capacity in the national grid, Koeberg's outage at present actually reduces the marginal cost of producing electricity.

Cape Town University energy expert Professor R K Dutkiewicz makes the same point in a letter to the *FM* (March 29).

Comments Smith "It must be appreciated that the demand for electricity is increasing all the time — the growth in electricity sales last year exceeded 8% — and the maximum demand which Escom had to supply during winter was 10% more than in 1983.

"By taking Koeberg out of service now in the late summer for inspection when the demand for electricity is relatively low, we can be certain of its continuous operation in the winter months when its electricity is much needed."

There has, in addition, been criticism of Escom over Koeberg's capital cost overruns (R519m) and a loss (R57m) on uranium supply contracts. Looked at in proportion, and bearing in mind the political ramifications of uranium enrichment, these figures are not sufficient to give credence to views that Escom's finances have been handled in a slipshod manner.

The R519m Koeberg overrun was between

1975 and 1985, and R463m of it was due to inflation and higher interest charges that were capitalised on a project of the order of R3 000m.

Indeed, apart from the Rademeyer affair, it is difficult to fault the manner in which Escom's finances have been raised and applied. Nor is Rademeyer's R8,6m yet lost to the corporation.

In view of all this, for Escom to lose the skills of two of its senior men over what, relatively speaking, was a management oversight is a great shame. Urgent and serious consideration should be given to their reinstatement. It is not going to be easy for Escom to replace a finance manager with Len te Groen's knowledge of Escom's requirements and its sources of capital. His departure is certainly not going to be in the interests of electricity consumers, and neither is that of long-serving senior GM I D van der Walt.

Having said that, it must also be acknowledged that Escom is not beyond criticism. As the De Villiers Commission has pointed out, it may have gone for the wrong size of power station to achieve optimal output efficiency in the future. In relation to capital cost, further output is likely to be at diminishing efficiency. But this is a matter over which Smith and the De Villiers Commission disagree.

Future capacity

Secondly, there is the very thorny question of future capacity. Only a fractional reduction in Escom's estimate of future electricity needs can bring the capital cost down by thousands of million rands and consequently reduce upward pressure on tariffs.

It is for this reason that the De Villiers Commission recommended consumer representation on a new management structure at Escom and that efforts be made to improve electricity conservation.

The key to the cost of electricity in the years ahead is the additional productive capacity built as a cushion into Escom's power stations. The lower this is, the greater the chances of electricity prices remaining stable or declining, but the higher the possibility of power cuts in peak consumption periods. For industry and commerce, power cuts can be disruptive. For ordinary folk, it could mean a cold house in winter.

Smith claims that the demand for electri-

city grows at roughly 4% above gross domestic product. Not all forecasters would go along with that view. There was, however, an increase from 2,2% in 1983 (the lowest in 36 years), when gdp declined by 3%, to 8% last year, when gdp growth was about 4%.

Be that as it may. The causal relationship between the growth in gdp and the growth in electricity consumption is not well understood. It is possible that after a period of low economic growth, reactivating furnaces and mining plant require proportionately more electricity than when they are maintained in steady use.

Until the matter has been given much more attention, it is probably not wise to place too much credence on anyone's long-term view of electricity consumption.

And any forecasts that are made could be radically altered by technological advances, especially in conservation.



Escom's Smith doubts that electricity could be cheaper

Another unknown factor in these forecasts is the extent to which Escom can be privatised, or whether government would wish to move in that direction.

In theory, it is possible — even desirable — for privately owned power stations to sell electricity into the national grid. As a monopsonistic buyer, Escom would be in a position to keep a tight hold on prices. Maybe it could even become the housewives' friend.

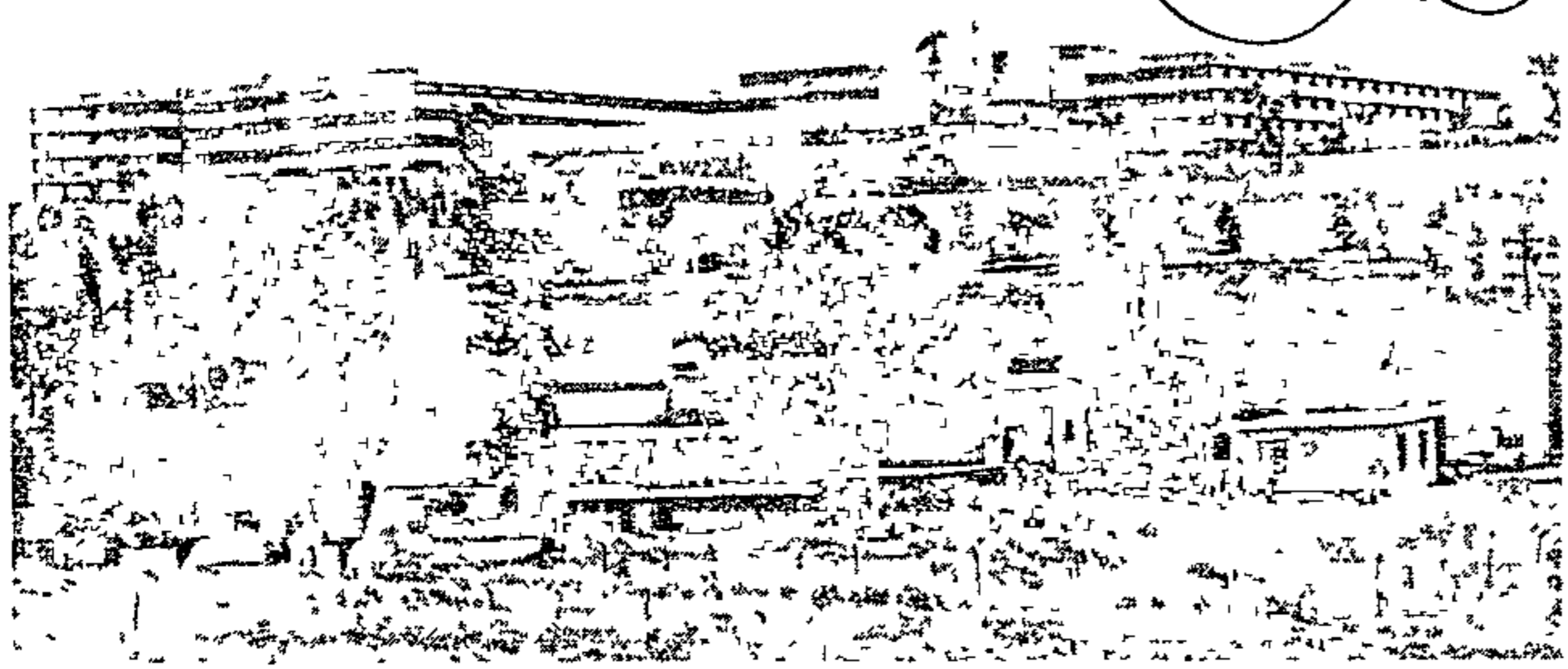
In practice, Smith doubts that these stations could produce electricity at below Escom's cost. Presumably, this is because of the economies of scale involved and because Escom does not base its electricity tariffs on the current cost of capital. Its accounting policies, in other words, take into account that older plant was financed when capital was much cheaper.

But, again, this is a matter that requires research and some hard thinking. It was hardly touched on by the De Villiers Commission, which was under pressure to bring out a report quickly. Its recommendations on greater user participation in a new manage-

COMPARING PERFORMANCE

	Total assets	Foreign borrowings	Forex loss provisions	Loss provision as % of total assets	Loss provision as % of foreign borrowings
Gencor	R7 261m	R1 047,9m	R155,9	2,1	14,9
Tedalex	R479m	R290m	R108,6	22,7	37,4
Sentrachem	R1 344m	R260m	R57,1	4,2	21,9
Messina	R486m	R144m	R71,8	14,8	50%
Toyota	R621m	R128m	R32,8	5,3	25,8
Barlow Rand	R7 188	R344m	R27,1	0,38	7,85%
Escom	R20 000	R5 500m	R141,6	0,7	2,57

260 ~~260~~ Fm 12/4/85



The playing fields of Escom's Megawatt Park headquarters.

ment structure were intended to bring to bear differing views on the need for additional capacity and cost control that would be implicit in — and more effectively applied

by — a competitive market place
Escom is one of the towering heights of the SA economy. It is large even by world standards. It is bound often to come under public

scrutiny. According to Escom, its electricity is about the cheapest available anywhere in real terms (that is, after deducting the inflation rate), the price of electricity now in SA is the same as it was 25 years ago. That cannot be too bad a record.

The problem, of course, is that no manager, let alone one who steers Escom, can afford to take his eyes off the future and dwell on past, or even present, successes. He cannot avoid making sensible estimates of what will be required in the years ahead.

The danger is that if too much attention is paid by politicians and other pressure groups to recent critics of Escom, the view of the electricity needs of the future that might prevail could equally be in the realm of metaphysics. That would not be in the best interests of sound and sustainable economic growth. ■

INDUSTRIAL COURT

In a judicial limbo

The Wiehahn Commission knew exactly what it was doing, back in '79, when it recommended that black workers should enjoy the same statutory protection as any others. In so doing it initiated a process from which there could be no turning back.

The cutting edge was Wiehahn's recommendation that the definition of "employee" in the Industrial Conciliation Act (now the Labour Relations Act) be extended to cover blacks. This would have the effect not only of giving legitimacy to the black trade unions which existed at the time — but would also boost unionisation. To resolve conflict the old Industrial Tribunal was to be upgraded into a body with sufficient power and authority to adjudicate labour disputes. Therein lay the origins of our current Industrial Court (IC).

Wiehahn wanted the right of appeal

Born out of the Wiehahn reforms, the Industrial Court has reached the stage where its authority and powers need tighter definition. Without this employers and employees will be left to find their way through a maze of often contradictory judgments.

against any decision of the new IC to be to the Supreme Court. However, in its responding White Paper, government did not give unqualified support to this. The unfortunate upshot is that instead of falling under the Department of Justice, the labour court falls under Manpower.

For a few years after its inauguration in

October 1979 the court had a quiet time. It was seldom used by either labour or management. But since September 1 1982 — when the IC's powers were expanded to allow it to grant *status quo* orders providing temporary relief to aggrieved parties — its caseload has increased each year. In 1982 49 matters were referred to it. In 1983 this figure leapt to 190, and last year an all-time high of 475 matters came before it.

On the surface, therefore, it would seem that the IC has come into its own. But there is a fatal flaw: a number of judgments make it clear that the court is not really a court at all, and the problem of the IC's status has become acute.

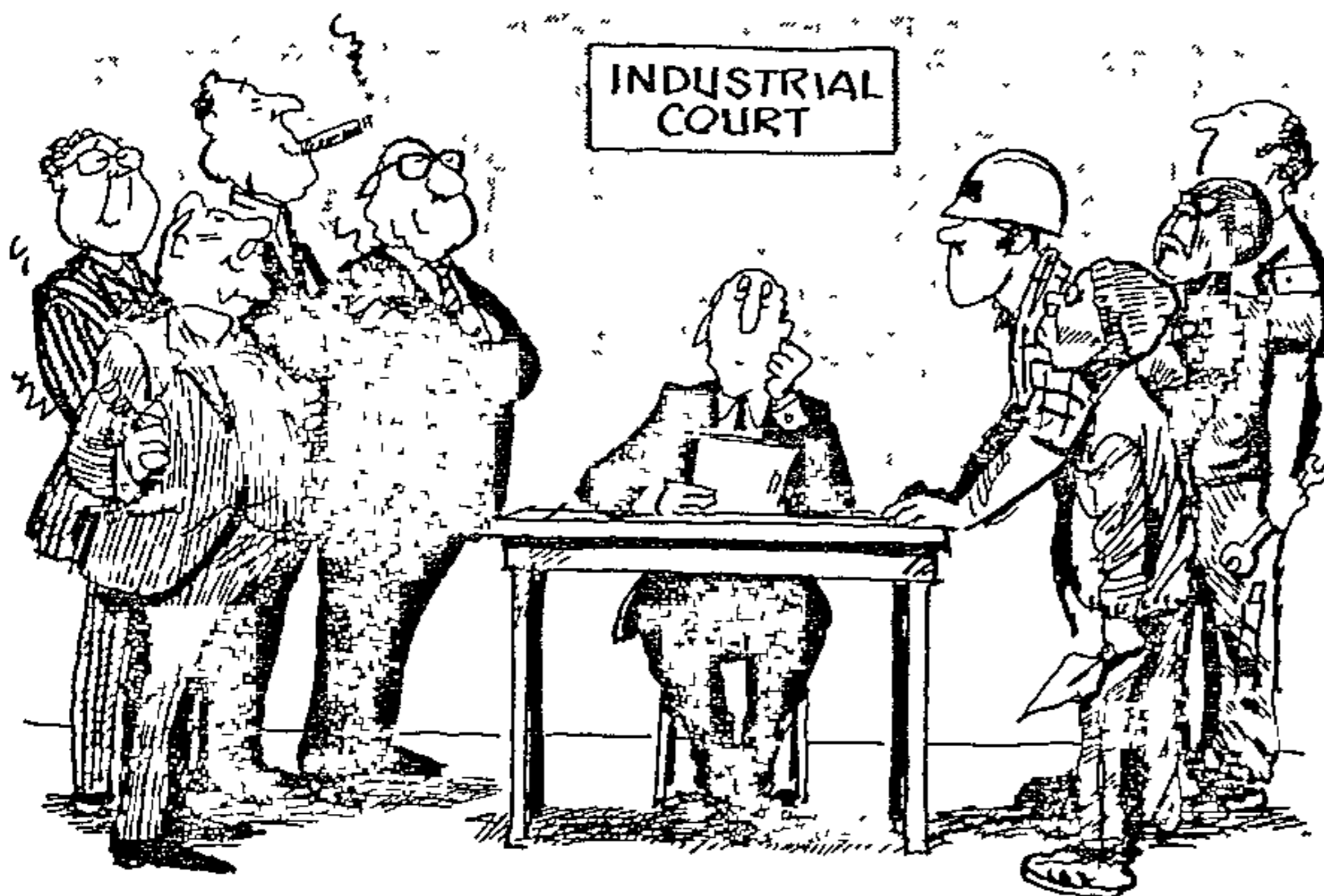
Two cases illustrate this. In *United African Motor and Allied Workers' Union (Uamawu) v Fodens (SA) Pty* the union won its claim that the company had committed 37 unfair labour practices, but could not claim costs as the IC ruled it did not have the power to make such awards. Uamawu appealed to the Supreme Court — which ruled that the union couldn't do so because the IC does not sit as a court of law when it adjudicates unfair labour practice disputes.

If *Fodens* raised uncomfortable questions about the IC's status, the case of the *SA Technical Officials Association (Satoa) v The President of the Industrial Court and others* proved even more disquieting.

Government agency

After complicated arguments in the IC and the Supreme Court, the Appellate Division ruled that the IC is *not* a court — merely a government agency.

One advocate concluded that the case has placed the whole authority of the IC in question. "It is merely a government agency from which there is no meaningful right of appeal. There is furthermore no adequate



RDM 19/4/85
R2m a year on satellite service

By MAURITZ MOOLMAN
 THE South African Broadcasting Corporation is to spend at least R2 600 000 annually on a satellite service to broadcast TV1 to all parts of South Africa, including Walvis Bay

The new service, which is to come into operation by mid 1986, also makes provision for transmitting five radio stations by satellite

The SABC head, Mr J A Eksteen, yesterday said that the use of the American-run service Intelsat would improve the corporation's service to rural areas

He said the SABC would, however, continue to use the microwave system put out by the Department of Posts and Telecommunications for TV2 and TV3

But Mr Eksteen said future developments would be based on satellites

The satellite, operated from Washington, was launched some time ago and covers approximately one sixth of the world

It travels the same speed as the earth and therefore stays in a fixed position above the equator

The SABC is to erect an 11m dish in Johannesburg to send TV and radio signals to the satellite, which will "bounce" the signals to earth

Mr Eksteen said 20 receiving dishes would be erected at various locations to pick up the signals for relay to television sets

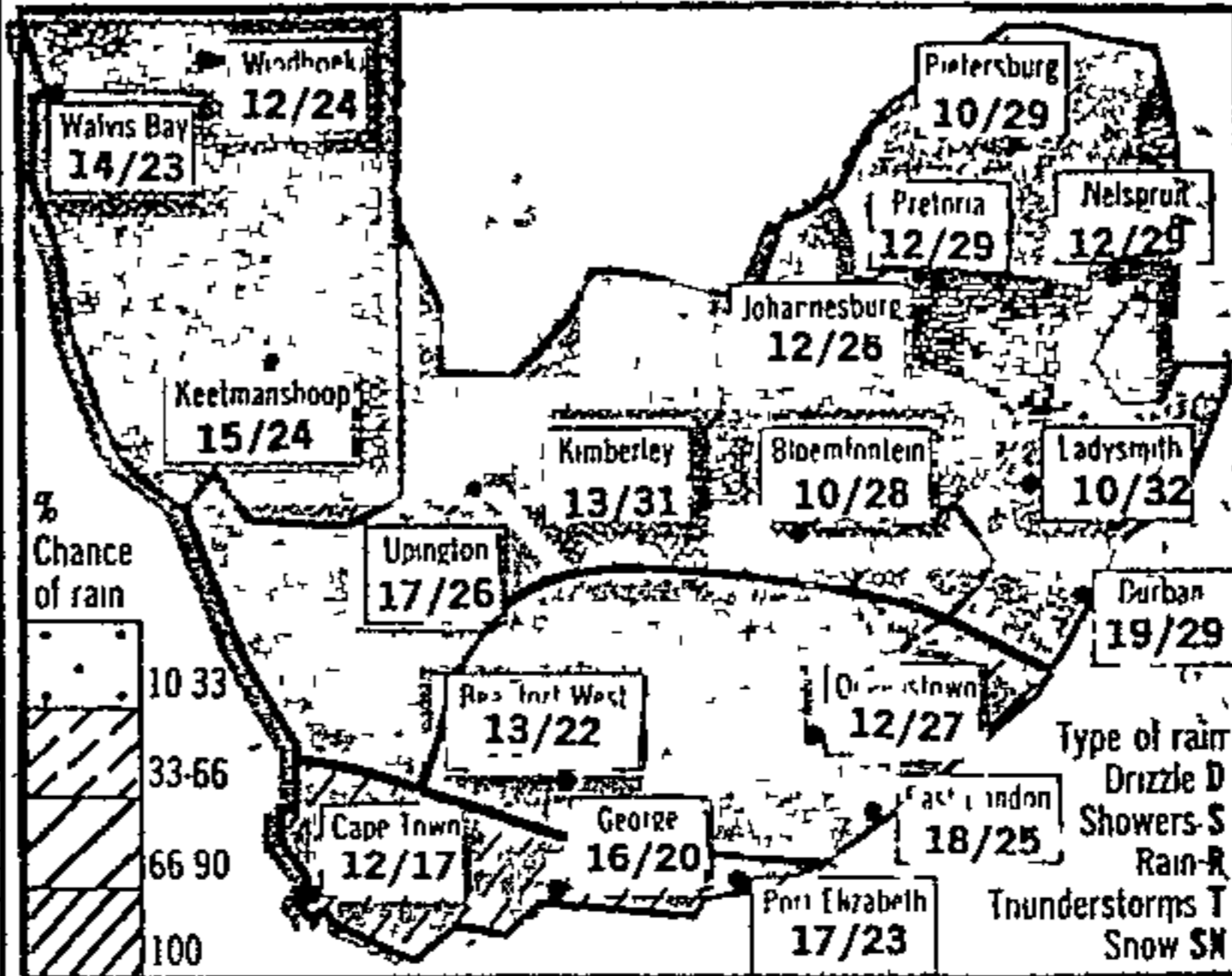
The satellite plan is expected to save the SABC money in the long run, due to lower running costs, Mr Neil Smuts, the technical director of the SABC, said

Fewer dishes would be needed than the relay stations currently in operation, he said

WEATHER MAIL

Information supplied by the Weather Bureau in Pretoria

FORECAST FOR TODAY



TRANSVAAL SW	CAPE PENINSULA
TRANSVAAL NW	REST OF CAPE
NATAL	

YESTERDAY'S WEATHER

JAN SMUTS

09h00	14h00	21h00	Maximum temperature	25°C
39°C	24°C	18°C	Minimum temperature	11°C
51%	Humidity	45%	Rain 24 hours to 20h00	Nil
			Sunset today	17h50
			Sunrise tomorrow	06h25

SOUTH AFRICA (Temperatures at 14h00)

Bloemfontein	28°C	Jan Smuts	24°C	Potchefstroom	27°C
Cape Town	16°C	Nelspruit	30°C	Pretoria	27°C
Durban	28°C	Pietersburg	28°C	Skukuza	32°C
East London	23°C	Port Elizabeth	23°C	Standerton	25°C

Hottest yesterday 33°C at Phalaborwa
 Coldest yesterday 5°C at Frankfort

THE WORLD (Maximum temperatures)

Amsterdam	17°C Cloudy	Jerusalem	22°C Clear	Paris	19°C Clear
Athens	20°C Cloudy	Lisbon	26°C Clear	Rio de Janeiro	34°C Cloudy
Belgrade	12°C Cloudy	London	19°C Clear	Rome	18°C Clear
Berlin	17°C Clear	Los Angeles	20°C Clear	San Francisco	17°C Rain
Brussels	19°C Clear	Madrid	26°C Clear	Stockholm	11°C Cloudy
Buenos Aires	21°C Clear	Montreal	8°C Rain	Sydney	20°C Rain
Chicago	25°C Clear	Moscow	7°C Clear	Tokyo	11°C Cloudy
Hong Kong	25°C Clear	New York	15°C Clear	Vancouver	13°C Rain

TOMORROW'S FORECAST

JHB-PRETORIA 25°C - 30°C Fine to partly cloudy	EAST LONDON 20°C - 25°C Partly cloudy and warm
DURBAN 25°C - 30°C Fine and hot	BLOEMFONTEIN 25°C - 30°C Partly cloudy and warm
CAPE TOWN 20°C - 25°C Partly cloudy and mild	KIMBERLEY 25°C - 30°C Partly cloudy and warm
PORT ELIZABETH 20°C - 25°C Partly cloudy and cool	WINDHOEK 25°C - 30°C Partly cloudy and warm

Department of Transport to widen the...
 8

SABC loses R1.6m after 1983 profit

Political Staff

PARLIAMENT — The SABC had an operating deficit of R1 600 000 last year, compared to an operational surplus of R17 700 000 in 1983

Although its income rose by 15,2% to R364 500 000, expenditure rose by 22,6% to R366 100 000, the SABC said in its annual report, which was tabled in Parliament yesterday

It said the increased expenditure was mainly due to the longer transmission hours on TV1, educational programmes, additional staff, salary "adjustments" and the sharp decrease in the value of the rand

Advertising was the main source of income, contributing 64% of total income in 1984

"The available advertising funds will probably be placed under further pressure as the cash flow of business undertakings slumps to an even greater extent in 1985 and this could be detrimental to the financing position of the SABC as well," the corporation said

The SABC, in its public statement on its policy for covering unrest in South

Africa, said yesterday that it would "in no way" become a propaganda platform for radical groups

The corporation said it believed the public should be informed factually about all incidents of unrest which were of any significance

"At the same time it has been scrupulous in striving to deal with the events in such a manner that the SABC would in no way become a propaganda mouthpiece for radical groups overtly inciting violence and revolution," it said

"When appropriate, Television News called for the views of the silent majority, who, while also critical of the South African set-up, are sick and tired of the disruption caused by terrorism, intimidation, unrest at schools, and the like"

It also said the news division had moved towards establishing itself more firmly as a forum for debate among the country's various communities

"In keeping with the new style in politics, debate has become a more prominent feature of the SABC's news approach"

20/4/85 (260)

NM 20/4/85

SABC 'not a platform for propaganda'

CAPE TOWN—The SABC will not allow itself to be used as a propaganda platform for people and groups which had 'defined themselves out of democratic processes and preach violence and revolution', the corporation says in its 1984 report, tabled here yesterday

The report said that with the new political developments that took place last year, it submitted itself to 'penetrating self-analysis' to determine whether it was keeping audiences properly informed

'With specific regard to internal unrest, the News Division adopted the standpoint that, in the interests of informed public opinion, the public should be kept informed factually about all incidents of any significance

'At the same time it has been scrupulous in striving to deal with events in such a manner that the SABC would in no way become a propaganda platform for radical groups overtly inciting violence and revolution

'In addition the news division has moved towards establishing itself more firmly as a forum for debate among the country's various communities'

Radical elements had 'refined their techniques for exploiting television's flair for action and drama to a fine art in their effort to make the headlines with their extra-parliamentary radical propaganda'

In the face of this, the SABC had decided to 'present the information without giving free rein to the medium's capacity for action and drama'

'Television news accordingly fulfilled its informative duty by presenting the central facts about unrest, terrorist incidents, racial trends, and so forth, but tried to avoid falling victim to becoming an agent for radicalism in the process, by reporting soberly and factually

'When appropriate, television news called for the view of the silent majority, who, while also critical of the South African set-up, are sick and tired of the disruption caused by terrorism, intimidation, unrest at schools and the like'

The report said TV2 and 3 had played a 'key role' in the unrest by 'calming down feelings by means of a sober and balanced approach' — (Sapa)

Corporation runs at R1,6 m loss

THE SABC ran at a loss of R1 600 000 last year, it says in its 1984 report

This deficit, on expenditure of R336 million, came after a 1983 surplus of R17,7 million

Licence income, at R77,1 million, was R10 million up on 1983. The contribution of licence fees to the income of the SABC had however shown a downward trend over the past few years, and now accounted for a fifth of the total

Advertising, the SABC's main source of income, increased by 18 percent to R232,5 million, and contributed 63,8 percent of the total

The report said the 'stringent economy' placed great strain on the total pool of available advertising funds in the country, and matters would probably be more difficult in 1985

It was clear from projections that the SABC would come under even greater strains in the next few years — (Sapa)

Major Press groups

NM 26/4/85

scoop subscription

TV concession

Political Correspondent

CAPE TOWN—The major Press groups have been awarded the concession to run a subscription television service, the Minister of Foreign Affairs, Mr Pik Botha, announced in Parliament yesterday.

Further details of the new system will be negotiated between the Press consortium and a committee which investigated the establishment of the service.

Mr Botha said the Government decided not to accept the investigating committee's advice that the concession be awarded to a consortium including the Press groups and elements of the entertainment industry.

The RFP's spokesman on the media, Mr David Dalling, welcomed the announcement on subscription television.

The Press consortium comprises the Argus group, SA Associated Newspapers, Perskor, Nasionale Pers, the Natal Witness and the Daily Dispatch.

Mr Botha said the investigating committee re-

ceived more than 40 requests for shareholding in the new system.

It was envisaged that by granting the concession to the Press consortium, Press groups would be put on to a better financial footing which could help to keep the Press healthy.

The committee's report was considered by the Government against a background of years of representations by the Press groups in connection with the financial crises they faced, Mr Botha said.

Suffering

In reply to a question by Mr Dalling later in the debate, the Deputy Minister of Foreign Affairs, Mr Louis Nel, said he did not know if the subscription television service would be permitted to attract advertising.

In his announcement, Mr Botha said the investigating committee found that Press group complaints that the introduction of television had slashed their advertising revenue could not be accepted completely.

The advertising cake increased after the introduction of television. The Press's percentage share of the cake had shrunk, but its advertising revenue had grown.

The Government had noted, however, that the rise in advertising revenue had leveled off in the past couple of years and the Press groups were now suffering financially.

The Government decided not to include representatives of the entertainment industry in the consortium because the composition of the group representing the entertainment industry appeared to be completely arbitrary.

The managing director of SAAN, Mr Clive Kinsley, said he was 'delighted' with the news that the long-awaited cable television service had been awarded to the newspaper consortium.

Mr Hal Miller, managing director of Argus, said he had not received details of the announcement and therefore could not comment.

...considering

delicatessen

Serving Sausages

fish shop

RDM 26/4/85 34

Newspapers to share in TV service

260

By CHRIS FREIMOND
Political Correspondent

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Mr Botha said the Government decided not to accept the investigating committee's advice that the concession be awarded to a consortium including the Press groups and elements of the entertainment industry

Mr Botha also indicated that TV licence fees might be increased, but gave the assurance that any increase would be lower than the inflation rate.

The Progressive Federal Party's spokesman on the media, Mr David Dalling, welcomed the announcement on subscription TV, but urged Mr Botha not to allow an increase in TV licence fees

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The Government had noted, however, that the rise in advertising revenue had levelled off in the past couple of years and the Press groups were now suffering financially

Sapa reports that the managing director of Nasionale Pers, Mr Ton Vosloo, said in a statement on behalf of the consortium that if the subscription television service was developed into a profitable undertaking, it would do much to keep alive newspapers in the country which would otherwise have to close

Mr Vosloo said the concession for subscription television was the beginning of a new, exciting phase in the future of mass communication in SA

Pik seriously considering SABC licence increase

CAPE TOWN—Serious consideration would have to be given to a request from the SABC for an increase in licence fees, the Minister of Foreign Affairs, Mr Pik Botha, said yesterday

Speaking in the Committee Stage of the vote on his department, he said only 21,1 percent of the SABC's income was from licence fees. At present it earned 9,2 percent of its income from investments, but it was expected that

R90 million from accumulated funds would have to be used in the coming financial year for capital projects

This could lead to a position in which interest on revenues fell to about 5,5 percent of total income, which would place greater pressure on the other two sources of income — advertising and licence fees

If an increase was approved, it would be lower than the inflation rate

Mr Botha said he was considering widening the scope of concessionary licences, which were currently R24 a year, to include all people more than 70 years old

These licences would be issued only on request, and only to single persons, or couples, living alone

An announcement would be made soon. There was no intention of raising concessionary licence fees — (Sapa)

COLLECTED BY ANTHONY LINDSEY PHARM

Fourie's SABC posting is 'Pik's political gain'

260 ROM 27/4/85

Political Staff

PARLIAMENT — The appointment of Dr Brand Fourie as next chairman of the SABC Board of Control has been slammed by the PFP as a political stratagem by the Minister of Foreign Affairs, Mr Pik Botha, to secure the State Presidency.

The announcement that the South African Ambassador in Washington was to be appointed the chairman of the board from July 1 was made in the House of Representatives yesterday by Mr Botha.

Dr Fourie will replace the temporary chairman, Professor J.L. Mouton, Rector of the University of the Orange Free State.

In announcing the appointment, Mr Botha said Mr Fourie had wide experience and political understanding, and described him as the right man for the job.

But the PFP's chief spokesman on the media, Mr Dave Dalling, said "the SABC needs another political appointment like a hole in the head".

Mr Dalling said that although Dr Fourie had been a successful diplomat, he had "absolutely no experience in broadcasting".

"I would have thought that in the spirit of the charter of the SABC, the Government would have found someone independent of politics and the Minister

of Foreign Affairs to have headed this sensitive public service," he said.

He charged that Mr Botha had "stolen a march on Dr Gerrit Viljoen and Mr F W de Klerk" in the State President stakes by "harnessing his proteges" in the Department of Foreign Affairs, Mr Riaan Eksteen and Dr Brand Fourie.

"His 'total onslaught' to achieve the premiership by constant exposure in the South African media will no doubt follow," he said.

Mr Dalling added that he hoped Mr Fourie would "rise above his political past" when in the chairman's seat.

aroused controversy when it was performed recently in America, but surgeons say they would only do it to keep a dying patient alive.

Rail links cut

DURBAN — Rail links between South Africa and Mozambique have been severed, apparently by explosions on two sections of the line. A spokesman for the South African Transport Services said yesterday they had received unconfirmed reports that the line between Ressano Garcia and Moamba had been blown up.

SA 'reds' in UK

LONDON — Keen gardener Cecil Samuel sees red every time he looks at the strange plants which shot up overnight in his garden. Experts say the only explanation for the unusual 914cm-high plants is a red dust which hovered over South Wales last summer. The plants, known as Euphorbia, are indigenous to South Africa.

UK flu kills 16

LONDON — A mystery flu virus has claimed the lives of 16 people and 83 other patients are under treatment at two Staffordshire hospitals. Doctors have begun urgent laboratory tests in a bid to identify the virus which has swept through the Stafford District Hospital and the town's Kingsmead Geriatric Hospital.

operation with the city council invited readers to write in and report danger spots.

A spokesman for the council said he hoped the listing of the blackest accident spots would increase public awareness and contribute to a lower accident rate at these intersections.

Listed in order of severity, they are:
● Empire Road and Jan Smuts Avenue (third on 1983's list) with 194 accidents, four serious and 10 slight injuries.

accidents on the road

five slight injuries
● Kimberley Road and Rifle Range Road (first on 1983's list) with 102 accidents, six serious and five slight injuries

Since last week the traffic department had stepped up public awareness and law enforcement at Main Reef Road where three of the blackest accident spots are located and where 1 400 accidents occurred between Marshall Street and Commando Road last year, the spokesman said.

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'Prime Time' producer axed

By RINA MINERVINI
Showpage Editor

MOIRA TUCK, producer of SABC-TV's popular magazine programme, "Prime Time", has been given a cheque for two months' salary — and has been told to leave the programme immediately.

This is the latest move in a row which started with a complaint about Ms Tuck by co-presenters Martin Lock and Dorianne Berry to Robin Knox-Grant, the programme director of English TV1.

The issue was reported to be that the co-presenters

wanted more involvement in the programme's content

Concern has been expressed about Mr Knox-Grant's involvement as an arbitrator, because he is married to Ms Berry.

Ms Tuck told the *Daily Mail* yesterday that

New paper welcomed

By JEANETTE MINNIE

THE formation of The Weekly Mail, by a group of of Rand Daily Mail journalists, was yesterday welcomed by a broad spectrum of politicians.

A spokesman for the UDF said the news of The Weekly Mail had come "as a most welcome surprise".

The leader of the HNP, Mr Jaap Marais, said he was interested in subscribing.

Mrs Helen Suzman, the Progressive Federal Party's MP for Houghton and spokesman on law and

order, said she too would definitely be subscribing.

Foreign correspondent and a former editor of the Rand Daily Mail, Mr Allister Sparks, said the Weekly Mail was "a great idea".

Dr Nthatho Motlana, chairman of the Soweto Civic Association, congratulated the journalists.

Mr Tony Bloom, chief executive of Premier Milling, said he would subscribe if it produced "serious and intelligent" reading.

● The Weekly Mail will be launched during May and will appear on Fridays.

Miners: USSR the pits for food

London Bureau
LONDON — Russian doctors served up a surprise menu when 150 "starving" British miners' wives and their children went for a holiday behind the Iron Curtain — the families were given cucumber with everything. The doctors ordered a high protein diet when the families arrived in Moscow on a visit paid for by the Russian Miners' Union. But the daily mounds of cucumber left many of the visitors groaning and at least one of them with a severe case of "Russian Runs". The first thing the families did when they returned to Yorkshire from their "Red Treat"

was to stop at a motorway cafe and order fish and chips all round. The cucumber with everything holiday was revealed by a striking miners' son Glyn Bradley, 15, of Mexborough. He lost half a stone during the holiday, mainly because he dislikes cucumber. "I can't stand the stuff and used to leave mine on the plate. When I got back to Britain I ate four bags of chips one after the other. It was heaven." His mate Robert Mellors, 15, of Rotherham, stuck to the diet, but says he never wants to see another cucumber again.

A holiday....
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CAPE TOWN 6/5/83 260

ADE worker fired for wearing UDF badge

Labour Reporter - A WORKER at the State-owned Atlantic Diesel Engines factory in Atlantis was fired last week after refusing to remove a United Democratic Front badge from his clothes

After initial attempts to have him remove the badge, he was finally dismissed in terms of a regulation prohibiting the "promotion of any political cause or organization" introduced the day after he was first asked to remove the badge

Mr Isaac Phooko, 23, of 35 Magnet Road, Atlantis, who had worked at ADE since April 1983, said he had first been asked to remove the badge on Tuesday

Mr Phooko, who was an assembly operator, said

he had refused as there were no company rules against it

He was eventually given a written warning for "abuse and misuse" of company property — his overall — and refusing to obey a legitimate instruction

On Wednesday, the company introduced its new rule and he was again asked by a company official to remove the badge

Despite further meetings with company officials, Mr Phooko decided he wanted to continue wearing the badge to work and was eventually fired on Friday morning

Mr Wally Rautenbach, ADE's chief executive of marketing and public affairs, confirmed the incident.

SABC ⁽²⁶⁰⁾ reveals NM 8/5/85 plans of new service

Mercury Correspondent

JOHANNESBURG—The SABC is to provide a new television service, initially restricted to the Witwatersrand and Pretoria areas, from November 1.

Called Teledata, the service will offer news, general information and commercial advertising on the television screen at the push of a button.

Teledata will be available in two sections, a part service and a full service.

Owners of television sets which do not possess a decoder necessary to pick up the Teledata signal will during the day be able to watch a slow moving scroll of electronic pages move across the screen. This information will be screened by SABC for 52 minutes out of every hour. The number of hours is still to be decided on by the corporation.

Useful

Television owners who have a decoder specially built into their sets or owners of new television sets (which automatically possess decoders) will at the push of a button be able to 'dial-up' any information needed at any given time. This service will be available for 24 hours.

The Teledata service will not feature moving pictures or sound but will be a reading service only.

Mr. Riaan Eksteen, Director General of the SABC, said at a Press conference yesterday that Teledata would be a useful addition to South Africa's media 'family', offering information at all times.

Travel news

SABC is to use the BBC existing Ceefax system as an example of the forthcoming service.

Once the service is in full operation it will carry such information as news headlines, market reports, stocks and shares, television schedules, radio highlights, films on television, weather forecasts, travel news, ground traffic movements, racing results and consumer affairs.

Teledata will initially be a pilot service confined to the Witwatersrand and Pretoria areas but will eventually be piggy-backed on the television signal to all parts of the country.

SABC reticent on cost of new teletext service

Star 8/5/85

The SABC yesterday unveiled plans to launch a new teletext service on home TV sets from November 1, but declined to reveal either the cost of conversions or the precise content of programmes.

Mr J A Eksteen, Director-General, said high priority items would be news, weather forecasts, TV schedules, consumer affairs, air and ground traffic reports, racing results and stock exchange prices

But the SABC had still to decide on exact content. The BBC Ceefax service was being used as a guide, but final decisions would depend on South Africans' tastes

The bulletins would be in the form of electronic pages that would scroll from top to bottom of screens.

Mr Eksteen said standard sets would be capable of receiving the new service — without extra costs on either tariff or service fees, but only during the specific hours devoted to test-pattern broadcasts, and

with no individual choice of topic selection

And he added that the service would be available in normal TV broadcast times only if TV sets were equipped with special decoders and remote control keypads.

He admitted that the cost of conversions to older TV sets would be prohibitive.

The extra devices will be essential if viewers want to "freeze" the scroll to examine items more closely, such as racing results or stock exchange prices

The devices would also be necessary to receive news flashes on running TV programmes

The new service has been dubbed Teledata and first pilot trials will be confined to the Witwatersrand and Pretoria areas.

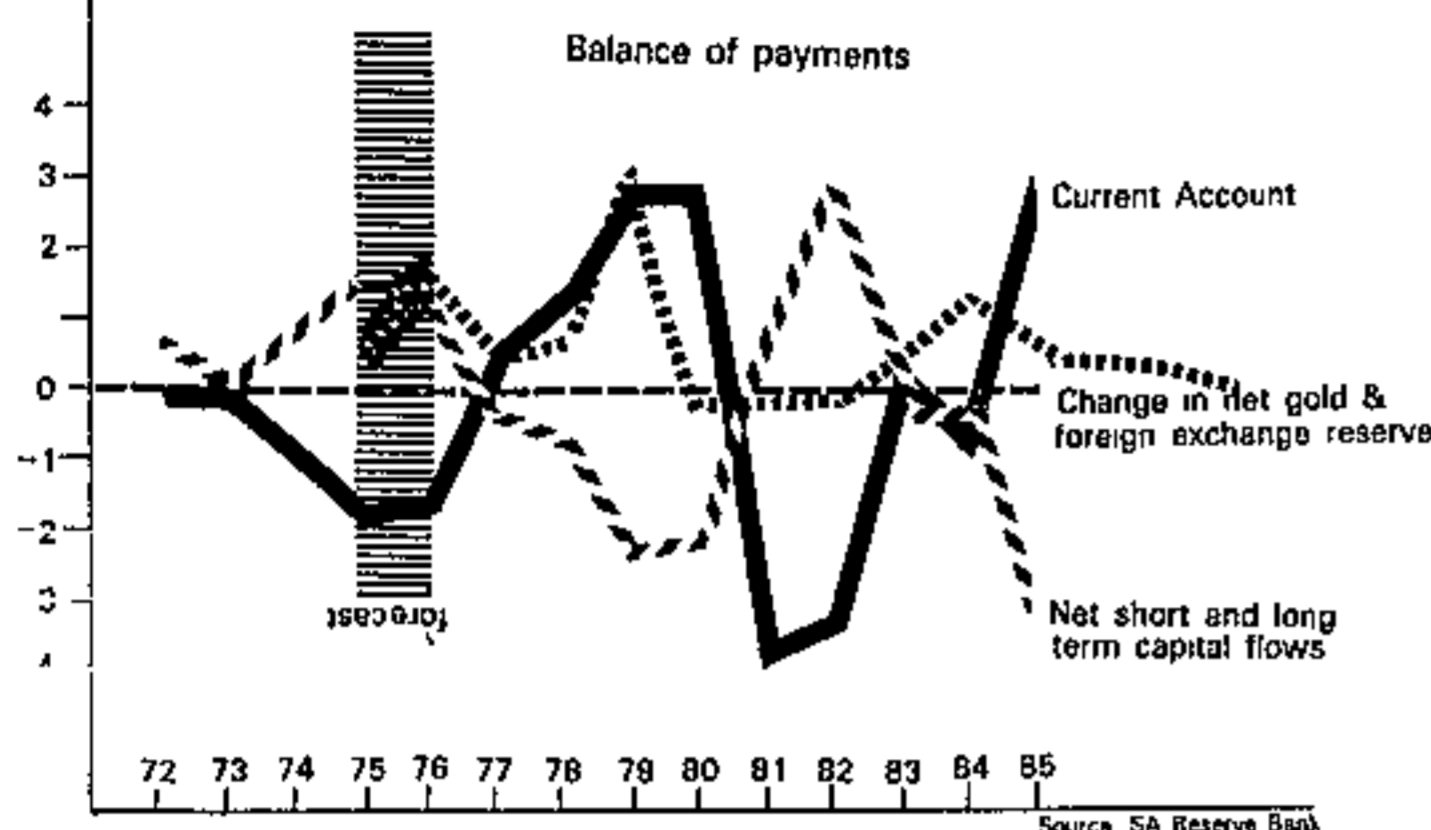
Mr Eksteen said negotiations were under way with local manufacturers to try to curb the cost of TV set modifications. It was hoped that the decoders would be a standard feature in the new generation of sets — adding about 10 percent to prices

depressed business conditions.

On the positive side, the JSE is already starting to discount an upswing, while export industries are benefiting from the lower rand.

But on the negative side, political pressures overseas could quite easily take precedent. Outflows of foreign capital from the

UNSTEADY FOUNDATION



stock exchange, for example, could easily materialise

The trade surplus during the first three months of 1985 amounted to a hefty R2,5 billion. The unforeseen improvement was largely the result of a substantial slowdown in imports — from R2,36 billion in January to R1,51 billion and R1,67 billion in February and March respectively. There was also continued good performance from exports — R2,77 billion in January, R2,42 billion in February and R2,86 billion in March.

Net outflows on the services account would, of course, reduce the size of the trade surplus. Net service payments abroad ran at an average of R400m/month during 1984. On that basis, the sizeable trade surplus would mean a current account gain of roughly R1,2 billion for the first quarter.

Says Senbank economist Louis Goldenhuys "I think interest rates could be a lot lower, say with prime at 20%. Imports have fallen off through reduced domestic demand, indicating we are now living within our means." While this would certainly help the corporate client, he feels it would not boost consumer spending.

Goldenhuys says the relaxation of the foreign exchange markets over the last few years has focused attention on the capital account. "The rand is more volatile, there are more decisions being taken and, obviously, this means more volatility on the capital account as well."

Generally, funds flowing into the country on current account during a recession will almost always be accompanied by outflows on the capital account. SA's foreign liabilities position is currently estimated at around the R20 billion mark, with an "overwhelming amount in the short term."

Repayments of foreign loans during the

first quarter of 1985 could have been as much as R2 billion, and further repayments are expected to absorb much of the anticipated current account surplus for the year of around R3 billion. Obviously this would leave precious little to accumulate as foreign exchange reserves. This could put an upswing in jeopardy, and further depress the exchange rate.

But, asks Andre Hamersma, group economist at Standard Bank "Is the need to build up reserves really so important? After all, our commercial base is meanwhile being eroded by the penally high interest rates." And he says companies just don't reappear the next day when things change.

Indeed, a recent Standard Bank Review questions whether relief in the form of lower interest rates, for example, will come early enough to prevent serious damage to the consumer sector. The Budget, in the bank's view, will certainly shorten the adjustment period toward a sounder based economy, but it will also deepen an already serious demand recession.

Hamersma says the repayment of offshore loans is really a catching-up process. "There are simply less imports to finance so therefore short-term offshore loans come down."

"But it is true if we start bringing interest rates down further we could get a switching of foreign loans to the domestic side. This could be discouraged by a lower forward premium rate, for example, which would effectively protect the reserves. Certainly we can't afford massive capital outflows."

Adds Hamersma "Both the domestic economic considerations and the capital account considerations indicate that rates can't come down significantly. We've turned the corner,

but it does not yet signal that happy days are here again."

Certainly, a succession of bad moves, one way or the other, could be disastrous and the authorities are likely to move rates cautiously, in spite of the healthy current account surplus and calls from the banking sector for generous cuts in interest rates. ■

PRIVATISATION

Scrap the rules

The sale of State assets in terms of Pretoria's privatisation policy may largely fail unless accompanied by deregulation.

For example, inputs of an abattoir handling red meat are regulated by quotas and licences issued by the Meat Board. And the abattoir meat must be supplied to registered butchers. In "controlled" areas, it has to be auctioned according to a system that guarantees producers a minimum price.

So, even when an asset is literally given



Robin McGregor... suggesting management buyouts

away, its economic value may be totally eroded by controls. Most State assets have not yet been "put on the market," but abattoirs have been up for grabs for quite some time.

Agriculture Minister Greyling Wentzel tells the *FM* that he favours the privatisation of abattoirs. "Experience has shown that the private sector can run an abattoir more efficiently and more cheaply than the municipalities."

A case in point is a municipality that planned improvements to its abattoir for an estimated R120 000. It was then handed over to local butchers, who made all the changes needed to comply with hygiene requirements for R20 000.

It seems that for its planned privatisation programme to be a success, Pretoria must adopt an overall privatisation policy. Such a process must be accompanied by deregulation — and, in the long run, the shrinking of government and tax cuts, the classic ingredients of supply-side economics.

One attractive alternative to this holistic approach is management buyouts. This approach is advocated by Robin McGregor of *Takeover Talk*. "With the 'right' applicants, the purchase could be funded by the State over a suitable period."

Indeed, foreign experience shows clearly that the new economic engine is the small business. Small divisions of large corporations and State-owned assets could thus be disposed of through management buyouts. What has been described as the "real economy" in the US, the province of entrepreneurs, could be boosted in this way in SA.

For example, of the 10,5m new payroll jobs created in the US in the past 10 years, 5,6m were in firms with fewer than 50 workers. And the success of small firms that do survive is based as much on the profit incentive associated with management buyouts as are stock incentive schemes.

Star computer company Apple Corporation has made 300 of its 5 000 employees millionaires. And, as British Chancellor of the Exchequer Nigel Lawson said when exempting stock-incentive schemes from tax, the attraction of profits has more to do with productivity than anything else. ■

PRIME RATE

Bankers' bane?

The spectre of growing bad debts and mortgage loan losses is forcing bankers into a corner. In spite of the recent 1% drop in the Reserve Bank's rediscount rate, which allows a prime cut to 24%, bankers say this is not enough. They want a "significant" reduction as soon as possible.

To this end, it is believed the Clearing Bankers' Association is planning a meeting with the Minister of Finance some time this month to discuss the principle of lowering prime by as much as 5% over a relatively short period.

Although most senior bankers were tight-lipped about the meeting, one said it had been postponed to a later date, and it was now uncertain whether it would take place at all. Says one senior banker "A meeting with the Minister of Finance at this stage is only teacup talk."

Says another "Until recently, there was a high probability the meeting would take place, but as far as I know it has now been postponed."

What is certain, though, is that the rising tide of bad debts has badly shaken bankers. The plight of many small businesses who are up to their necks in debt is also causing concern.

Currently banks' margins are particularly thin and though the lower rediscount rate has offered a welcome respite, some bankers are not satisfied.

"What we perceive in the market place must be brought to the attention of government. We do not want to wipe out small business in this country," says one banker, referring to the proposed meeting.

"If prime does not move significantly within the next few months we could have serious problems," says another. Also, if rates do not come off fairly sharply there is talk that the profitability of some banks might be undermined, creating serious liquidity problems.

"There is a growing feeling that, in terms of what the authorities want to achieve for the economy right now, there's little difference between a prime rate of 25% and one of 20%. But there is no suggestion the move should be done in one hit."

Within banking circles there is a feeling that a sharply lower prime would benefit some banks more than others. One source believes the banks should not be over-hasty

in lobbying for a lower prime because this could give the wrong signals.

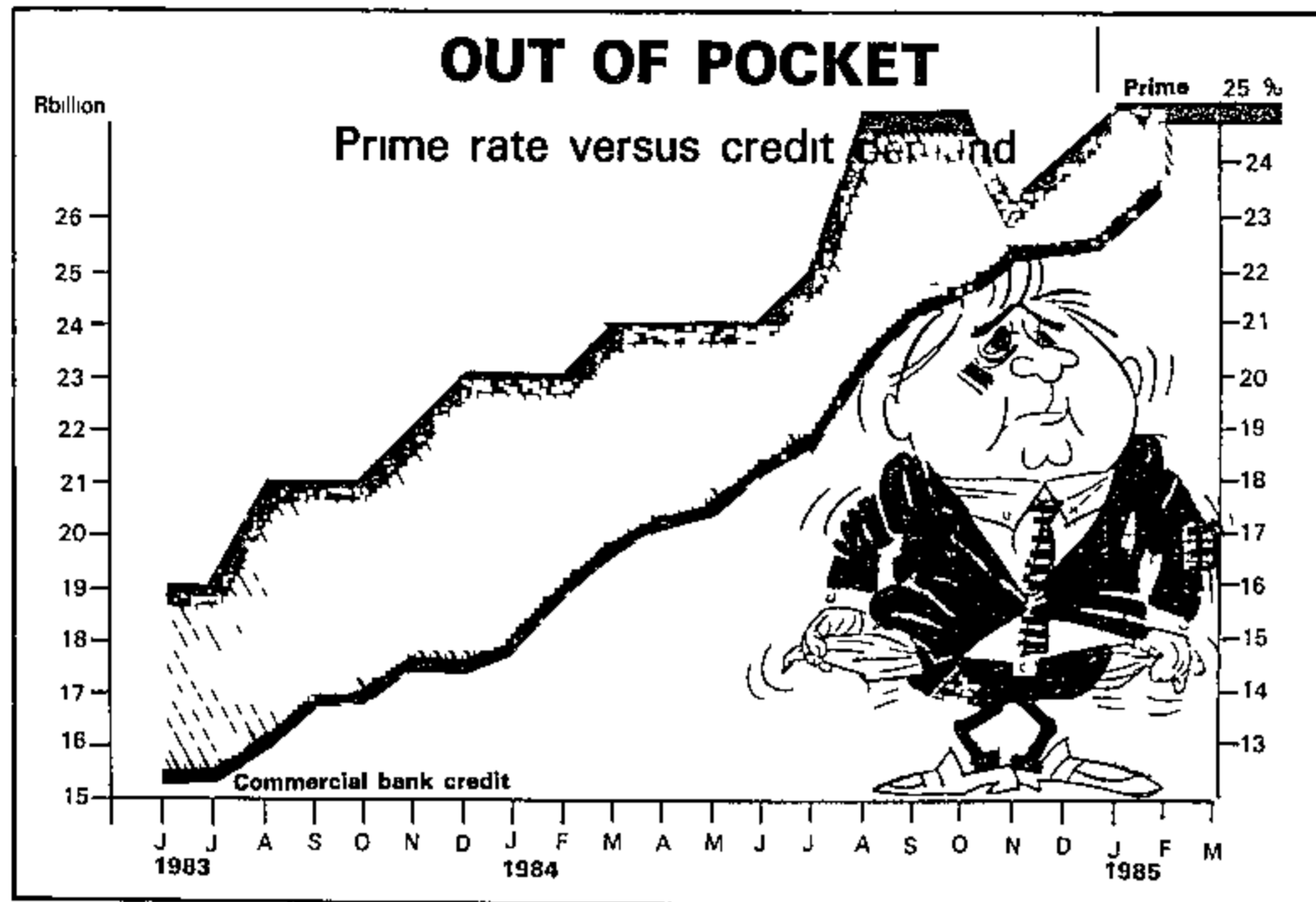
He says "The government's financial year

What bankers hope to achieve from a meeting with the Finance Minister is difficult to see. If it happens, the meeting would raise some thorny issues, particularly the independence of the Reserve Bank from political influence.

Strictly speaking, bankers should rather concentrate their efforts on the Reserve Bank which ultimately controls interest rates in general, and not on the Treasury, which performs a political function.

Presumably bankers would hope to exert pressure on the Reserve Bank via the Treasury, something which has unsettling implications. The Reserve Bank is sensitive on this issue right now and has recently been at pains to point out that it does

not bend to political pressure in its setting of the rediscount rate.



has only just begun and although there are signs it intends sticking to the Budget, figures to prove this are not yet available."

Although a turning point seems to have been reached after nine months of stringent monetary policy, there are no monetary statistics to substantiate a move of this magnitude. Both money supply figures and the demand for bank credit are still high.

"Fundamentals are not yet in place for a large drop in rates and the risks of such a large move are high. If we get things wrong it could virtually put banks out of business," he adds.

Firstly, a prime rate of 20% could weaken the rand. There have already been huge capital outflows this year, a trend that would be further encouraged by lower interest rates attracting repatriation of offshore loans (see next story). This, of course, would push demand for domestic credit up significantly.

A lower rand would fuel inflation because of increased import costs. No matter how depressed an economy, certain imports are essential — for example, oil. A further rise in the petrol price would ripple through the economy and any small drop in the oil price could easily be counteracted by a movement of a few cents of the rand. Granted, lower rates could improve inflation in the short term but this could be wiped out once credit demand rises.

"Any move to drop prime further should be carefully evaluated against the strength of the dollar and the gold price. If the dollar rallies or the gold price sinks, the balance of payments could be adversely affected," warns one banker.

BALANCE OF PAYMENTS

Policy dilemma

The dramatically improved inflows on the current account during the first quarter, contrasted with huge potential outflows on the capital account, pose a new dilemma for SA's economic policymakers. This would make further improvements in foreign exchange reserves highly unlikely.

On the other hand, a continued tight policy stance would certainly bolster the reserves, although this could be costly in terms of social and political unrest. Added to this, the retail sector is on the verge of ruin.

It amounts to a dilemma for the authorities: reduce interest rates or support the reserves.

They could allow interest rates to decline faster than they had originally planned. But there is as yet little evidence to suggest that the underlying demand for credit and spending in the economy has been sufficiently dampened to prevent a repeat of the events of late 1983 and early 1984. To go into that kind of situation without the back-up of substantial foreign exchange reserves is asking for trouble.

Alternatively, tight policy measures could be maintained, both to build up reserves and to keep downward pressure on inflation. This would ensure a sounder footing for any future upswing, but at the cost of continued

4 killed, 14 hurt as blast hurls 200m 'curtain of fire' over Sasol depot

Pretoria fires still

APGAS 21/5/85

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Argus Correspondent

PRETORIA. — Four firemen from the South African Air Force were burnt to death and 14 firefighters injured when a Sasol petrol storage tank in Pretoria West exploded in flames early today.

The blast erupted into a fireball which destroyed everything in its path, causing million of rands damage

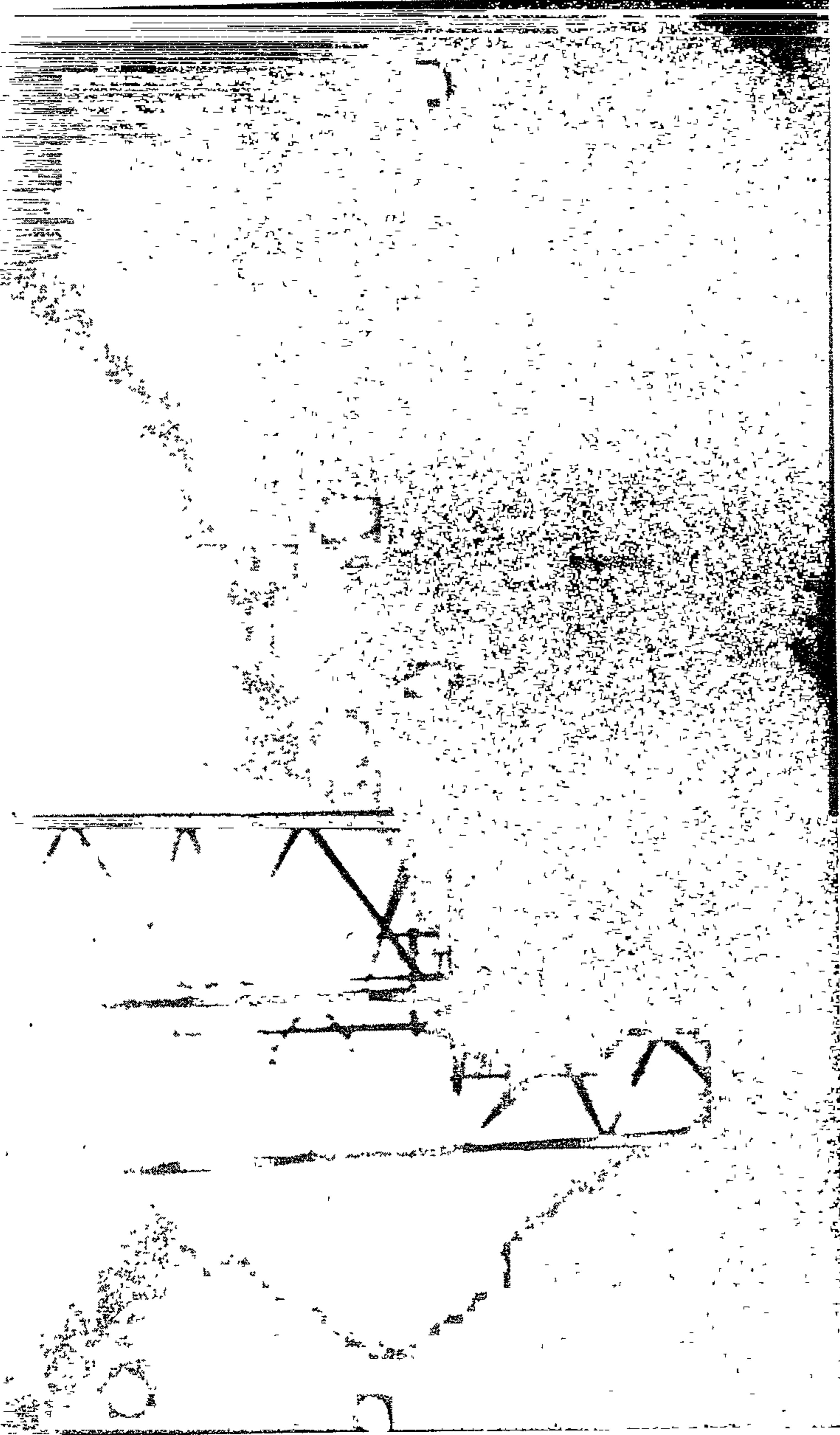
Investigations at the scene disclosed that the tank overflowed as a result of an industrial accident. It seems that a small fire on an adjacent property caused the gases from the escaping petrol to ignite.

Pretoria fire chief Mr Willem du Plessis paid tribute to the men, who narrowly escaped death when a 200 000-litre petrol storage tank burst into flame, throwing a fire curtain into the air and killing three men.

A fourth man ran from the scene in flames. Firemen grabbed him and rolled him in water. He was placed in an ambulance but died on the way to hospital.

Atom bomb

Mr du Plessis compared the



ambulance but died on the way to hospital

Atom bomb

Mr du Plessis compared the explosion to an atom bomb

A mushroom-like cloud rose and the blast made a fire curtain covering an area of 200 metres by 55 and scorching everything in its path," he said

When the fire brigade arrived at the storage depot in Industria Road, Pretoria West at 2am, the roof of the storage tank, on the south-eastern side of the depot, was burning

SADF firefighting units were called about 4am. The fire raged for at least three hours before the tank exploded

Mr du Plessis said the consensus among officers was that the area was safe. The tank had been solidly welded and the firefighters were keeping it cool

As the petrol tank exploded I thought all my men had been killed, but they managed to clear the area and save lives and valuable equipment. Everybody who got out alive was given a second chance this morning," he said.

Melted

Mr du Plessis expressed his 'deep sympathy' with the families of the men who died

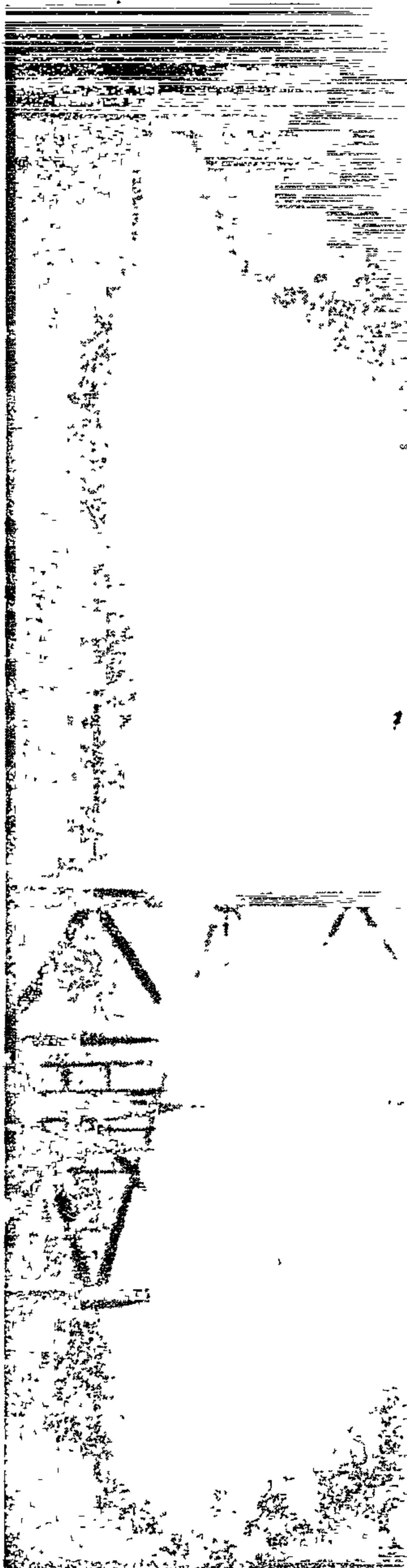
A sophisticated R1-million fire tender, known as a Pathfinder, was destroyed in the blaze. An office and cars parked across the road from the depot melted in the fireball

Powerlines collapsed and a lorry ferrying foam to fight the blaze was destroyed. Another was damaged

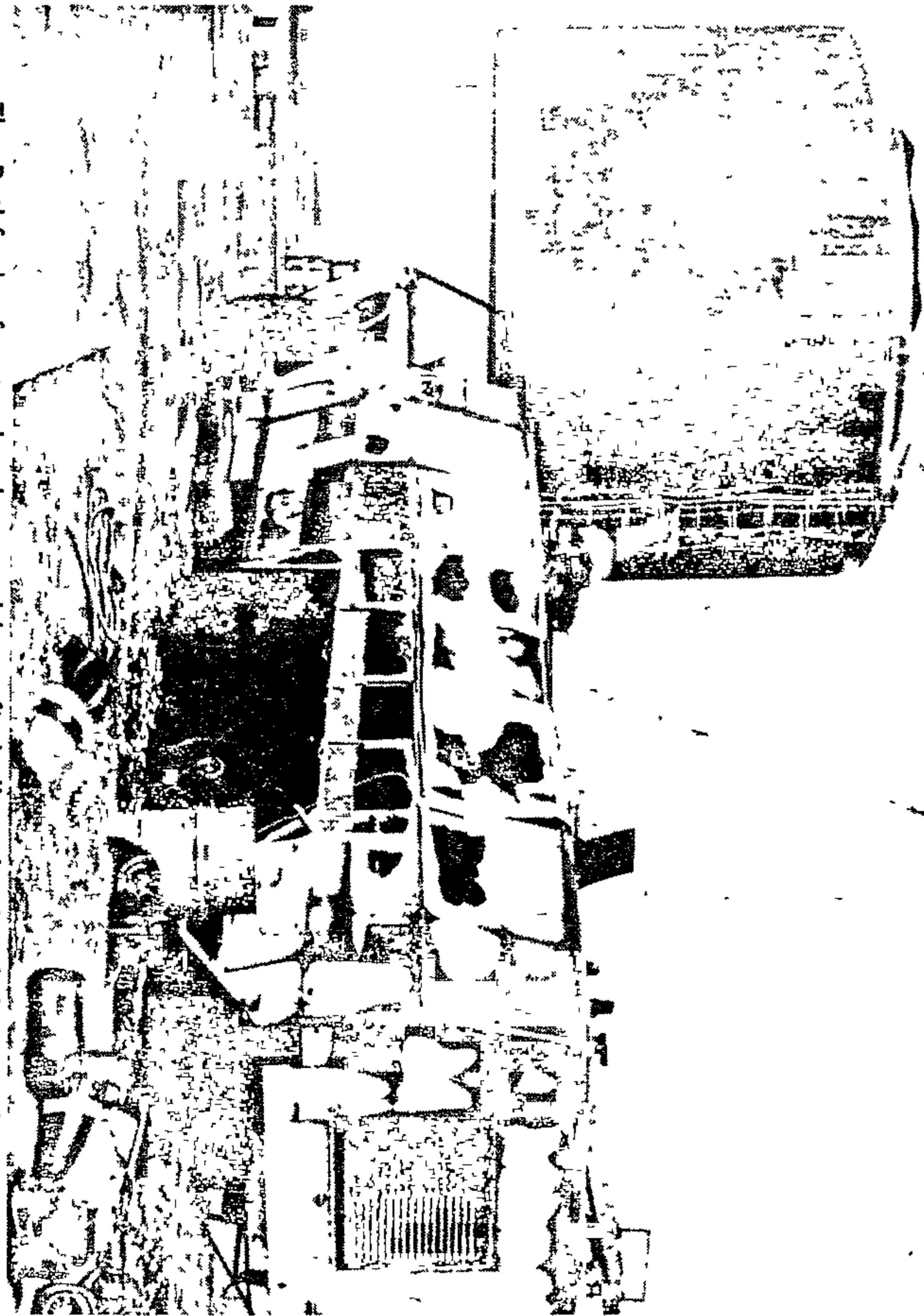
Quick action by members of the Pretoria Fire Brigade saved other equipment

Mr du Plessis described how one man hacked at hoses with an axe and then drove Pretoria's new R200 000 fire engine to safety

(Turn to Page 3, col 7)



Flames at the height of the blaze at a Sasol fuel depot in Pretoria West's industrial area shortly after 5am today.



The Pathfinder fire tender destroyed by a fireball at the Sasol depot today.

ARCS
21/5/80

Fireball

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Cont from Page 1

The Pretoria fire department has a mutual assistance agreement with SAAF firefighters, who were called in when more sophisticated equipment was needed.

The SAAF sent 18 men and three Pathfinders Mr du Plessis said they were highly sophisticated vehicles used mainly for aircraft crashes

Members of emergency services, including traffic officials, commando members and police, sealed off the industrial area, urging motorists over the radio to stay away.

About 100 firemen, 20 fire tenders and 40 ambulances went to the scene Pretoria firemen pumped thousands of litres of foam on to the flames

A spokesman for Kalefong Hospital said three men were admitted with shock and burns One man was in a critical condition in the intensive-care unit with 50 percent burns

A Pretoria West hospital spokesman said several people were treated for burns and shock Eleven of them were firemen

Court told of ²⁶⁰ ~~280~~ ~~300~~ ^{21/5/85} R8m Escom 'fee'

SYDNEY — South African-born Gert Johannes Rademeyer, an Australian citizen wanted in South Africa for fraud, was paid about R8 million to get around an international boycott against selling enriched uranium to South Africa, a defence lawyer said in court here yesterday.

Mr Rademeyer is facing extradition proceedings to South Africa to answer charges that he defrauded the Electricity Supply Commission (Escom) of R8-million late last year. He was arrested by Australian police last February under a hastily-prepared extradition arrangement with South Africa.

Mr John Agius, for Mr Rademeyer, told the court the prosecution

was political and that extradition would leave him at the mercy of South Africa's rigorous nuclear energy secrecy laws which carry jail terms of up to 20 years.

He said Mr Rademeyer obtained the money as commission for securing enriched-uranium contracts, contrary to an international ban because of South Africa's refusal to sign the Nuclear Non Proliferation Treaty.

Koeberg

He said Mr Rademeyer was recruited by Escom senior general manager Mr Isak van der Walt, and put suppliers of enriched uranium in contact with Escom general manager (finance) Mr Leendert te Groen — for which he was paid.

Mr Agius said the Koeberg nuclear power station used enriched uranium procured by his client.

Mr Agius sought an adjournment yesterday to allow him to obtain further details of the settlement, including statements from Mr Van der Walt and Mr Te Groen.

He said his client wished to have contacts from the United States, Portugal, Spain and France called as witnesses. The further information would detail the prices paid for uranium imported into South Africa and the parties involved.

The magistrate refused the adjournment and remanded Mr Rademeyer in custody — Sapa-Reuter.

AA warns on driving licences

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R114,95

(PLUS YOUR OLD SUIT)

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(with each suit purchased)

Matching Shirt & Tie of your choice
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Offer only applies to sizes 87 cm — 119 cm in regulars, shorts, longs and portlies. Our expert staff will assist you and our master tailor will be in attendance. Credit card holders take advantage of your credit facilities and purchase your suit requirements for the next 12 months.

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HOURS OF BUSINESS: MON—THURS 8.15am—5.30pm; FRI 8.15am—5.45pm; SAT 8.

Andy's Men's Shop

Escom evidence 'selective'

SYDNEY — South Africa put selective evidence before a court hearing an extradition case against South African-born Gert Rademeyer, an Australian citizen, his lawyers said in court here yesterday

Mr John Agius, for Mr Rademeyer who is wanted in South Africa on \$3,6-million fraud charges, said the prosecution had excluded differing sworn testimony by people whose statements the prosecution tendered yesterday

"There's a very selective choice of what's been put before this tribunal," Mr Agius told

magistrate Ms Rosemary Smith

The court heard statements from the senior general manager of South Africa's Electricity Supply Commission (Escom), Mr Isak van der Walt, its general manager (finance), Mr Leendert te Groen, and an accountant, Miss Margaret Hefer

Mr Agius said the same three people had given affidavits for sequestration proceedings against Mr Rademeyer which differed from those tendered by the prosecution

The statements ten-

dered yesterday were made at the behest of the Transvaal's Attorney-General, Mr Klaus von Lieres, who was present in court.

Mr Agius submitted that Mr Rademeyer did not defraud Escom but was paid the \$3,6-million as commission for securing enriched uranium to fuel South Africa's Koe-

berg power station

He said an international ban on selling nuclear fuel to South Africa necessitated Mr Rademeyer's recruitment by Mr Van der Walt and Mr Te Groen, now no longer with Escom

Mr Rademeyer was remanded in custody and the case is due to continue today — Sapa-Reuter

PRODUCT SHRINKAGE!
See page 11

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260/ (267) CAPT TIM'S 22/5/85

Business Report, pages 10, 11

- Premier Group sees difficult year ahead
- NBS assets rise — profits up 11%
- Protea and Phoenix merger approved

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**WE'RE NOW
MAKING PRICE
HISTORY
NOW! when you
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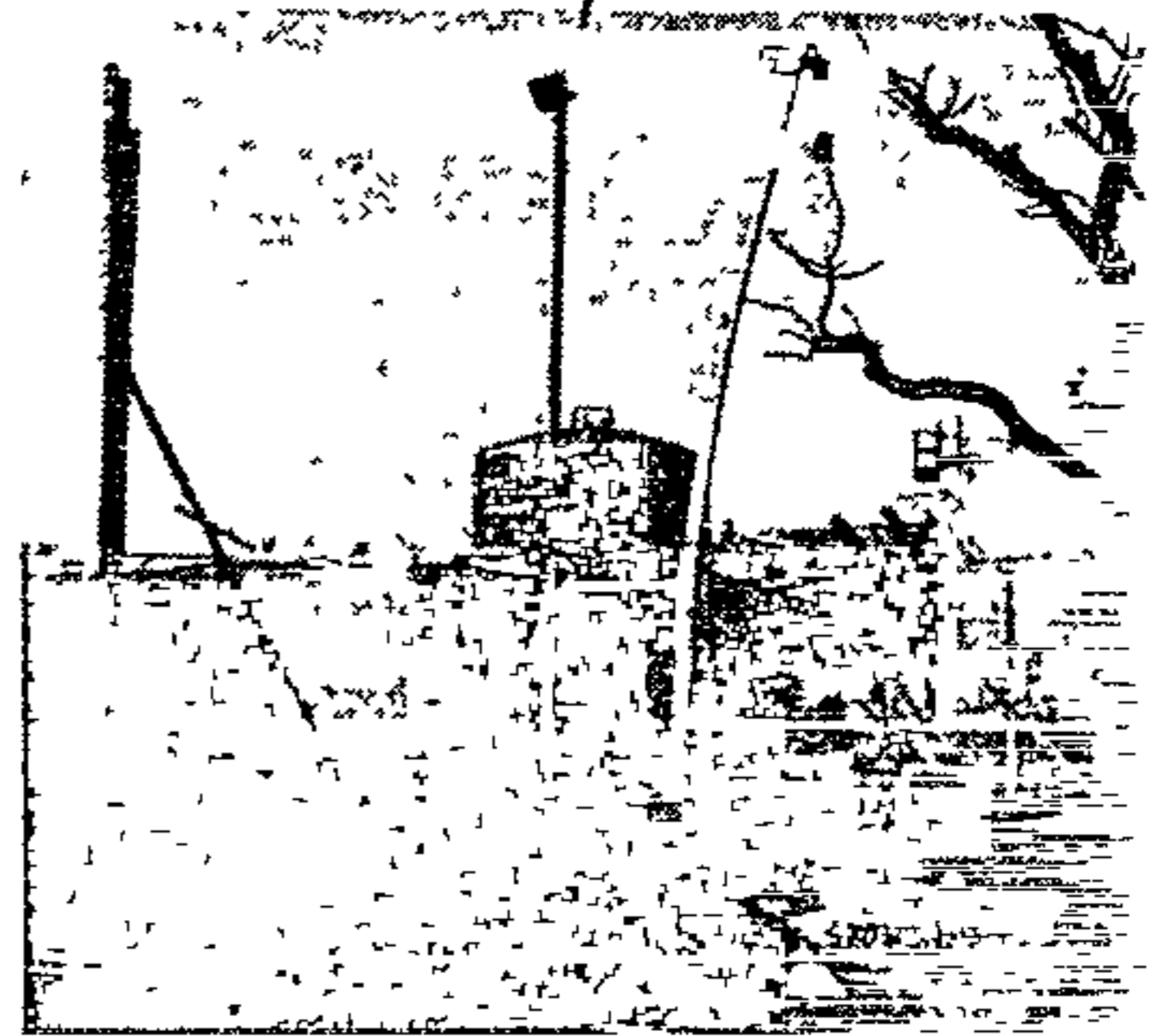
Own Correspondent
PRETORIA — An Air Force fire officer said yesterday that “a huge ball of burning petrol” shot out of the top of a burning tank at Sasol’s Pretoria West petrol depot and landed on an SAAF fire tender, killing three of his men.

Commandant Victor Jacka later mistook one of the incinerated bodies for his son Christopher, who survived the flash inferno which destroyed the R1-million Pathfinder fire tender

Three hours earlier — about 2am — a force of about 100 Pretoria firemen in 20 tenders and at least 40 ambulances raced to the petrol depot after a blaze broke out in a storage tank SAAF units were called in to assist after a 5 000-litre supply of foam was drained

Three workers were seriously injured and 11 firemen were later treated for burns. Damage in the blaze, which also ravaged a one-storey brick office building and destroyed trees and telephone poles on a public road 100 metres away, is estimated at millions of rands

Police said initial investigations “revealed



A charred tree and bent telegraph pole mark the scene of the fire at the Sasol petrol depot in Pretoria West yesterday

that the tank overflowed as a result of an industrial accident, and it would appear as if a small fire on an adjacent property caused the gases from the escaping petrol to ignite”

The possibility of sabotage had been “completely ruled out”

The dead SAAF firemen are Sergeant W J “Shorty” Hawkins, 30 of Air Force Base Waterkloof, Corporal Donald Clench, 22, of Air Force Base Swartkops, and Airman M S Knoetze, 23, who was serving a two-month “camp” at Waterkloof

Only two members of

their team survived the fireball. Corporal Clench received 10 per cent burns, a national service Airman C P van der Merwe, 20, of Springs was seriously burnt

Both are reported to be in a satisfactory condition at Pretoria’s General Hospital

Commandant Jacka, who was in charge of the depot, said he briefed his men at the depot, “before they were fated fire tenders” before it developed in flames. “They were a water to cool the

Fire officer's ordeal 'ball of fire'

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difficult year ahead
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Own Correspondent
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Both are reported to be in a satisfactory condition at Pretoria's 1 Military Hospital

Commandant Jacka, who was in charge of the SAAF fire-fighting units at the depot, said he had briefed his men at the ill-fated fire tender "seconds" before it was enveloped in flames

"They were applying water to cool the shell of

the tank," Commandant Jacka said "We didn't know that the tank was overfilled, that there was no expansion space

"I was with another team of firemen about 100 metres away when petrol blew out of the top in a huge ball of flame. There was an incredible heat blast. I turned my back but it was too hot and I had to flee with the other firemen

"The ball of fire came right down on the fire tender and we couldn't help the men. The whole place was under fire

Commandant Jacka found three bodies near the burnt-out tender after the fire had been brought under control

Relief

"I believed one of them was my son's — but I could only judge from the shape and size of the remains. Later, I heard that two of my men had been removed to hospital. I found out that Christopher was one of them — it was an incredible relief"

The managing director of Sasol's marketing division, Mr G G Botha said the storage tank fire spread when petrol flowed from the burst sides of the tank, which has a capacity of one million litres

CAPE TIMES 22/5/85

GAME Trunk
22/5/85 (260)

Escom policy reversal?

Political Staff

ESCOM may be forced into a major policy reversal with its acknowledgement that, in future, planning will probably have to be tailored to available financial resources.

Chairman Mr Jan Smith says in the 1984 annual report, tabled in Parliament yesterday, that Escom had to change its approach in 1984 to account for, and manage, the large decline in the rand's value.

"It became apparent that it may be unwise to continue regarding financial requirements as an outcome of the planning process that ensures and adequate electricity supply.

"The opinion is expressed by some that in future the availability of funds, and not the actual demand for electricity, will become the crucial determinant in deciding on growth rates in electricity sales."

260

NATIONAL/IN

Watchman's fire may have caused big blaze

Argus Correspondent
PRETORIA — The killer blast which claimed three lives and left at least 16 people injured was apparently ignited by a nightwatchman's brazier on adjacent premises

The nightwatchman, Mr David Mketi of Denilton, received 50 per cent burns and is in a

serious condition in Kalafong Hospital

It is understood that petrol was pumped from one storage tank to another, causing an overflow. The spilled petrol apparently came in contact with Mr Mketi's brazier

Detectives, the Pretoria Fire Department and Sasol officials were today probing the se-

quence of the disaster, including the nightwatchman's fire and exactly how petrol leaked from the 200 000l storage tank

According to a Sasol statement, damage at the depot was estimated at R1,5-million. This figure does not include the burnt petrol, damaged powerlines and cars

A R1-million Path-

finder fire-tender belonging to the Air Force fire-fighting team was destroyed. A tipper lorry from the Pretoria Fire Brigade that was ferrying foam to the site was badly damaged

Two Air Force firemen, Corporal Christo Jacka, 22, of Wierda Park and Airman CP van den Heever, 20, of Springs were today in a

satisfactory condition at 1 Military Hospital

Corporal Jacka was on the destroyed Pathfinder manning the foam nozzle when the tank erupted into a fireball

Initial reports said he died in the blast. His father, Commandant Victor Jacka, identified his son's body minutes after the explosion. Hours later it was learnt that he was still alive and in hospital with burns to his face, hands and legs

Those killed have been identified as Sergeant Wynand Hawkins, 30, of Waterkloof Air Base, Corporal Donald Clench, 22, of Berea Park and Airman MS Knoetze, 23, of Westering, Port Elizabeth.

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CAG Times 23/5/84

Escom man's case adjourned

SYDNEY — Extradition proceedings against Escom's former deputy chief accountant, Mr Gert Rademeyer, were adjourned yesterday until next month after he was taken to hospital complaining of chest and arm pains.

Mr Rademeyer, 49, spent several hours undergoing X-rays and cardiogram tests, but doctors said that aside from high blood pressure they could find nothing wrong with him.

He is wanted in South Africa for allegedly stealing some R8 million from Escom and depositing it in banks around the world.

Mr Rademeyer denies the charges.

Although there appeared to be nothing seriously wrong with him,

extradition proceedings were adjourned to June 14 so he can seek further medical attention at Sydney's Long Bay jail, where he has been in custody since his arrest in February.

The hearing began on Monday and initially was expected to last three days. But officials said the hearing would have continued at least an extra day because of the mass of evidence being presented.

So far, the court has heard about two-thirds of the 40 affidavits presented in support of the extradition application.

On Monday, the court ruled that Mr Rademeyer was not entitled to give evidence or call witnesses on the question of his guilt or innocence. Yesterday, however, his barrister, Mr John Agius, said he would apply to Australia's Federal Court to test that ruling before the case resumes next month.

Having denied the fraud allegations, Mr Rademeyer claims the money was legally due to him as a commission fee for introducing suppliers of enriched uranium to Escom.

A naturalized Australian, having lived in the country for eight years until 1973, he is South African by birth. Following the alleged fraud in late 1983, he arrived in Sydney in January and at South Africa's request was kept under surveillance by Australian police.

Since his February arrest, he has appeared in court five times and has not been allowed bail — Sapa-AP

Lord's Day allegation

Staff Reporter

THE manageress of a City discotheque yesterday appeared in the Magistrate's Court in connection with an alleged contravention of a section of Act 19 of 1895, The Lord's Day Observance Act.

The State alleges that Ms Sue Ann Parsons, 27, of Main Road, Mowbray, illegally kept a public place — The Mix nightclub — open for "the purpose of dancing".

No charges were put to Ms Parsons and she was not asked to plead. She was warned to appear on July 1.

Mr WJP Marais was the magistrate. Mr LS Moffitt appeared for the State. Mr JJ Henry represented Ms Parsons.

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Escom to increase its prices

CAPE TIMES 23/5/85

260

Environment Reporter
ESCOM is to increase the price of electricity again this year — to pay off a deficit of R420-million which the company says was accumulated by selling electricity at a loss

The reasons for the increase were outlined by Mr Jan H Smith, chairman of the Electricity Supply Commission, in his annual report presented to Parliament this week.

Mr Smith said demand for electricity had been unexpectedly high during 1984, with total electricity sales increasing by 8,8 percent compared with an average growth rate of 5,8 percent a year

in the five-year period to 1984

However, with the cost of generating electricity continuing to rise faster than the price charged to the consumer, Escom's accumulated deficit increased to R420-million

He said electricity supplied by Escom in 1984 was selling for 4,3 percent less than it cost to produce, despite considerable cost savings and productivity gains

A problem was that the price of electricity rose more slowly than inflation. In the past six years tariff increases averaged 12,3 percent a year, which was slightly below the inflation rate during the period as measured by the consumer price index

In 1984 the 6,7 percent tariff increase was less than half the rate of increase of the consumer price index

"The 10 percent increase, which came into effect last January, will not cover expected increases in charges against revenue during the current year," Mr Smith said

He said that in terms of the Electricity Act, Escom was not allowed to have either a surplus or a deficit for an indeterminate period, so the accumulated deficit had to be eliminated

The only source of funds available for that purpose was revenue or tariff income. Consequently, either revenue must be increased substantially or internal financing levels should be reduced

"It is not possible to increase revenue by boosting the volume of sales of electricity, particularly in the present economic climate. Nor should internal financing levels be reduced further. The only option open to Escom is a second tariff increase later this year," Mr Smith said

Salt River to the rescue

AKGUS 23/5/85

260

With the shutdown of Koeberg the old Salt River power station is ready to provide power in the winter months. Staff Reporter VERNON MATZOPULOS visited the station.

WHILE much criticism has been radiated by the the continued shutdown of Koeberg's Number One reactor, not everyone is unhappy

Within the red brick walls of the old Salt River power station, one detects a definite spring in the step of Mr Frans J Wilgenburg, power station manager

For in its 30th operational year the steadfast workhorse has been called out once again to help in a time of crisis

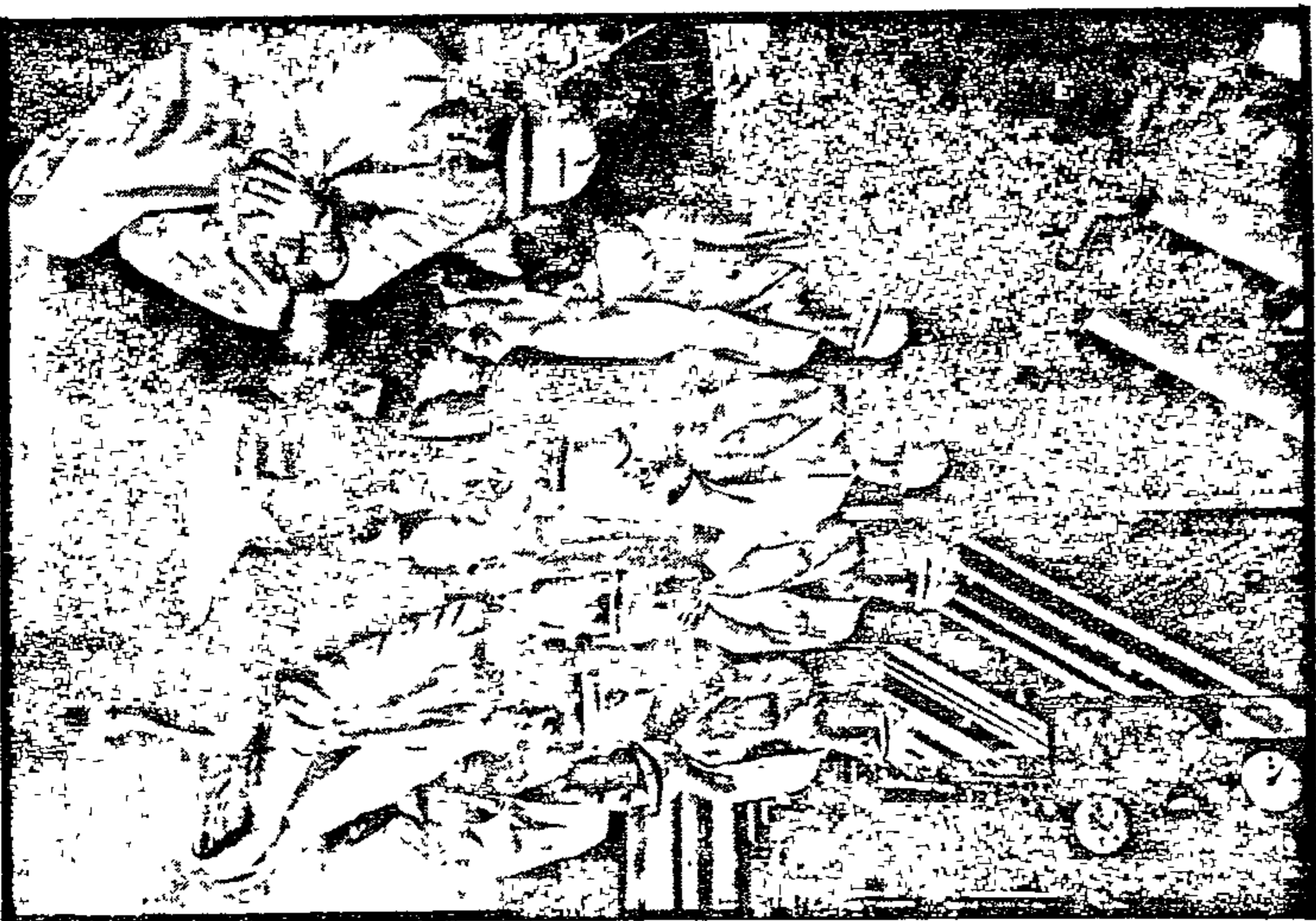
Stocks of coal are being laid in for the winter months and should Koeberg not be repaired in time Salt River power station will rumble into life, its volts whizzing through the power grid to where they are needed most

With 10 boilers bubbling away, turbines spinning furiously, Salt River produces up to 240 megawatts This is child's play compared with the 1 800 megawatts pushed out by Koeberg but it always delivers the goods

Merit award

This year, for the third time in seven years, the ugly coal muncher won the annual Escom merit award for reliability and efficiency — a proud record considering it is competing against the finely tuned technology of showpiece stations in the Eastern Transvaal

But to speak only in terms of efficiency and reliability would be a disservice to this land-



Mr J Basson, front right foreground, principal

Pictures. DOUG PITHEY, The Argus

tal human factor.

Inside its walls is a structure of remarkable complexity, where every twisted tube, contorted pipe and watching dial has a specific role

And coursing ant-like through the innards of this behemoth, ministering to its needs, nursing it through shut-downs and releasing its tension with blasts of steam from the chimney stacks are the men who give the station a unique and distinct personality

For instance, power station boss Mr Wijtenburg is a man in tune with the seething technology

"I have been through every process after all my years here and I can hear what happens in the power station

'Vibrations'

"From my office I feel the vibrations and if there is trouble I know immediately," says Mr Wijtenburg

"This is not a clean, cool and quiet place like Koeberg," he says in his precise Dutch accent, gesturing lovingly at the expanse of the boiler house and the turbine hall

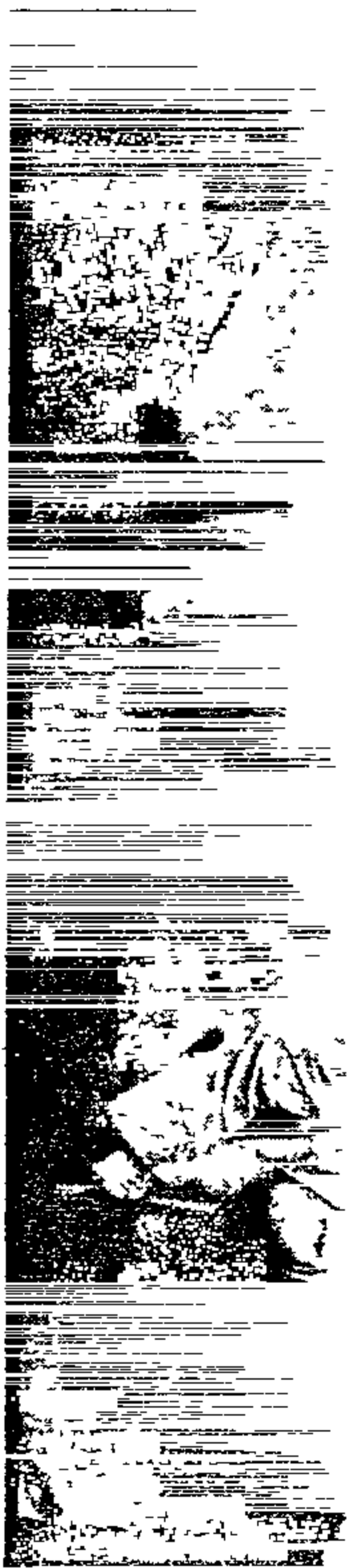
"When we're on full steam here the temperature jumps up the scale, there is soot, great clouds of steam and men perspiring — we give it everything we've got"

For him and his team, their function is simple and clear-cut — electricity on demand

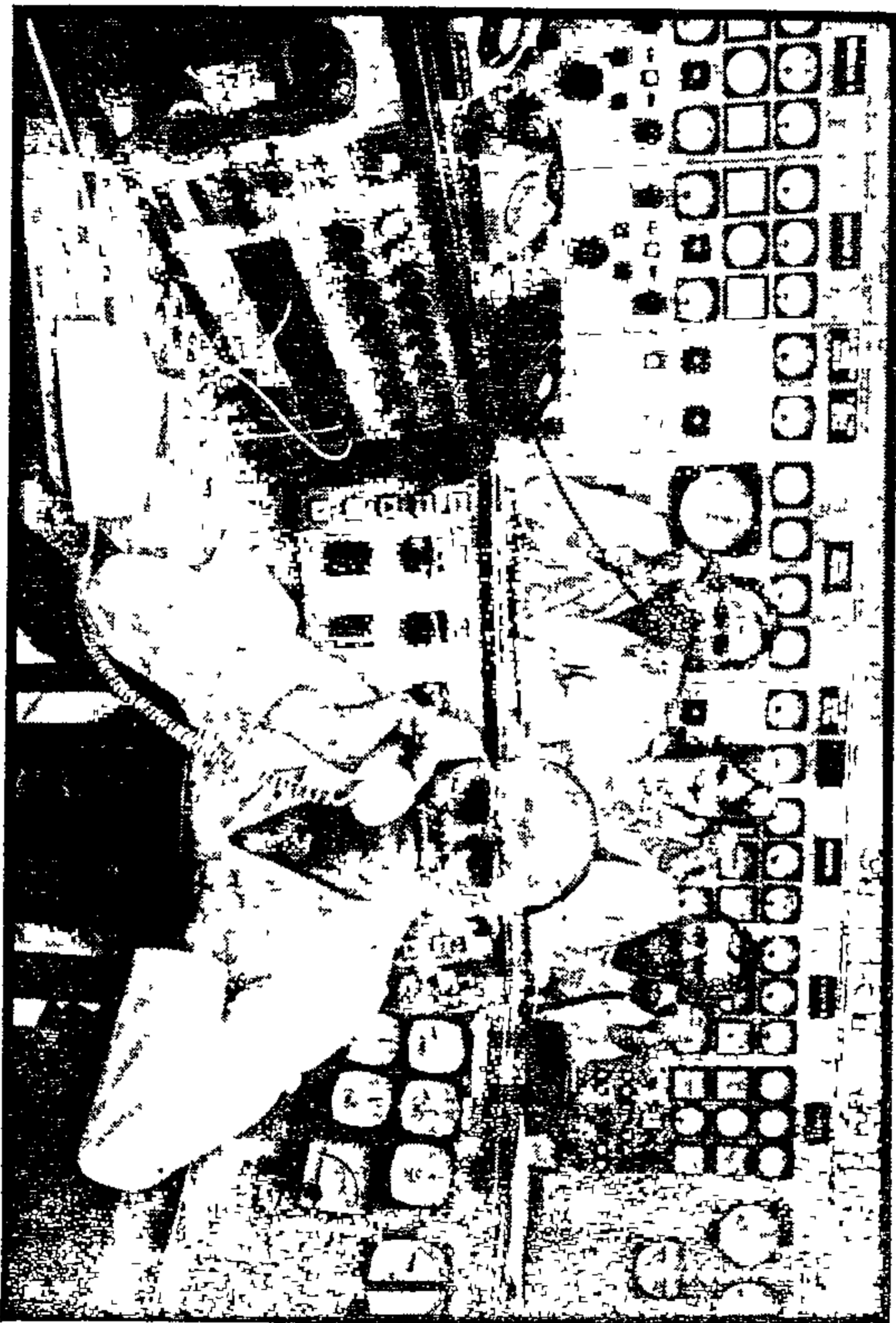
"People don't understand," he says "We have to produce the electricity immediately the consumers demand it We cannot make it and store it."

His top assistants are highly skilled and reliable men who have been "pumping volts" for years

Many have been with the station since its inception in 1955, some were at its adjacent older sister, Salt River One, which was closed down in 1979 after 21 years' service



Dwarfed by the huge pipes of the steam separators of the Salt River power station are Mr Ronnie Saville, left, an overseer, and Mr Ken Stevens, technical supervisor of the turbines.



From the control-room lined with dials and levers, senior shift supervisor Mr W Jemmett, front, assisted by (back, from left) Mr K van der Merwe, Miss A Heusdens and Mr D Lawrence, keeps in touch with the rest of the power station.

Among them there is a light and easy camaraderie and a distinct affection for their long-time companion

Gathered together the stories and reminiscences flow thick and fast

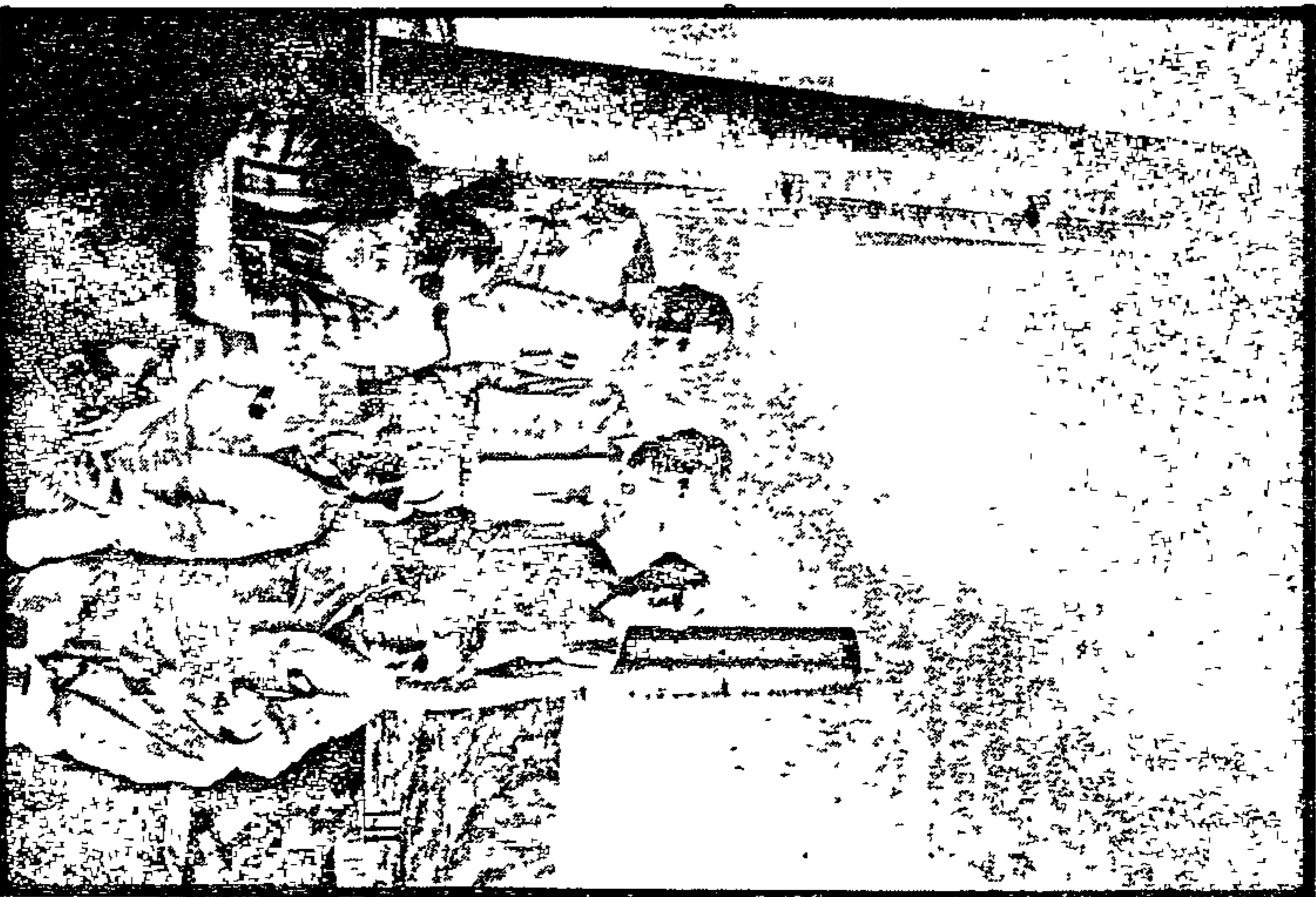
Mr Tommy Green, 59, super-

intendent of engineering services, who has been with Escom for 43 years, remembers when the waves at Woodstock beach lapped at the foot of the power station

"We used to go off at lunch and swim and fish," he said

"Speaking of fish, remember the time the jellyfish got into the inlet pipe and clogged it up? We had to make a special scoop and and it took hours to get them all out," added Mr Albert Heusdens, 59, technical supervisor of the boiler plant

"And that time when oil got



plant operator, crouches with his shift in front of number four boiler.

Between them these men have nearly 200 years' experience in power stations. From left, back: Mr T Green, Mr D Parker, Mr F Wijtenburg. Front: Mr J Smith, Mr W Jemmett, Mr A Heusdens.

into the condenser and we thought the best way to get rid of it would be to light it . . ."

cackled senior shift superintendent Mr W Jemmett, 62

"Sssh, better not talk about that," said Mr Wijtenburg as the group spluttered helplessly at the memory.

There was also the time Albert Heusdens got married in a boiler — to a woman in Holland, by proxy

Power stations will get bigger, more efficient and more economical but it is unlikely that they will generate as much human warmth as this one

Sasol victims discharged

Sowela
23/5/85

260
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TWO of the victims who sustained injuries when a Sasol fuel storage depot in Pretoria West was gutted by fire leaving three people dead, have been discharged from the Kalafong Hospital.

Mr Ismael Lephuting and Mr Paulos Ketsise, both from Thokoza in Alberton and security guards at the depot were treated and discharged late on Tuesday afternoon, a spokesman for the Kalafong Hospital near Atteridgeville said yesterday. Both men suffered 10 percent burns in the head, neck and hands, the spokesman said.

Another victim, Mr David Nkete from Denilton who sustained 50 percent burns, is still in a critical condition in the hospital's intensive care.

Lt HJ Beck of the Police Public Relations Directorate in Pretoria ruled out sabotage and said the fire was started by fuel overflowing from the petrol tank and ignited by fire from the adjacent property.

Damage caused by the raging fire has been estimated at R1,5-million. Petrol deliveries however had not been affected by the fire, a spokesman for Sasol said.

Parliament and Politics

Row brewing over Iscor loss

Political Staff

A ROW is brewing over the government's decision to cover the R814,3m lost by Iscor on the Sishen-Saldanha line without disclosing the contents of the Maree report on its viability

In effect, the taxpayer will cough up for Iscor's losses without being given a full explanation as to how they were incurred and why it has become necessary for the government to step in

It seems Iscor may fear that if it is forced to pay up, its iron-ore exports will be priced out of the market

The government itself will have been considerably embarrassed — if only in private — over the decision to build the line in the first place, and would wish to spare itself a roasting by going public with the report

Mr John Malcolmess (PFP, Port Elizabeth Central) described the decision to build the iron-ore exporting line as a monumental government blunder, and said "I find it impossible to believe that the whole report must be kept secret. How can Parliament pass legislation on

this without being completely in the picture?"

According to a memorandum, the Maree committee decided it was in the country's interest to continue exporting iron ore through the Sishen-Saldanha project, a recommendation which is accepted

But the Treasury would make good the losses that Iscor has incurred on the line

The South African Transport Services took over the line and the harbour against payment of the capital cost with loan finance provided by the Treasury and operated for the account of Iscor

SATS tariffs were structured so that these costs would be fully recoverable from Iscor

However

- international demand for South African iron ore was seriously overestimated in the planning of the line,

- expectations that other users would export considerable tonnage through Sishen-Saldanha were never fulfilled, and

- Iscor's losses on the export of iron ore mean that it can no longer afford what have become crippling tariffs

CAPE TIMES 23/5/85

109 260

24/5/85
Maree (260)
heads new
power
council

Political Staff

HOUSE OF ASSEMBLY
— Barlow Rand's Mr
John Maree has taken
over as executive chair-
man of the new Electric-
ity Council

He is backed by a high-
powered team of top
businessmen, academics
and State officials and
scientists

Among the prominent
members of the council
are Dr Joop de Loor, di-
rector-general of the De-
partment of Finance, Mr
B J Groenewald, deputy
general manager of the
SATS, Dr D C Neethling,
chief director for energy
at the Department of
Mineral and Energy Af-
fairs, and Dr J W L de
Villiers, executive chair-
man of the Atomic Ener-
gy Corporation

The appointment of Mr
Maree and 15 members
of the newly-established
council was announced
by the Minister of Miner-
al and Energy Affairs, Mr
Danie Steyn, during his
budget vote yesterday
and was immediately
welcomed by opposition
parties

The Electricity Supply
Commission has been re-
placed by a body of the
same name, controlled
by a two-tier authority
comprising the council
and a management
board

The council will deter-
mine policy and be re-
sponsible for strategic
planning and overall
control, and ensure that
management operates on
"sound business princi-
ples"

Dorbyl Ltd announced the appointment of Mr I C Rauch, left, as chairman and Mr E M Scott-Dawkins as managing director of Tubemakers of SA Ltd (TOSA)

Cape Times 24/5/84 (260)
**New chairman of
Escom appointed**

From GEOFFREY ALLEN

JOHANNESBURG —

The appointment last night of Mr John Maree as chairman of Escom, the parastatal electricity commission is being seen as a drawing together of private and state enterprise

Mr Maree's appointment, was announced by the Minister for Mineral and Energy Affairs, Mr Danie Steyn, yesterday

The appointment comes in the wake of a government suggestion that Iscor, the Iron & Steel Corporation, should go public

There are also rumours that the cost of Escom power to the consumer will rise substantially in the wake of a R163m loss recorded in its annual report

The appointment also follows the furore over the "Dr" Gert Rade-meyer affair when the former senior accountant at Escom put R8m of the commission's money into bank accounts which he controlled

Mr Maree's appointment comes amidst a shake-up of the Escom hierarchy

Mr Maree formerly worked for the massive Barlow-Rand group of companies, and once served on the board of Armscor, the quasi-government arms and ammunition manufacturers

Mr Mike Rosholt, chairman of Barlows said last night "We very much regret that Mr Maree, one of our most experienced executives, will, after 15 years with Barlows, be resigning as an executive director

"But we see his Escom appointment as strengthening the links between private and state enterprise"

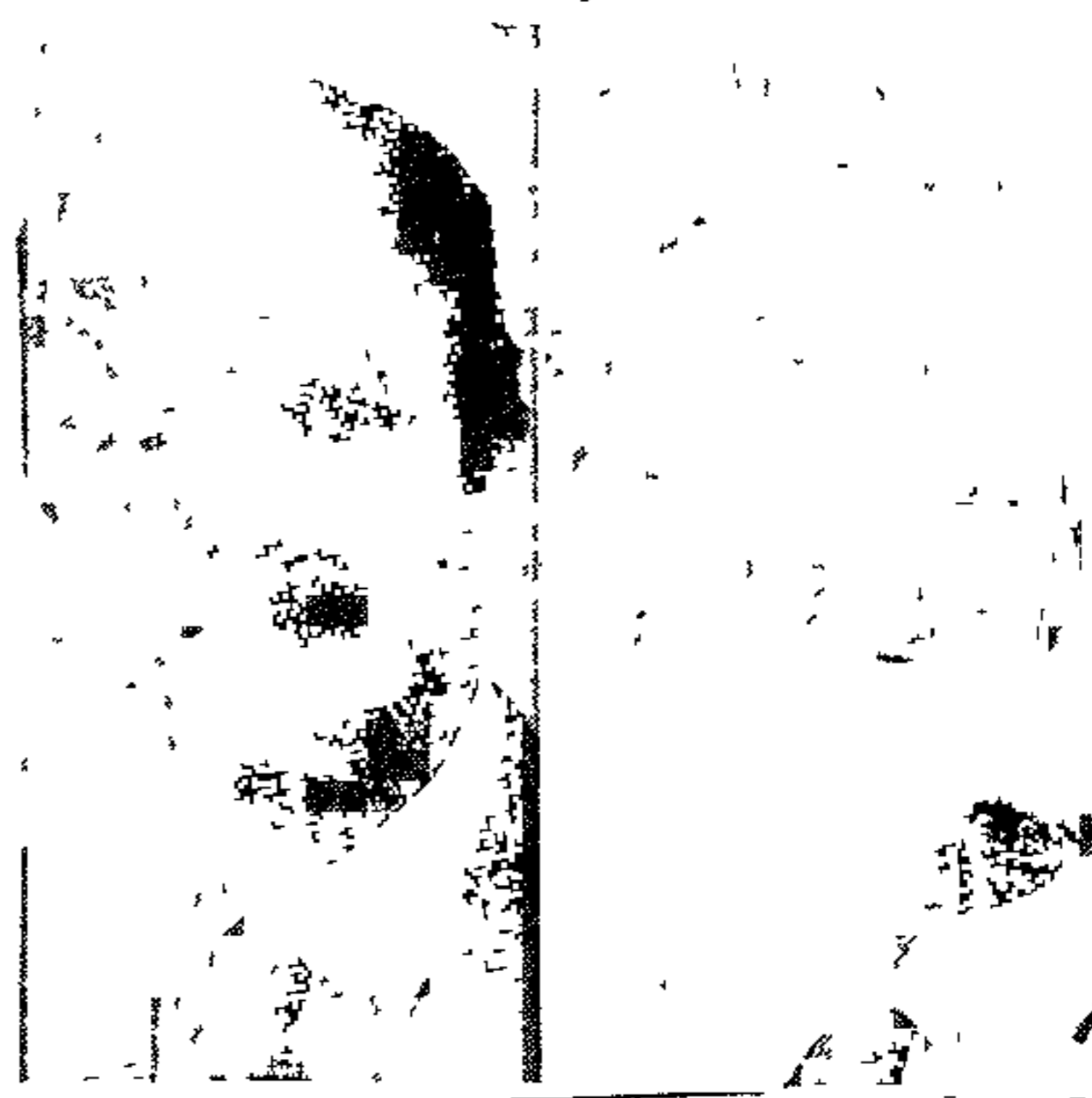
Mr Maree becomes chairman on June 1

He will relinquish all executive functions at Barlows but will remain on the board as a non-executive director He is currently executive chairman of Barlow Rand's building supplies, steel and paint division, which in 1984 had a turnover of almost R700m

Apart from holding a number of Barlows Group directorships, Mr Maree is also a director of the SA Permanent Building Society, Nedbank and of the newly-created Development Bank of Southern Africa

He was born in Middelburg, Cape, and graduated from the University of the Witwatersrand

He was also President of the Harvard Business School Club when he went to the American University



R814m Sishen capital debt still Iscor's

CAPE Times
25/5/85

260

ISCOR is to continue exporting iron ore through the Sishen-Saldanha scheme and will remain liable for the R814-million capital invested in the railway line and harbour

This was announced in Cape Town last night by the Minister of Trade and Industries, Dr Dawie de Villiers, who gave details of a new agreement reached between Iscor, SA Transport Services and the government on the running of the line

Commission

The agreement is the result of the recommendations of the Maree Commission of Inquiry into the line, which said that iron ore exports from Saldanha should be continued, to gain foreign exchange and because estimated income from the scheme would amount to more than the cost incurred through further shipments

Questions were put to Dr De Villiers in Parliament this week on the report — which the government has refused to make public — and there was subsequent press speculation that taxpayers would have to foot the bill for the R814-million capital costs

Dr De Villiers said the government was not considering writing off the R814-million owed by Iscor

"The only loss that will accrue to the Treasury is that during the redemption period no interest will be payable on the outstanding part of the

capital amount," he said

It was expected that R127-million would be redeemed during the 1985/86 financial year from users of the railway line and harbour Iscor was expected to contribute R110-million and other users R17-million

The Treasury would take over the total capital liability of the railway line and harbour facilities not redeemed on September 30, 1984, but these assets would remain the property of SATS

SATS would be exempt from the payment of interest on the capital investment in the rail and harbour facilities

Dr De Villiers said legislation to implement the decisions on the line would be introduced as soon as possible, while the new arrangement would come into operation from October 1, 1984

'Unfeasible'

Dr De Villiers said continuation of iron ore exports would ensure the capital redemption which would be lost if exports were suspended

About 3 000 employees involved in the scheme would keep their jobs and foreign currency estimated at R300-million could be earned during 1985-86

Dr De Villiers said the previous agreement had become unfeasible for Iscor because international business conditions did not allow Iscor to earn enough revenue to cover the capital burden — Sapa

Saldanha — PFP slams explanation

Political Staff

THE Progressive Federal Party today rejected a long justification by the Government for taxpayers to foot the bill for the outstanding R834-million capital redemption on the Saldanha-Sishen ore-export railway line

Mr John Malcomess MP, the PFP's spokesman on transport, said today no explanation would be sufficient until a committee of inquiry report, which the Government was attempting to keep under wraps, was released. The report deals with the viability of the project following threats by Iscor to stop using the export facility because of huge losses

Mr Malcomess accused the Government of "total ignorance" in claiming that there would be no loss and said that there was still nothing to disprove the argument that the line and the ore-handling facilities at Saldanha should never have been constructed

In a statement at the weekend the Minister of Trade and Industry, Dr Dawie de Villiers, said "Writing off the loss is not being considered at all" Iscor would remain responsible for redemption of the capital by paying 80 percent of any profit to the State

It was expected that R127-million would be redeemed in the financial year ending March 1986. Of this R110-million would come from Iscor and R17-million from other users



Mr Malcomess

Mr Malcomess said this showed "total ignorance of profit and loss. The Government has no intention of recovering any interest on the capital. Even at 10 percent it is a loss of R81-million a year"

Dr de Villiers said the export of ore would continue through Saldanha Bay for a number of reasons. These were: The outstanding capital would be repaid, about 3 000 jobs would be retained, about R300-million in foreign currency would be earned a year and suspension of the scheme would have adverse effects on private enterprise at Saldanha and Sishen

Mr Malcomess said he was not even satisfied that it would be better to continue with the use of the project. He asked if a proper investigation had been made into using the alternative proposal of Port Elizabeth with an offshore terminal at St Croix Island

He said it might still be cheaper to opt for the alternative that "should have been used in the first place", even at this stage

Dr de Villiers said there were a number of reasons why the Government had been forced to take over the capital redemption of the project. The project had been based on the export of iron ore not only from Iscor but also the private sector.

The private sector had used the facility only to a limited extent, while Iscor had been faced with a recession in the world's economy and a huge surplus in steel production capacity.



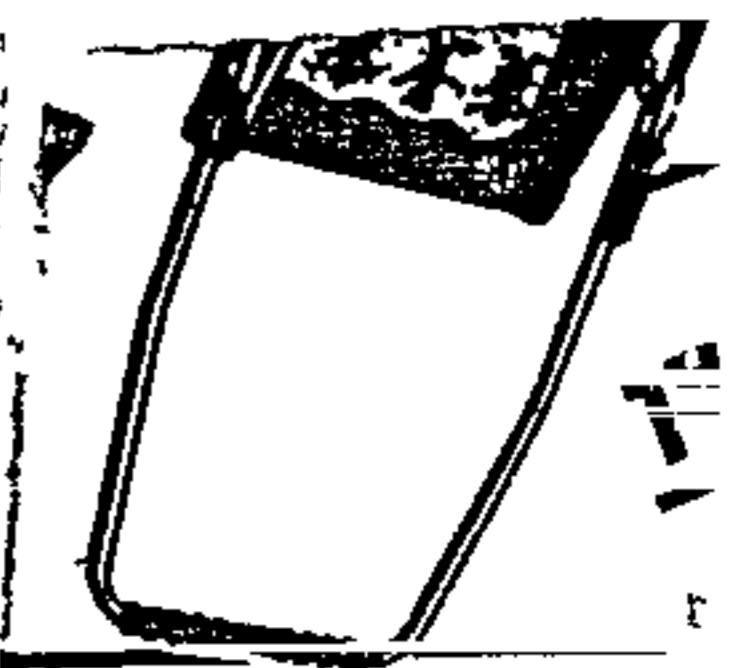
Dr de Villiers

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11/6/85 28/5/85

Oil from gas project studies wait Cabinet approval

Staff Reporter
FEASIBILITY studies on a multi-million oil from gas project at Mossel Bay are nearing completion but Cabinet approval for the project appears unlikely before the next parliamentary session starting in September

Mr Mike Leibbrandt, Soekor liaison officer, said yesterday the studies covered every aspect of the possible project, including finance and manpower

But as the current session of Parliament ends within weeks it was unlikely that the feasibility studies would be considered before that

After Cabinet consideration, if favourable, the project is expected to get the go-ahead fairly rapidly

Soekor cannot disclose the extent of gas reserves already proved, but the organisation has said several times that it would consider one trillion cubic feet of gas as commercially viable to produce about 22 000 barrels of oil a day for 20 years



Left with

New]

Defence Act *Q. 61/1619*
28/5/85

*14 THE LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Defence.

- (1) Whether any change in the service commitments in terms of (a) section 22(3)(a), (b) section 22(3)(b) and (c) section 44(3)(b)(i) of the Defence Act, No 44 of 1957, is contemplated, if so, (i) what will be the nature of these changes and (ii) when will they take effect,
- (2) whether he will make a statement on the matter?
- (3) whether, prior to this employee's dismissal, he was warned not to display this badge; if so, (a) why, (b) when, (c) by whom and (d) with what result,
- (4) whether he will make a statement on the matter?

THE DEPUTY MINISTER OF DEFENCE

- (1)(a), (b) and (c) No

(2) Yes The service that is stipulated in the particular sections is the maximum period for which a national serviceman may be compelled to serve. In practice, however, only as much service is required of a member as is necessary. For example Citizen Force and Commando members are already on a large scale being called up for shorter periods than for which provision is made in sections 22(3)(b) and 44(3)(b)(i)

*15 Dr A L BORLAINE asked the Minister of Trade and Industry

- (1) Whether he or his Department monitors the administration of Atlantis Diesel Engines,
- (2) whether he will furnish information on the recent dismissal of an employee of Atlantis Diesel Engines for displaying a badge of a certain organization on his clothes; if not, why not, if so, (a)(i) why and (ii) in terms of what regulation was he dismissed, (b) when was this regulation introduced, (c) who (i) introduced this regulation and (ii) took the decision

to dismiss this worker, (d) for what period was he employed by Atlantis Diesel Engines and (e) what is the name of the organization depicted on the badge;

THE DEPUTY MINISTER OF TRADE AND INDUSTRY

(1) No Atlantis Diesel Engines (Pty) Ltd is registered as a private company in terms of the Companies Act, 1973, and although the State has made available through the Industrial Development Corporation of SA Ltd share capital for the erection of ADE, the affairs of ADE are run by an independent directorate and management. However, as was mentioned in the reply to Question No 12 of 22 February 1984, the Department of Trade and Industry keeps itself posted of the operating results of ADE

(2) and (3) As in the case of any business undertaking, labour matters of companies, including ADE, are administered by the management within the framework of the relevant legislation

(4) Falls away

Swaziland delegation: discussions

*16 Mr P G SOAL asked the Minister of Foreign Affairs.

- (1) Whether he or any member of his Department held discussions with a Swaziland delegation on or about 14 May 1985, if so, (a) when, (b) where and (c) who was present at these discussions,
- (2) whether border adjustments were dis-

cussed; if so, what was the nature of these discussions,

- (3) whether any decisions were reached during the course of these discussions; if so, what decisions,
- (4) whether consultations were held with the governments of any other independent Black states prior to these discussions, if not, why not, if so, (a)(i) with which Black states, (ii) when and (iii) where were these consultations held and (b) what was their response,
- (5) whether the decisions reached at these discussions will be relayed to the governments of any other independent Black states, if not, why not, if so, (a) to which such governments and (b) when,
- (6) whether he will make a statement on the matter?

THE MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION, (for the Minister of Foreign Affairs):

- (1) Yes.

- (a) 14 May 1985
- (b) Fleur du Cap Estate, Somerset West
- (c) A South African delegation led by myself and comprising senior officials of the Department of Foreign Affairs and a Swazi delegation led by their Foreign Minister, Mr M M P Minsi

- (2) to (6) At the conclusion of the discussions I indicated in reply to questions from the media that the two delegations had discussed economic matters and other aspects of mutual concern. It is not customary and certainly not in South Africa's interest to publish the details of discussions between Governments unless they both agree

Mr P G SOAL Mr Speaker, arising out of the reply of the hon the Minister, may I ask whether it is the intention of the Government to pursue the matter of incorporating a certain section of KaNgwane and Ingwavuma in the Kingdom of Swaziland and whether that option has been rejected?

The MINISTER I am afraid that the answer to that lies within the area of authority of my colleague who is not present here. I therefore cannot reply to that

Mr P G SOAL. Are you not a member of the Cabinet?

*17 May R SIVE asked the Minister of Constitutional Development and Planning:

Whether the Central Statistical Services have any population statistics for Greater Soweto, if not, why not, if so, what was the population of Greater Soweto as at (a) 31 March 1984 and (b) 31 December 1984?

THE MINISTER OF LAW AND ORDER (for the Minister of Constitutional Development and Planning):

- Yes
- (a) Not available
- (b) Not available

Data collected at population censuses only 1980 Census figure was 871 187. Information regarding the 1985 Population Census is not available as yet

*18 THE LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Law and Order

Whether, with reference to his reply to Question No 34 on 19 March 1985, (a) he and/or (b) any member of the (i) South African Police and/or (ii) security branch of the South African Police has requested the Minister of Communications or the



Defence Act Q 61/1614
28/5/85

14 THE LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Defence:

- (1) Whether any change in the service commitments in terms of (a) section 22(3)(d), (b) section 22(3)(b) and (c) section 44(3)(b)(i) of the Defence Act, No 44 of 1957, is contemplated, if so, (i) what will be the nature of these changes and (ii) when will they take effect,
- (2) whether he will make a statement on the matter?
- (3) whether, prior to this employee's dismissal, he was warned not to display this badge, if so, (a) why, (b) when, (c) by whom and (d) with what result,
- (4) whether he will make a statement on the matter?

THE DEPUTY MINISTER OF TRADE AND INDUSTRY

- (1) No Atlantis Diesel Engines (Pty) Ltd is registered as a private company in terms of the Companies Act, 1973, and although the State has made available through the Industrial Development Corporation of SA Ltd share capital for the erection of ADE, the affairs of ADE are run by an independent directorate and management. However, as was mentioned in the reply to Question No 12 of 22 February 1984, the Department of Trade and Industry keeps itself posted of the operating results of ADE
- (2) and (3) As in the case of any business undertaking, labour matters of companies, including ADE, are administered by the management within the framework of the relevant legislation
- (4) Falls away

Swaziland delegation, discussions

*16 Mr P G SOAL asked the Minister of Foreign Affairs

- (1) Whether he or any member of his Department held discussions with a Swaziland delegation on or about 14 May 1985, if so, (a) when, (b) where and (c) who was present at these discussions,
- (2) whether border adjustments were dis-

cussed, if so, what was the nature of these discussions,

- (3) whether any decisions were reached during the course of these discussions, if so, what decisions,
- (4) whether consultations were held with the governments of any other independent Black states prior to these discussions, if not, why not, if so, (a)(i) with which Black states, (ii) when and (iii) where were these consultations held and (b) what was their response,
- (5) whether the decisions reached at these discussions will be relayed to the governments of any other independent Black states, if not, why not, if so, (a) to which such governments and (b) when,
- (6) whether he will make a statement on the matter?

THE MINISTER OF CO-OPERATION, DEVELOPMENT AND EDUCATION (for the Minister of Foreign Affairs)

- (1) Yes
 - (a) 14 May 1985
 - (b) Fleur du Cap Estate, Somerset West
 - (c) A South African delegation led by myself and comprising senior officials of the Department of Foreign Affairs and a Swazi delegation led by their Foreign Minister, Mr M M P Muni
- (2) to (6) At the conclusion of the discussions I indicated in reply to questions from the media that the two delegations had discussed economic matters and other aspects of mutual concern. It is not customary and certainly not in South Africa's interest to publish the details of discussions between Governments unless they both agree

Mr P G SOAL. Mr Speaker, arising out of the reply of the hon the Minister, may I ask whether it is the intention of the Government to pursue the matter of incorporating a certain section of Kanywane and Ingwami in the Kingdom of Swaziland and whether that option has been rejected?

The MINISTER: I am afraid that the answer to that lies within the area of authority of my colleague who is not present here. I therefore cannot reply to that.

Mr P G SOAL. Are you not a member of the Cabinet?

Greater Soweto Q 61/1622
47- Maj R SIVE asked the Minister of Constitutional Development and Planning

Whether the Central Statistical Services have any population statistics for Greater Soweto, if not, why not, if so, what was the population of Greater Soweto as at (a) 31 March 1984 and (b) 31 December 1984?

THE MINISTER OF LAW AND ORDER (for the Minister of Constitutional Development and Planning)

- (1) Yes
 - (a) Not available
 - (b) Not available

Data collected at population censuses only 1980 Census figure was 871 187. Information regarding the 1985 Population Census is not available as yet

*18 THE LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Law and Order.

Whether, with reference to his reply to Question No 34 on 19 March 1985, (a) he and/or (b) any member of the (i) South African Police and/or (ii) security branch of the South African Police has requested the Minister of Communications or the

Iscor almost doubles monthly overseas sales

PRETORIA — Raw steel consumption could fall by as much as 20 percent during 1985, according to the head of steel production at Iscor, who today said Iscor was aiming to increase its share of the international market

Mr Nols Olivier, general manager of the steel division at Iscor, said that since October, when the company first decided to turn to the export market, it had almost doubled monthly sales overseas

According to present trends, he said, Iscor's steel exports during the current financial year compared with 1983/1984 would increase by 95 percent to

Africa, 66 percent to the Far East and 72 percent to Europe

The Middle East, at present the major buyer of South African steel, would buy a total of 0,69-million tons, or 93 percent more than last year

Mr Olivier said exports were averaging 230 000 tons a month, or 2,7-million tons on an annual basis, compared with only half that figure during 1983/1984

Local demand

He said Iscor anticipated foreign earnings of R700-million from these sales, compared with R449-million last year

Mr Olivier, who said he expected the company's revenue to drop during 1985, said the

decision to stimulate exports had been taken after a fall-off in local demand

He said sales in South Africa were expected to decline by 13 percent to 2,896-million tons in the current financial year. Sales for the 1985 calendar year would probably drop by as much as 20 percent. This followed increases of 12 percent and 20 percent over the previous two years

"We are holding our market share," Mr Olivier said. "So what is happening to us is happening to the rest of the industry"

Iscor produces about 75 percent of the country's demands

for raw steel, according to industry market surveys

Mr Olivier said he did not expect the local market to deteriorate but added that sales would improve only once interest rates, now standing at about 24 percent, fell to below 20 percent. He added that he did not expect any change before the end of 1985

Mr Olivier said that despite the growing export market, he expected Iscor's revenue to drop during 1985

Besides having to both cut its price to compete on the export market and take losses on transporting the material abroad, production costs had increased — Sapa

Warning on capital gain from privatisation in SA

By LOUIS
BECKERLING
Business Editor

CAPITAL acquired by the State from a programme of privatisation "should not be employed to finance current expenditure," warned Sanlam's Mr Marinus Daling.

Addressing the AHI congress in Port Elizabeth yesterday, Mr Daling said such capital should be "used to finance essential expansions to the country's infrastructure".

Proposing a motion calling for the Government to provide greater clarity on its policy towards privatisation, Mr Daling said that whereas the role of Government in the economies of countries as diverse as Bangladesh, France, Thailand, Turkey, Japan and the Eastern bloc was diminishing, it remained on the increase in South Africa.

"Over the past five years the British Government has sold more than 12 large State-controlled organisations to the private sector for an amount of more than

£5 000 million (R12 million)" and more than 400 000 workers were involved.

By contrast the aggregate consumption and investment expenditure by the South African Government had risen from an average of 26% of gross domestic product in the 1960s, to 27,3% in the early 1980s.

"This development has led to the following

- "The demand by the public sector on domestic resources has increased sharply

- "The tax burden has been substantially increased, with serious negative implications for private initiative, entrepreneurship, and domestic savings"

Privatisation, said Mr Daling, was desirable for the following reasons

- The threat of bankruptcy and the incentive of the profit motive implied that privatised organisations would perform better

- Government organisations were largely State monopolies which operated on a "cost-plus"

basis, whereas in the private sector, companies which failed to cater for the consumer would fail

- In the civil engineering industry the State had last year accounted for 42%, or R1 500 million of the expenditure on civil works "and the effect of an economic downturn is thus inevitably more acutely felt in the private sector which commands a relatively smaller share of the market and is therefore less stable"

Mr Daling said privatisation could take place at two levels — that of services, and public corporations such as Iscor, Escom, the SA Transport Services, and the Department of Posts and Telecommunications. He believed the process should begin with the former category.

"In any event it is crucial that the question be addressed with far more urgency. The possibility should be considered of establishing a special committee of Cabinet Ministers to plan and promote the process of privatisation."

WIKARLUS 11/6/85 (260)

SA leads the energy stakes

Cost of power West's lowest

JOHANNESBURG — In spite of heavy increases, South Africa's average cost of electricity is the lowest of the 12 major Western countries that appear regularly in the yearly survey conducted by National Utility Services, an international energy consultant

The survey for the year ending March 1985 shows the unweighted average rate charged by the four major towns, Cape Town, Durban, Johannesburg and Pretoria, as 4,74 cents per kilowatt hour. Second lowest, but with the highest percentage increase, was Sweden at 5,19 South African cents, an increase of 16 percent.

During the period, South Africa, at nine percent, had the second highest increase

Increases

But with the increases still to come, this should rise to above 16 percent — slightly higher than the rate of inflation — and bring South Africa's cost to about the same as Sweden

The survey, based on customer size of 45 000 kw/h per month, shows Pretoria at 3,82c as the lowest of any town and on a par with Manitoba Hydro



of Canada, which makes Pretoria the lowest non-hydro supplier in the world

Second in South Africa is Johannesburg at 4,50c, which makes it third lowest in the

survey Durban costs are 5,27c and Cape Town 5,42c

Highest unweighted average cost (24 major towns) in the survey was the United States at 12,26c, an increase of 3,9 percent — 0,2 per cent lower than the rate of inflation.

"Obviously, the greatest influence on the major South African centre rates quoted is the cost to them of the Escom supplies," said Mr G Rahr, managing director of National Utility Services

"Can it be that Escom, realising that their rates are still among the lowest in the West, feel they have elbow room for further steep increases without due consideration to the state of the economy?" he asked

"Whatever the case, Escom must look for increased revenue from tariff income which must be over and above the rate of inflation," he concluded — Sapa

FINANCE

'Taxpayers to foot R815-m Iscor loss'

FRANS ESTERHUYSE
Parliamentary Staff

TAXPAYERS would have to dig into their pockets for Iscor's R814-million losses on the Sishen-Saldanha railway line without receiving a full explanation from the Government, the House of Representatives was told

Proposed legislation said to be aimed at writing off Iscor's debt was supported under protest by the majority Labour Party.

The Finance Bill, which provides among other matters for vesting Iscor's liability in the State and for the remission of certain monies owing by South African Transport Services, passed through all its stages in the House of Representatives yesterday

Mr Fred Peters (Labour Silvertown) lashed out at Government "secrecy" and "double-dealing" and likened the affair to the Information scandal

"We are caught in a spider's web," he said "Should we reject this legislation outright it will create serious unemployment problems for this country"

Such action would affect 3 000 jobs and could result in the closing of Saldanha harbour

Acceptance of the legislation, on the other hand, would mean "the poor taxpayer will have to dig into his pocket for Iscor's losses without receiving a full explanation about how the losses were incurred and why it was necessary for the Government to step in"

Announcing that his party had chosen to support the Bill, Mr Peters said the legislation had created suspicion because of the many "secrets" and the refusal of officials to disclose information or to explain

The R814,3-million was being taken from the taxpayer to pay for an undertaking which had been embarked on without arranging contracts or first arranging certain guarantees.

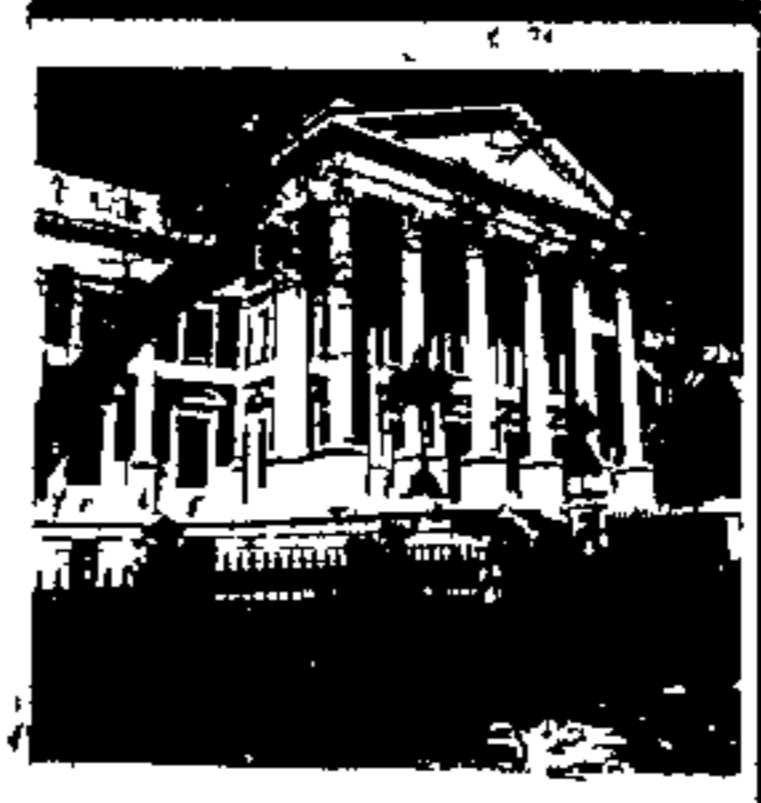
The project had been undertaken without foresight on whether the international demand for iron ore would continue. In fact, Iscor had overestimated the international demand

"Now we sit with a railway line that will go to rust if not put to use, because it is not a normal gauge line. What is most disturbing is the silence, by not furnishing the taxpayer and Parliament with the full facts," Mr Peters said

Earlier Mr Charles Redcliffe (Labour Schauderville) said Iscor had experienced continual losses on the Sishen-Saldanha line after the bottom had fallen out of the iron-ore market. In view of the unemployment situation it was in the interest of South Africa that the line should continue to function

The Deputy-Minister of Finance, Mr Kent Durr, defended the Government's actions and rejected Mr Peter's accusations

He said the accusation of "double-dealing" was totally untrue. The decision to build the Sishen-Saldanha line had been taken after in-depth studies by experts



B-Day

7/16/85

BY ANY standards Escom is large — with assets of R20bn, revenue of almost R4bn and a staff complement of more than 65 000. But the corporation has suffered a series of unfortunate episodes in recent months:

- The Rademeyer fraud case;
- The closure of the Koeberg nuclear plant;
- Questions in Parliament about profligate spending and accusations of unnecessary high pricing and internal inefficiencies.

● All capped by a governmental commission recommending major changes in management structure.

To make matters worse, it was recently reported that the corporation ended 1984 with a net loss of R163m, making an accumulated deficit at the year-end of more than R400m.

These challenges have not deterred Ian McRae, who since March has held the top management position at Escom. He is a pragmatic technician who has worked his way up the ranks for the past 38 years. While he accepts that he has a tough assignment, he is confident that Escom has learnt from recent experiences and is heading back in the right direction.

The recent restructuring of Escom, which only formally takes effect next week when the new Electricity Council meets for the first time, will, McRae feels, provide an important impetus to this revival. In the past Escom management was responsible to the Electricity Supply Commission, but the new council will have much greater influence on policy.

McRae will transcend the two-tier system by sitting on both bodies — a task for which he is well suited. He has tremendous depth of experience in almost every facet of the group's working operations: he also has that rare quality of being able to move easily between Afrikaans and English speaking business circles.

Though the council has yet to meet, McRae feels that it will have three primary objectives.

First, to examine and instil a greater emphasis on Escom's financing, with more attention to planning and controls. Second, a more determined effort will have to be put into marketing — everything from tariff structures to consumer relations and corporate development. Last, McRae supports the growing international concept of electricity conservation — the education of consumers as to how to use power wisely.

There is every possibility that Escom will consider implementing methods of spreading the demand for electricity, one being incentives to encourage consumers to switch demand from peak periods — a concept that



● IAN McRAE ... steering Escom back to profitability

McRae set to spark up Escom

Cont

has already been proven in many European countries.

But McRae accepts that it is going to take some time for the council to come to grips with Escom's specific problems. While he feels that privatisation of Escom would not be an immediate priority of the council, McRae says that once it had a better understanding of the corporation the issue would inevitably be examined.

McRae has strong views on privatisation, a principle which he supports. But he foresees many pitfalls if it is ever implemented. He speaks with immense experience. Before joining Escom, McRae was employed by the Victoria Falls Power Co, set up on the Witwatersrand by a number of private companies to supply power — principally to the mining industry.

Even in those days, the company was required to make profits and it soon became clear that it would have to discriminate against smaller consumers who might not prove to be profitable clients. Escom could not go that route, says McRae, adding that

Escom would love to privatise its rural operations (which nobody wants to buy).

One alternative would be to divisionalise Escom geographically, linking some profitable areas with those currently heavily subsidised. But even this would prove immensely difficult, given the concentration of the basic raw material — coal — in the northern, inland parts of the country.

Though sounding pessimistic, McRae does say that some method may eventually be devised to allow the private sector a direct stake in the operation.

Replying to charges that Escom indiscriminately lifts its tariffs in order to cover its own soaring costs, McRae makes the point that the price of electricity in SA is well below power costs of its trading partners. But SA is entitled to expect cheap power, given its access to coal which is cheap by world standards.

Many consumers tend to overlook the long-term implications of supply-

260 B. Day

ing power to a country the size of SA. "When people say that they do not want to pay for the consumer of tomorrow, they forget that their electricity has been subsidised by the consumers of yesterday."

The lead times for new generating capacity, currently some 10 years or more, mean that projects must be implemented well in advance of anticipated needs. It is because of this forward planning that Escom brought on stream its first nuclear plant.

McRae accepts that this was far more expensive than conventional generating facilities, but argues that coal is going to become more expensive while nuclear energy must get cheaper. While there are no immediate plans for a second nuclear plant, McRae feels that this development is inevitable by the year 2000 — requiring a decision in the next year or so.

The commission of enquiry which recommended the creation of the new council is due to table its separate report on the nuclear fuel industry in the next couple of weeks, McRae notes.

While Koeberg is temporarily out of action at the moment — following the need to replace deteriorated stainless steel piping — it should be back on stream in the next few weeks. Thereafter it should "more than pull its weight" in the electricity grid.

Another exciting area for future development is increased hydro-electric output. Though past attention has been mainly focused outside SA — for example, Cahora Bassa — McRae sees the potential for more local development. "The Drakensberg pumped storage scheme is working well, but further damming of the Orange River could provide results."

Although the corporation's internal image has suffered heavily from recent setbacks, strong foundations have been laid overseas. "Not only have we established tremendous credibility in the international banking community, Escom is also now recognised as one of the top utilities in the world — both by its suppliers and its peers in other countries."

But while local consumers may still think that Escom is badly managed financially, McRae believes the corporation has turned this corner as well. The new council will provide Escom with added management pressures — in some ways even simulating a formal outside shareholding — but McRae claims that Escom has already "gone some way" to implementing private sector procedures.

In the past year, formal strategic planning at top level has been implemented, and quality circles introduced at lower levels. What remains urgent is to restore profitability.

7-6-85

Reactor back on stream ^{AFG 43} at Koeberg ^{21/6/85} (260)

Staff Reporter

KOEBERG nuclear power station's number one reactor came back on stream at 4am today, exactly six months after being shut down

A statement by Escom today said the unit had started delivering power to the national grid and would be delivering full power by the middle of next week

During maintenance work in January small iron "inclusions" were found in stainless steel piping in the uncommissioned second reactor unit. Both units were then closed for "extensive inspections"

"The Atomic Energy Corporation licensing branch and the Council for Nuclear Safety have reviewed the evidence submitted by Escom and have given permission to restart unit one and to continue the commissioning of unit two," today's statement said

"Escom commissioning activities on unit two have been resumed and it is expected that the unit will deliver its first power in August 1985. After tests, power will be increased gradually, leading to full power delivery in October 1985"

Radio services 'rationalized'

From JAYNE LA MONT

JOHANNESBURG — Major new "rationalization" moves by the SABC — including the virtual disappearance of Springbok Radio — were announced by the director-general, Mr Riaan Eksteen at a press conference yesterday.

Curtailing of radio broadcast hours, the amalgamation of certain services and the "rationalization" of accommodation and staff were among the announcements made.

Among the most dramatic of the moves, to come into operation on January 1, is the scrapping of the current English, Afrikaans services and Springbok Radio, and the launch in place of two new services.

Even these new services — one in English and the other in Afrikaans — will operate only between 6am and 9 30pm daily. From the cut-off period, Radio Allegro, a serious-music station to be launched on September 1, will take over transmission.

Mr Eksteen told the press conference that the possibility of advertisements being introduced to these services was being studied at the moment.

Even the hours of popular regional services such as Radio Port Natal and Radio Good Hope will be curtailed. The regional services will operate between 6am and 9 30pm daily after which Radio Orion, the all-night service, will take over.

With listenership increasing steadily, Radio 5 is basically untouched by the changes and will broadcast from 6am to midnight when Radio Orion takes over.

Changes would be made to the format of the nine black stations as well, he said.

The five major services — Zulu, Xhosa, Lebowan, Sotho and Tswana — would be slightly adjusted to present a "lighter" and more competitive image. The other four services, of Venda, Tsonga, Swazi and Ndebele, which had limited listenership, would be broadcast only in morning and evening blocks.

Television

The biggest change concerning television — of which the process of rationalization was not complete — was the allocation of more local productions of TV1, 2 and 3 to the open market.

This means it is likely that most of the local programme content will, in future, be produced by independent studios contracted to the SABC.

According to SABC sources, this move would pave the way for what Mr Eksteen referred to as "management and post structures being reduced substantially".

Sources said this, combined with a reference to "consolidating at Broadcast Centre (in Auckland Park) other venues in Johannesburg", indicated that a large number of staff could be retrenched.

AKGAS 2/7/85 (260)

Escom go-ahead for R2500-m power station

By Frank Jeans

JOHANNESBURG — The construction industry, in despair over plunging workloads, is to receive a shot in the arm with the announcement by Escom that it intends to give the go-ahead again to the multi-million rand Majuba power station

Majuba was "put on ice" in October last year — a decision which shocked construction companies hoping for a share of the R2 000-million contract

Escom's postponement of the contract followed a forecast then that electricity demand would grow more slowly than had been expected

This meant a saving for the commission of an estimated R3 000-million in contract and infrastructure cost

Now the massive Majuba project, near Volksrust in south eastern Transvaal, should be back on the tender market in March next year and although the restart date is still some way off, civil engineering com-

panies will be heartened by the Escom decision

In April and May, the total value of new civil engineering work dwindled to a mere R140-million, one of the lowest levels for many years

"We intend to go out on tender for the civil works at the Majuba power station towards the end of the first quarter of 1986," said an Escom spokesman

Construction companies will have to re-negotiate tenders at new prices and the original R2 000-million figure is now likely to touch the R2 500-million mark because of rising building costs

Majuba, with its six generator sets of 657Mw each, is considered a large project even by the standards of power station contracts

Tenders have already been given on the boilers (Steinmuller), turbine generators (GEC) and the dry-cooling structures (GEA)

Now the planning teams will be gearing up for the tendering battle to come

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Newspapers get a stake in TV4; SABC shares in STV

By Ian Gray

The SABC is to combine forces with private enterprise to exploit television and radio services in South Africa

This is the first time in the 37 years of SABC monopoly that the corporation is to co-operate with an outside body to exploit the electronic media

In a joint announcement yesterday, the Director-General of the SABC, Mr Riaan Eksteen, and Mr Ton Vosloo, the chairman of M Net, which will control subscription television, announced the two bodies would co-operate technically and financially

M Net is the newspaper consortium that has been granted a licence to operate the first subscription television service in South Africa

The statement said "After lengthy negotiations, M Net and the SABC concluded an

agreement of co-operation to exploit, develop and operate the electronic media in South Africa. This co-operation will be brought about by a reciprocal shareholding in M Net and TV4"

In effect the SABC will hold a 30 percent share of STV and STV a similar percentage of TV4. Both bodies will control their own operations

"The format and length of daily broadcasting time (on STV) will be determined through extensive market research" said the statement

"The service aims to start trial telecasts in the PWV area in the second half of 1986 and thereafter the service will be expanded to other metropolitan areas

"Negotiations are now under way with the SABC with the view of concluding a possible operational agreement in terms of which the SABC will sup-

ply certain facilities to M Net in areas where the SABC can supply the service more economically"

Some of these facilities might include satellite broadcasts

While the initial agreement covers television in some detail, the development of regional radio stations with M Net participation has not been ruled out

Mr Hal Miller, executive chairman of the Argus Group, said yesterday after the announcement "We are very glad that the Press consortium will now have a significant share in the existing TV4 service in addition to its own television subscription service

"We have long sought a share in the electronic TV medium, and it is a cause for considerable satisfaction that a way has been found for private enterprise to enter the field hitherto reserved for the SABC"

SABC still has news stranglehold — Dalling

Political Staff

THE SABC monopoly on television entertainment had been broken but not on news and news comment, Mr Dave Dalling MP, Progressive Federal Party media spokesman, said today

Mr Dalling was reacting to an announcement by the Director General of the SABC, Mr Adrian Eksteen, that the monopoly of SABC would be broken by the launching of subscription television (STV) by a newspaper consortium and a swop of 30 percent of the shares between TV4 and STV

The new pay-TV service is set to begin test transmissions in mid-1986. Mr Dalling said the stake being allowed to newspapers in TV4 "must be welcomed as it creates a definite precedent which will allow private enterprise to play a role in the development of television

"It certainly will help the newspapers overcome at least some of the financial problems that have besieged them since the introduction of television

"The SABC monopoly on news and comment is, however, not broken. The agreement so far gives only the SABC the right to do news, actuality and factual programmes

"While this is a great pity, it is not unexpected that the SABC continues to see itself as the political guru of South Africa"

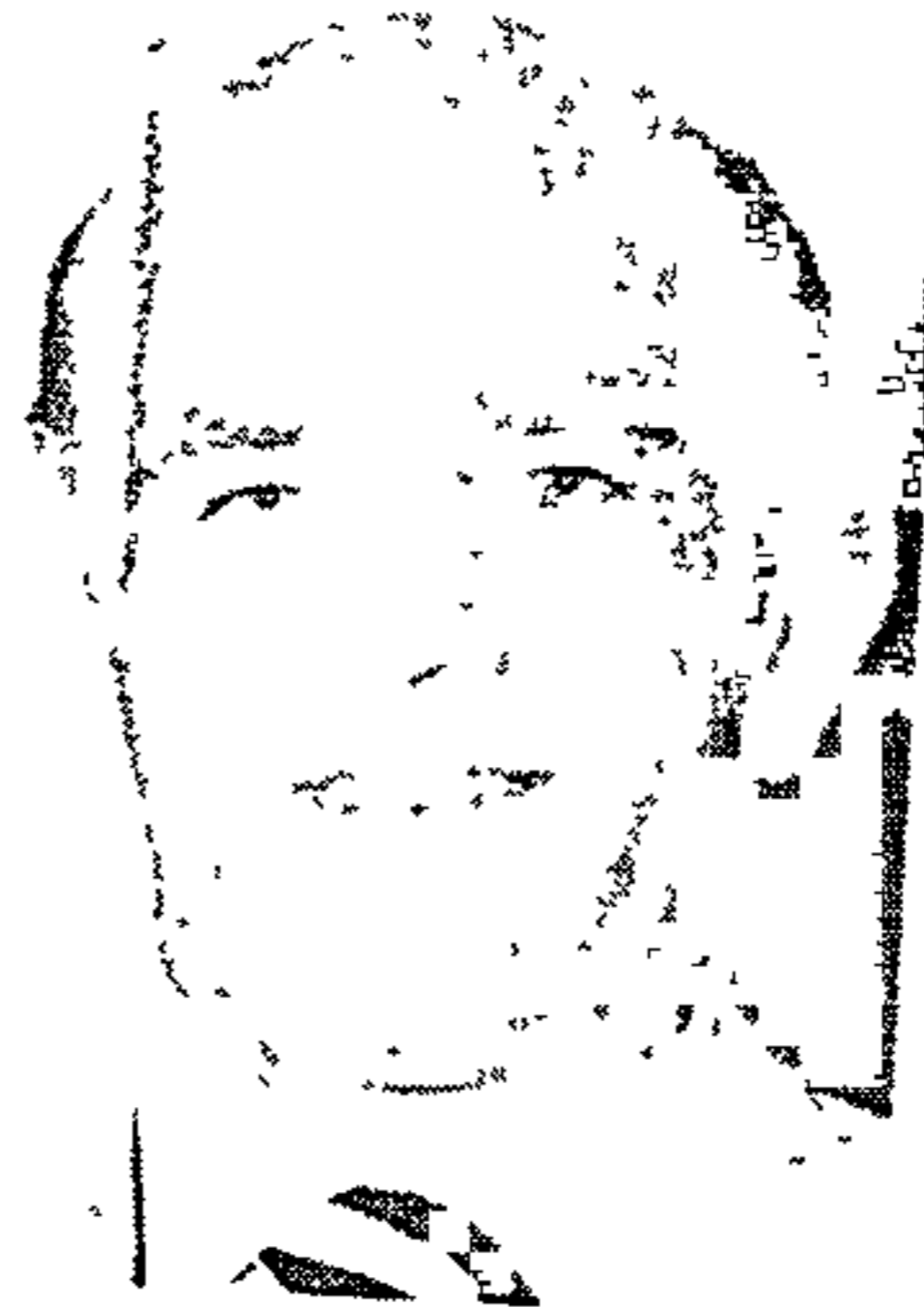
Other claims

Mr Dalling rejected other claims made by Mr Eksteen over exclusive contracts with sports bodies being concluded by SABC at the expense of independent radio stations

Mr Dalling said it appeared — if inquiries were made with horse-racing bodies — that the SABC was using "bulldozer methods in forcing exclusive rights on these bodies"

"Mr Eksteen is quite wrong when he says it is normal for television and radio to negotiate exclusive broadcasting rights of sporting events. There is no reason why SABC should hold the total monopoly over sporting events"

● Meanwhile The Argus TV reporter, Tony Jackman, re-



Mr Dave Dalling

ports that a ban such as that imposed on Stevie Wonder will not apply to STV

A spokesman for SABC-TV said control and management of STV would rest solely with Electronic Media Network (M-Net), the company formed by The Argus, Saan, Nasionale Pers, Perskor, the Daily Dispatch and the Natal Witness to run STV

Similarly, control and management of TV4 would remain with the SABC

Under the co-operation agreement there will be reciprocal shareholding in M-Net and TV4, whereby M-Net will hold 30 percent shares in TV4, and vice versa

A spokesman for SABC-TV said there would be co-ordination "as far as scheduling and programme-purchasing is concerned". Asked to elaborate, the spokesman said only that each would help the other "make the decisions" on programme-purchasing

However, the control and management agreement would also mean that self-censorship of STV would remain the prerogative of M-Net

Own way

"The normal censorship rules which apply to SABC — that films go through the Publications Control Board — will obviously also apply to STV," the spokesman said

However, a ban such as that on Stevie Wonder was an internal SABC decision

"That is part of the normal decision-making process, and STV will approach it in their own way"

CAPE TIMES
3/7/85 260

SABC plans cause alarm

Staff Reporter

SABC radio listeners and employees are alarmed at the broadcasting corporation's plans to cut back its services and posts in a major "rationalization programme" to bring it back to profitability.

The SABC faces a heavy deficit this financial year and Springbok Radio, the English and the Afrikaans radio services are being scrapped.

The three stations are expected to be replaced next year — when the English service turns 50 — by two new stations, one English and one Afrikaans. The new stations will carry advertisements.

Professor Sampie Terreblanche, an SABC board member, said yesterday he "strongly disagreed" with the decision to commercialize the cultural radio services.

"I am pleased that I was allowed to state my disagreement, because otherwise I would have been in a difficult position when people came to me afterwards," he said. "I have had remarkable support from the public."

Standards

A media expert, Professor Koos du Toit, said the move would lead to the weakening of cultural standards on services which had thus far been free of "shallow commercial considerations".

Mr Dave Dalling, the PFP spokesman on media, said it would be a great pity if the introduction of advertisements led to the dropping of standards.

"The standards attained on the Afrikaans and English services must be maintained," he said. "But nothing sinister can be seen in the SABC attempt to work in a more cost-efficient manner. A step of this sort is long overdue."

He said the SABC had "spent prodigiously" for many years and had got away with it because of lack of competition.

SABC employees may not speak to the press, but it is understood that there is gloom and uncertainty among the almost 200 radio workers on Springbok and the English and Afrikaans services who expect retrenchments but do not know who will be affected.

UDF murders: Dalling

Flays SABC

260

THIS WEEK the SABC decided before police investigations were hardly underway into the murder of four UDF leaders in the Eastern Cape that claims that a third force was responsible for deaths were untrue.

SOWETAN Correspondent

THE SABC likened the claims of a third force or "the authorities" being involved in the disappearances to the style of Nazi propaganda which worked on the dictum: "The bigger the lie, the more likely it is to be believed."

This is not the first time that the SABC has pre-judged the facts of major public issues recently.

It did the same thing in commenting on the Uitenhage shootings

Within days of the May 21 deaths of 19 people in a funeral procession the SABC stated as a fact that "the police had no alternative but to fire in self-defence" when a crowd of more than 3 000 armed with petrol bombs among other things surrounded a patrol of 19 policemen.

The Kannemeyer Commission findings were different two days later, however, after the Government had appointed the Kannemeyer Commission and had appealed for a stop to public comment, the SABC, ignoring its own earlier conclusions,

UP/195
SOWETAN

referred to "highly charged judgements" that had been based on "insufficient knowledge of the circumstances"

Only when the Commission had reported "will it be possible to form a complete and unbiased view and to draw conclusions about who erred, how and why"

and what action might be taken to prevent a recurrence of the tragedy"

Progressive Federal Party media spokesman, Mr Dave Dalling, is deeply concerned about SABC handling current events and warns that if the trend of "presenting false and distorted views" continues it could become highly dangerous

Mr Dalling says, one could only speculate

whether the SABC campaign of disinformation was deliberate or a result of incompetence.

Invariably the SABC commented first on major issues drawing conclusions that were often no more than a knee-jerk reaction reflecting National Party and Government attitudes

More often than not the comment and opinion expressed by the SABC was backed by unsubstantiated ev-

idence and facts.

Mr Dalling said that on at least four occasions recently when commenting on important issues, including the Uitenhage shootings, the SABC had made comments that were devoid of a factual basis

Report

"The SABC however gives the impression that the comment is based on hard proven facts and

then does nothing to correct the position when the true facts come to light"

Mr Dalling cited the example of how the SABC commented on the Uitenhage shootings after the Kannemeyer Report was published

Initially SABC comment was low-key with no harsh criticisms, saving the incident could have been expected because black urban unrest was a "fairly new experience" not only for the country, but also for those maintaining law and order. The errors made now had to be corrected

Mr Dalling said this comment was probably the best one could expect



DAVE DALLING: PFP media spokesman.

pect from the SABC even though there was a history of black unrest for many years

But the next day the SABC opened fire with every factual discrepancy given in evidence by non-police witnesses and made it appear that this had been done "willfully" and collectively by some blacks witnesses, the Black Sash and some members of the PFP

Evidence

The SABC however at no stage corrected its own earlier assumptions or even mentioned that police evidence was found by the Commission to have been "fabricated" on a number of important points

"It was a case of simply reflecting the official Government viewpoint which was already known by that stage."

Cape Times
20/7/85 (260)

SABC to adopt new strategy

Own Correspondent
JOHANNESBURG. — The outgoing Director-General of the SABC, Mr Riaan Eksteen, yesterday announced "drastic changes" to senior management structure at the corporation

At a press conference here, Mr Eksteen disclosed a new SABC strategy that will change the structure of almost all the present radio and television services

"It is not simply for the sake of change that the SABC is departing from the way it has done things for the past 49 years," Mr Eksteen said

"A thorough examination and analysis of the broadcasting scene was made against the background of an increasingly changing and competitive world. We conducted in-depth studies in regard to current as well as anticipated future events in the political, economic, cultural, social and technological fields," he said

'Best product'

Mr Eksteen said the new strategy, which would serve listeners, viewers and advertisers "more effectively", could be summed up as

- "We want to put the best product on the air for each of the various communities we serve

- "We want to involve the expertise available, also outside the SABC, to a greater extent

- "We want to mould

our various divisions into an effective broadcasting machine

"There will also be changes further down the line within the SABC but I don't want to go into details because the various departmental heads and heads of divisions will now have to tackle that particular problem and complete it in a very short period of time

"We believe that in the course of the next six to nine months we will have a substantial reduction of posts"

The current structure of separate management for white and black radio/TV services remains unchanged but the chain of command structures have been altered

New services

The control of all English and Afrikaans radio services now falls under one programme director, Mr Arno Kotze

These include the SABC's new national radio services in English and Afrikaans — which have yet to be named — Radio Good Hope, Radio Algoa, Radio Port Natal, Radio Lotus, Radio Jankaranda, Radio Oranje, Radio Highveld, Radio Orion, Radio 5 and Radio Allegro

The main English and Afrikaans services will be headed by Mr Leon Shirley and Mr Roelf Jacobs respectively

The five major black

radio channels are being grouped together under programme director Mr Thys Louw

These services are Radio Zulu, Radio Xhosa, Radio Tswana, Radio Lebowa, Radio Sesotho. He will also head the four smaller regional services

Similar White/Black divisions have been maintained for television services, with TV4 totally separate

Shippey

Mr Pieter de Bruyn remains Deputy Director-General, TV1. Directly under him is Mr Chris Swanepoel as Senior Director, RTV1 and Educational Programmes.

Mr Robin Knox-Grant becomes Programme Director of TV1

Among other changes is the appointment of well-known sports commentator Kim Shippey as English Language Adviser to the corporation

Mr Eksteen said this move would not necessarily necessitate Mr Shippey's exit from the airwaves or the small screen

Mr Alewyn Lee has been appointed Afrikaans Language Adviser

Programme control of TV2 and TV3 will be vested in one post, that of Programme Director TV2/3, with Mr Hen Kern as incumbent, and Mr Tim Ellis remains Programme Director, TV4

Rademeyer held for trial

JOHANNESBURG — The former assistant chief accountant of Escom, Mr Gert Johannes Rademeyer, appeared briefly in the Rand Supreme Court yesterday in connection with two counts of fraud

Mr Rademeyer, 48, extradited from Australia, was not asked to plead to the charges which each involve R6,7m

At the request of his defence counsel, Mr Rademeyer is to be held in Pretoria Central Prison to make it easier for the defence team to consult him until the trial date on September 2. There was no bail application.

Mr Rademeyer seemed re-

laxed as he chatted to legal advisers before the start of proceedings

According to the indictment, Mr Rademeyer was employed as an accountant at Escom but did not have the authority to negotiate for enriched uranium with anybody

In November last year, the indictment states, he opened an account with a Swiss bank in the name of "Enrichment Services". He told Escom it owed R6 756 255,97 to Enrichment Services as a "fee for acquisition of enriched uranium U-235". He received the approval in a memorandum authorizing payment from the

general manager, Mr Isak van der Walt, on November 21

A senior accountant of Escom Mrs Margaret Hefer, was then told that he had an allegedly secret assignment from Mr T E Groen, and Mrs Hefer transferred the money to the Swiss bank account

Escom had never had business dealings with "Enrichment Services" and was unaware of its existence until the day Mr Rademeyer opened the bank account

The second fraud account relates to the transfer of the same amount, at a later date, to a Swiss bank account in the name of Dr G J Rademeyer

On December 3, R6 756 255,79 was credited to Escom's bank account and Mr Rademeyer told Mrs Hefer to transfer it into his own Swiss account because Enrichment Services was still owed the money but could not be seen to be associated with Escom

He told her he was authorized to have the money paid into his personal account

Mr Rademeyer had worked for Escom from October 1980 until January 2 this year. At the time of the alleged frauds he was assistant chief accountant in the financial department — Sapa

Retrenchment rumours rife at the SABC

260
By Andrew Walker

The SABC is being plagued by rumours that the corporation is to retrench staff

Despite official denials that retrenchment will be used to cut the SABC's 7 000-strong workforce, some employees are afraid they may lose their jobs.

As part of cost-cutting measures the SABC is undergoing a major rationalisation of television and radio services

Asked to comment on retrenchment rumours, an SABC spokesman said today they were "far from the truth. Staff will be cut hand-in-hand with staff turnover, which is about 14 percent a year"

With vacant posts not being filled, this could lead to a staff cut of 980 by the end of this year without retrenchment.

"No employee will be asked to leave the service of the SABC," he said

Those whose posts were abolished as a result of rationalisation would be transferred to other departments.

However, if a staffer was over the age of 55 and his post was abolished, he "will be offered early retirement," said the spokesman

But some employees are still worried

One said she had resigned after hearing rumours of a 15 percent cut of radio employees.

Another SABC staffer told *The Star* of rumours that a list of employees was being prepared, with every employee either marked for no change; transfer to another department as part of the rationalisation process; or retrenchment.

Insiders told *The Star* that, as a result of the rationalisation process, some employees may be transferred to departments far removed from their present jobs.

"They would not be retrenched, but would be put into jobs very different from those they now perform. They would have six months to adapt," he said.

Other employees said they did not expect retrenchments, but understood staffers had been appointed in many departments to find ways of "streamlining" operations

SABC rejects Times claim it tones down unrest news

260 S101 27 3/8/85

The South African Broadcasting Corporation yesterday rejected allegations that it was not fully informing the South African public about unrest in the country.

An article in *The Times* in London said a large proportion of whites who believed they were seeing what is happening in the townships on television — compared with blacks who actually witness what is going on — have little perception of what the emergency was all about.

It said because Police Commissioner General Johan Coetzee has asked the media to tone down its reports on unrest, it would appear that the national television was doing just that.

Asked to comment, Head of Media and Public Relations, Mr Peter Cronje said: "It should be borne in mind that the co-operation's news service must endeavour to strike a balance between

informing the public and on the other hand acting responsibly in a difficult and dangerous situations where the flames of violence and revolutionary activities can easily be fanned

The article also mentioned an incident in which mounted troops launched a "vicious charge on demonstrating youths in Soweto and that the American crews were on the scene and their footage was sent across the Atlantic by satellite and was seen overseas

It said the SABC crews ignored it and instead showed a glimpse of petrol bomb blast on the home of a Soweto mayor

Mr Cronje said the incident was not filmed by the crew when it occurred as they had already left for another assignment.

"We therefore rejects allegations that we are not informing the public about the unrest in the country"

S A in top
~~three~~ *three*
2100
for water
rate rises

JOHANNESBURG—
Average water rates in
the three main centres of
South Africa have risen
once again, according to
an annual survey by
National Utility Services

Although in the year
ending July 31, 1985, the
increase was a modest 9,4
percent compared with
the average rate of infla-
tion of 16,5 percent, this
means water has in-
creased in price by more
than two-and-a-half times
in three years (73,9 per-
cent in 1983 and 34,61 per-
cent in 1984)

21st Mercury
Durban increase

The survey shows that
South Africa has the third
highest percentage in-
crease of the 13 Western
countries surveyed. High-
est percentage increase
was Eire at 12,3 percent,
followed by the United
States at 10,2 percent

Lowest was Australia,
which dropped by 7,8
percent, followed by Ger-
many with no increase

Lowest water costs of
the three centres was
Cape Town, 48,4 c/m³,
showing an increase of a
mere 0,27 percent over
the year. Durban price
was 75 c, an increase of
17,2, while outside
Durban the price was
93,8 c, an increase of 17,39
percent. Johannesburg
remained unchanged at
73 c — (Sapa)

Wind of change — and economy — blows through



Mr. Gert Yssel . . . retirement



Mr. Chris Swanepoel . . . promotion

By Andrew Walker

The wind of change is sweeping through the SABC as the corporation consolidates its executive structure and its radio and television services in a bid to cut costs.

The retirement of four of the corporation's top executives was announced yesterday. They all hold the position of deputy director-general and are Mr. Gert Yssel (management services), Mr. Jack Siebert (advertising services), Mr. Dougie Mills (technical) and Mr. Pieter de Bruyn (TV1).

The four, who are members of the corporation's key management committee, will leave the corporation at the end of next month after requesting retirement, an SABC statement said

The statement said that the retirements were approved at a board meeting held on Wednesday.

The board also approved the restructuring of the management committee with effect from October 1, resulting in the following appointments.

- Mr. Chris Swanepoel is promoted to deputy director general with responsibility for TV1 and for radio services in Afrikaans and English as well as educational programmes
- Mr. Piet Theron is promoted to senior director (technical)
- Mr. Carel van der Merwe is promoted to senior director (planning and computer services).
- Mr. Dan Esterhuysen is promoted to senior director (manpower and secretariat)

● Mr. Wynand Harmse, deputy (finance) also takes responsibility legal services

The other members of the management committee are Mr. Jan van Zyl, deputy director (TV2/3/4 and black language radio services), Mr. Theuns van Heerden, deputy director (TV2/3/4 and black language radio services), Mr. Kobus Hamman, senior director (radio services)

The moves finalise the rationalising of the SABC's top management. As part of cost-cutting measures, the corporation is undergoing a major rationalisation of its radio services. Staff will not be retrenched

organise strikes at

ALPHA

from 1973 to 1975

and economy — blows through Auckland Park

Andrew Walker
is sweeping through the SABC
consolidates its executive struc-
and television services in a bid to
STAFF 9/19/85
Chair of the corporation's top ex-
ined yesterday. They all hold the
director-general and are Mr Gert
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Mr Dougie Mills (technical) and
(TVI)
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(manpower and secretariat)

● Mr Wynand Harmse, deputy director general (fi-
nance) also takes responsibility for advertising and
legal services.
The other members of the management committee
are Mr Jan van Zyl, deputy director-general (news),
Mr Theuns van Heerden, deputy director-general
(TV2/3/4 and black language radio services), and Mr
Kobus Hamman, senior director (news and external
radio services).
The moves finalise the rationalisation and restruc-
turing of the SABC's top management
As part of cost-cutting measures the corporation is
undergoing a major rationalisation of television and
radio services.
Staff will not be retrenched but will be reduced

through the normal staff turnover of about 14 percent
a year
The workforce of 7 000 could be reduced by almost
1 000 by the end of the year through not filling posts
left vacant by resignations.
The corporation has offered employees the option
of applying for early retirement from the age of 55
Normal retirement age at the SABC is 60
An SABC spokesman said employees whose posts
were abolished through the rationalisation pro-
gramme would be transferred to other departments
As part of its rationalisation process, the SABC is
to drop its English, Afrikaans and Springbok radio
services and replace them with two new services on
January 1

Police unrest film available to media

Crime Reporter

POLICE who are controlling township unrest are filming all major incidents, using video equipment and screening the results as evidence in court or for police training purposes

The head of the public relations division of the police, Colonel Jaap Venter, said that video cameras had long been used to provide convincing evidence of events and for investigative purposes

However, in recent years the video unit, which falls under his direct control, had obtained more sophisticated equipment, Colonel Venter said

Every police division in the country now had a specialized video team and "streamlined" equipment

Helicopters were often used to obtain aerial pictures, he confirmed

Available

Often, on the request of news media, footage was supplied

"Nobody can say we favour the SABC. They happen to be the only television corporation in the country. When we give it to them, it automatically becomes available to all the other media," Colonel Venter said

The visual material gathered by the video teams had a "myriad" of uses, one of which was to train of policemen, Colonel Venter added

- Television viewers have seen dramatic footage of "police informers" being burnt alive by mobs and on Sunday night viewers saw a wounded and bleeding Major Dolf Odendaal, second in command of the Peninsula reaction unit, issuing orders before being evacuated from Guguletu by helicopter

Major Odendaal was hit by shrapnel during a grenade blast after police baton-charged a crowd of mourners on Saturday

Two released

New tariffs will benefit rural consumer

DISPATCH
19.08.85
260

Dispatch Reporter
EAST LONDON — Escom's proposed new tariff structure would benefit most small rural consumers on the Border, the commission's head of power sales in the Eastern Cape, Mr Martin Opperman, said yesterday

"Generally the small rural consumers will be about 20 per cent better off"

Not all such consumers, however, would benefit from the new tariffs that would come into effect from January 1 next year if Escom's proposals were accepted by the Electricity Control Board

"In some cases these consumers will pay more than they are paying at present. It all depends on the circumstances of the individual user."

Mr Opperman said the new tariffs would hinge on two aspects relating to charges for Escom power. "Firstly, the different tariffs charged by the various undertakings around the country

will be done away with. From next year one set of tariffs will apply and Escom will become a single undertaking

"At the moment tariffs in the Eastern Cape are about 20 per cent higher than the lowest tariffs, which are charged in the Eastern Transvaal. We will be appreciably better off with a uniform set of tariffs for the whole country"

The new set of tariffs would affect both large and small consumers, and farmers

"Secondly, the proposed new structure would do away with monthly extension charges for farmers. For many years Escom has been criticised by organised agriculture for these charges which are the commission's means of recovering capital expenditure"

The monthly extension charges would be replaced by a monthly capital charge, but Escom would recover most of its capital ex-

penditure by way of tariffs. The tariffs would be slightly higher for small rural consumers

"The practical effect will be that rural consumers who, on average, need less than 2 km of network for their supply, will pay no monthly capital charges

"If more than 2 km of network is needed, the monthly capital charge will be calculated by taking into account the 'free' first two kilometres. The charges will therefore only be for distances over and above the initial 2 km"

The proposed new tariffs would, it was hoped, "open up the un-electrified areas of the country

"Escom is expecting many applications for supply to come streaming in if the new tariffs are approved"

The proposed new structure, which was gazetted a week ago and advertised in national newspapers, is open for public comment

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19/8/85

Work starts on Soekor's head office

Tygerberg Bureau

WORK on the new R8-million head office for Soekor, the Government-financed oil exploration company, has started between the national road and Frans Conradie Drive in Parow

The four-storey complex is expected to be completed in October next year.

A spokesman for Soekor said the reason for the move, from the head office in Braamfontein, Johannesburg, was the centralisation of all functions of the company in premises nearer Soekor's operations

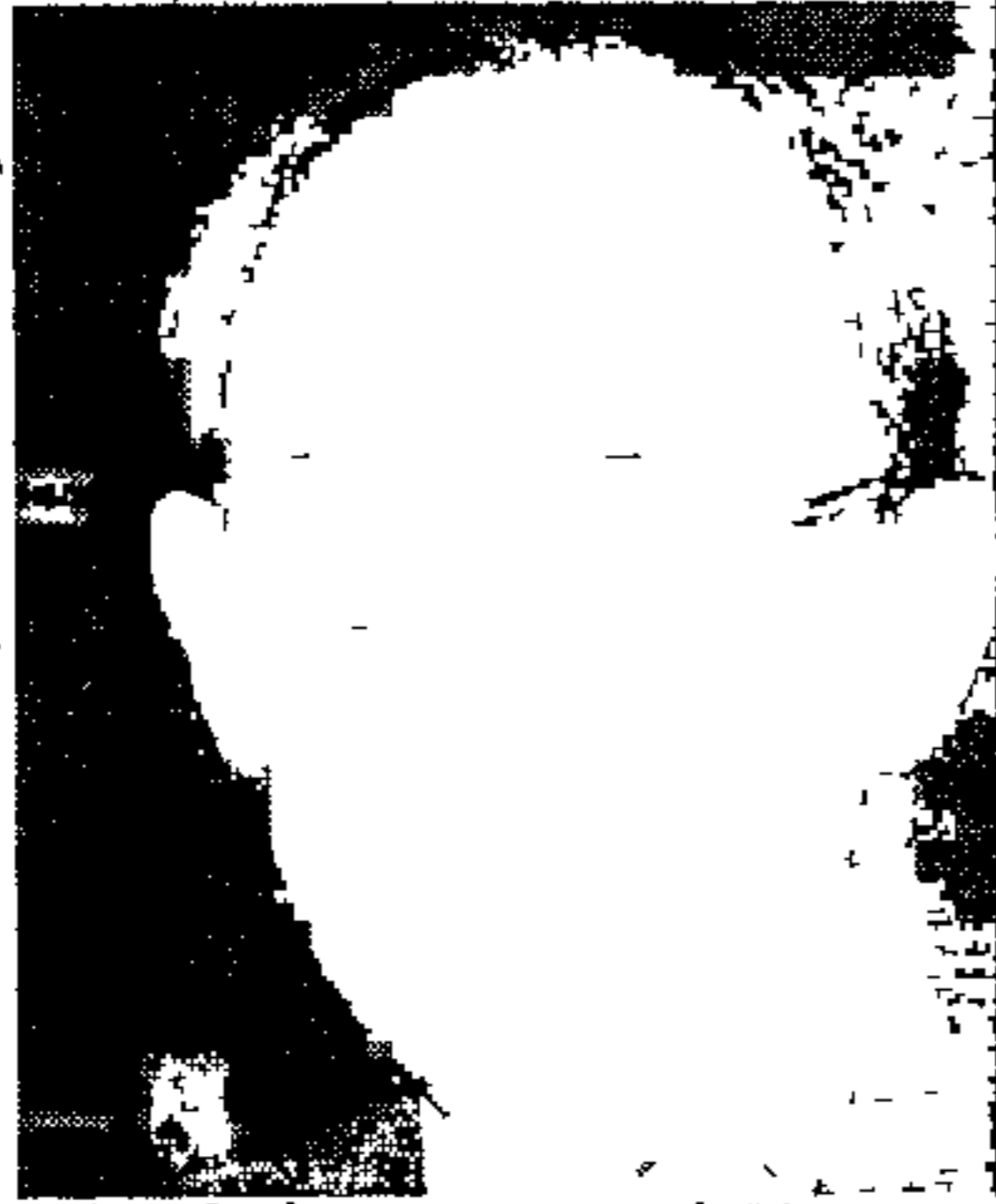
GAS PROJECT

He said the possibility of the Mossel Bay gas project being launched soon was another factor which influenced the move

The building will include a laboratory, basement parking for 80 cars and further on-site parking for 100 cars

The spokesman said it was not yet possible to say exactly how many workers would be transferred to Cape Town. The building would probably accommodate about 400 people

SABC officials alleged to be involved



SABC director-general Riaan Eksteen . . . "I will act."

By Andrew Walker

Some of the local productions seen on South African television are putting huge and sometimes illegal profits into the pockets of production officials, sources have told *The Star*

And some SABC officials have been accused of joining in illegal deals, including the acceptance of bribes

Several private production house officials have made fortunes — with disgruntled employees claiming that much of this success is due to shady deals

HOW IT'S DONE

A producer of privately made TV material, stipulating that he should not be named for fear of losing future contracts, last night described how big profits were supposedly reaped from SABC contracts without the majority of the private company employees getting their "fair" share of the fees charged

Production house executives making material for TV 1, TV 2 and TV 3 would inflate their contract prices

On their contracts the production houses would greatly inflate bills by, for example, doubling the "take ratio"

Instead of telling the SABC that, for every three "takes" of a scene filmed on location, one was suitable for broadcast, the SABC would be told it took, on average, six "takes"

Another alleged rip-off, which has greatly angered local actors and actresses, is the supposed inflation of performers' fees

"I have seen bills presented to the SABC in which an actor is said to have been paid R150 a call," said a private production official

"But, in fact, the actor is being paid only R100 by the production company — and the company is pocketing the extra R50"

A "call" could be for one day's work.

Similarly, the fees for wardrobe managers could be inflated. And for camera crews

The same source claimed to have seen a six-man crew on location when the SABC was billed for a 10-man crew.

These allegations of rip-offs by private firms, revealed in a weekend investigation by *The*

'Fortunes from TV rip-offs'

Star, come at the same time as claims of corruption within the SABC unveiled by *Sunday Star* reporter Kitt Katzin

The Sunday Star said that Mr Riaan Eksteen, director-general of the SABC, had launched an immediate investigation into allegations of bribery and corruption at the SABC

The newspaper has given Mr Eksteen details of affidavits, secret tape-recording transcripts and other documents relating to the scandal

The SABC is considering suspending operations with at least one production company if it is established by the police, or by the SABC, that staff members were improperly involved in the affairs of the company

Allegations of corruption within the SABC include:

- Payments or loans to SABC officials by film production company executives.
- Evidence of officials attempting to pass on new contracts to certain production houses with which they are said to have close connections
- Irregular payments to SABC personnel doing freelance or private work
- Contraventions of regulations in regard to staff members setting up or conducting private business without the authority of the SABC
- Misuse of SABC equipment In at least one case a sophisticated tape recorder was used to record sound effects in a game park
- The use of video equipment to record the opening of a new Johannesburg disco
- Technicians being paid for using SABC equipment for repairs at production houses

EKSTEEN STATEMENT

In a statement, Mr Eksteen said

"Whatever you have told me, and whatever might be true, I do not accept, condone or tolerate any action within or involving the SABC which is not in accordance with the rules and regulations of the corporation, or within the rules of civilised conduct or the laws of the country

"Machinery will be put into effect immediately to investigate all the allegations brought to my attention

"Accordingly, if anyone within, or involved with, the SABC is proved to be guilty of, or responsible for, not making relevant information known through proper channels so that appropriate action could have been taken, I will act."

Police look into claims of kickbacks for contracts

Corruption alleged in SABC-TV deals

By Andrew Walker

The screen-production industry in South Africa is riddled with corruption, insiders have told *The Star*.

Bribery, kickbacks and corruption are so widespread that many locally made productions screened on SABC-TV are claimed to result from shady financial deals.

Actors, private production officials and cameramen have told *The Star* about a network of corruption throughout the television industry.

SABC officials are alleged to have received money and gifts in return for awarding potentially lucrative contracts to private production houses which make movies, documentaries and serials.

And the SABC itself is being ripped off of thousands of rands on individual productions alone by some private production houses' executives, say sources.

Revelations in *The Sunday Star* of a scandal within the SABC over the alleged payment of bribes to its officials by film production company executives are "only the tip of this mountain of downright robbery", a knowledgeable source said today.

A police spokesman said last night that allegations of bribery and corruption at the SABC were being investigated. And an SABC spokesman said it was carrying out its own investigations.

Firings possible

Announcements by the SABC are expected soon. It is understood that some officials could lose their jobs and be the subject of criminal investigations because of dirty deals allegedly being conducted without the knowledge of the corporation's hierarchy.

According to sources, corruption is going on on two fronts, involving the awarding of lucrative contracts to private companies by SABC officials.

They are at times carried out either through an "old boys" network in which former SABC officials are given preference by private SABC members possible for awarding contracts, or by payments to SABC men in return for their recommending that certain production houses get the job.

Some production houses are alleged to be carrying out massive swindles over the SABC. They involve presenting the corporation with inflated bills for contracted TV productions.

One private production manager said "The SABC says only a 10 percent profit must be made on, for example, drama productions. But many production houses make 50 to 60 percent profit on some."

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26/8/85
STAR

Argus Correspondent
JOHANNESBURG. —
The police investigation
into allegations of cor-
ruption at the SABC "is
like an octopus — it has
lots of arms", says the
Divisional CID Chief for
the Witwatersrand, Brig-
adier Dries van den He-
ever.

He was commenting on a po-
lice probe into claims that pay-
ments or loans were made to
SABC officials by film com-
pany executives

Meanwhile, a reporter on the
Afrikaans morning newspaper,
Beeld, has been subpoenaed in
terms of Section 205 of the
Criminal Procedures Act to re-
veal her sources of information
with regard to the police inves-
tigation

Mrs Carine Hartman has
been ordered to appear at the
Johannesburg Magistrate's
Court at 8am tomorrow where
she will be asked to reveal —
among other things — her
source or sources at the SABC

Face jail

She was served with the sub-
poena after refusing to make a
statement to the police.

Mrs Hartman wrote an arti-
cle which appeared in Beeld
last Saturday quoting a source
at the SABC as saying the
South African Police were in-
vestigating allegations of cor-
ruption at the corporation

In terms of the subpoena she
has to now either tell the police
who her informant at the SABC
is or face a jail sentence

According to a front page re-
port in today's edition of Beeld,
an officer attached to the com-
mercial branch made several
attempts yesterday morning to
contact Mrs Hartman and take
a statement from her.

After taking legal advice,
Mrs Hartman refused to make
a statement and the officer lat-
er returned with the Section
205 subpoena.

The subpoena requires Mrs
Hartman to provide full details
of her source or sources who
provided the information for
the Saturday report. It says
any documents she has that the
police deem relevant to the
case must also be handed over

Above board

The SABC is also conducting
its own investigation into the
matter

In a statement, the director
general of the SABC, Mr Riaan
Eksteen, said the SABC was
contacting organisations that it
did business with to ensure that
all dealings were above board.

He appealed to SABC em-
ployees and the Press to report
irregularities

"Nothing will be solved by
acting as an anonymous source
of information which the Press
regards as authoritative and
reliable. This only serves to
keep the SABC in the news in a
distasteful way"

SABC probe
like octopus

Argus 27/1/85
260

Corruption charges grow

SABC

260
STAR

probe like octopus — police

27/9/85

By Andrew Walker and Mike Cohen

The police investigation into allegations of corruption at the SABC "is like an octopus — it has lots of arms", says Brigadier Dries van den Heever, Divisional CID Chief for the Witwatersrand.

He was commenting on the probe into claims which include some that film company executives have made payments or loans to SABC officials.

It has also been alleged that SABC equipment has been used without official sanction to make television material privately.

The *Sunday Star* reported that it had been alleged that sound equipment and cameras had been used illegally on at least two occasions.

Since then *The Star* has been told that sophisticated SABC video editing equipment has also been used privately, on occasion — inside the SABC headquarters at Auckland Park.

It is allegedly used at night, with R500 being the "going rate". Using SABC equipment cuts editing costs considerably. One source said costs could be halved.

Another facet of the alleged corruption inside the television production industry are supposedly inflated bills which some production companies have tendered to the SABC.

While many freelancers and production companies have been hit hard by the recession, and speak of the strict accounting practices at the SABC and delays at times in getting payments, some production houses are alleged to have made big profits from SABC contracts in recent years.

Last night *The Star* was shown documents which purport to prove that one production house had made hundreds of thousands of rands in "extra" profit, allegedly not declared to the SABC.

The documents show, for example, that for the production of a drama series the SABC was told that actors' salaries were R170 000. According to other documents, the total actors' bill was R80 000.

"The production came in ahead of time," a source said, "so the company did make some legitimate savings on actors' pay. But to make R90 000 means that money has been taken out of actors' pockets."

For the same production, crew's salaries on the contract approved by the SABC were about R200 000. The amount allegedly paid by the company was R70 000.

Cmt Trent
 31/8/85
 Escom 260
 puts up prices

Municipal Reporter
 ESCOM'S 10 percent electricity tariff hike, due to come into effect tomorrow, is unlikely to affect Cape Town consumers until November at the earliest, according to City Electrical Engineer, Mr Dennis Palser.

Mr Palser said the fact that the Escom increase had been delayed by two months, and that Escom was considering introducing a uniform national tariff would both favour Cape Town.

However, because Cape Town supplies electricity to outside areas, it has to apply to the Electricity Control Board before it can revise its tariff.

The council's various standing committees and the full council will also have to approve the new charges first.

This delay will make the increase a little higher than it would have otherwise have been but he expected to be able to hold this to below 14 percent.

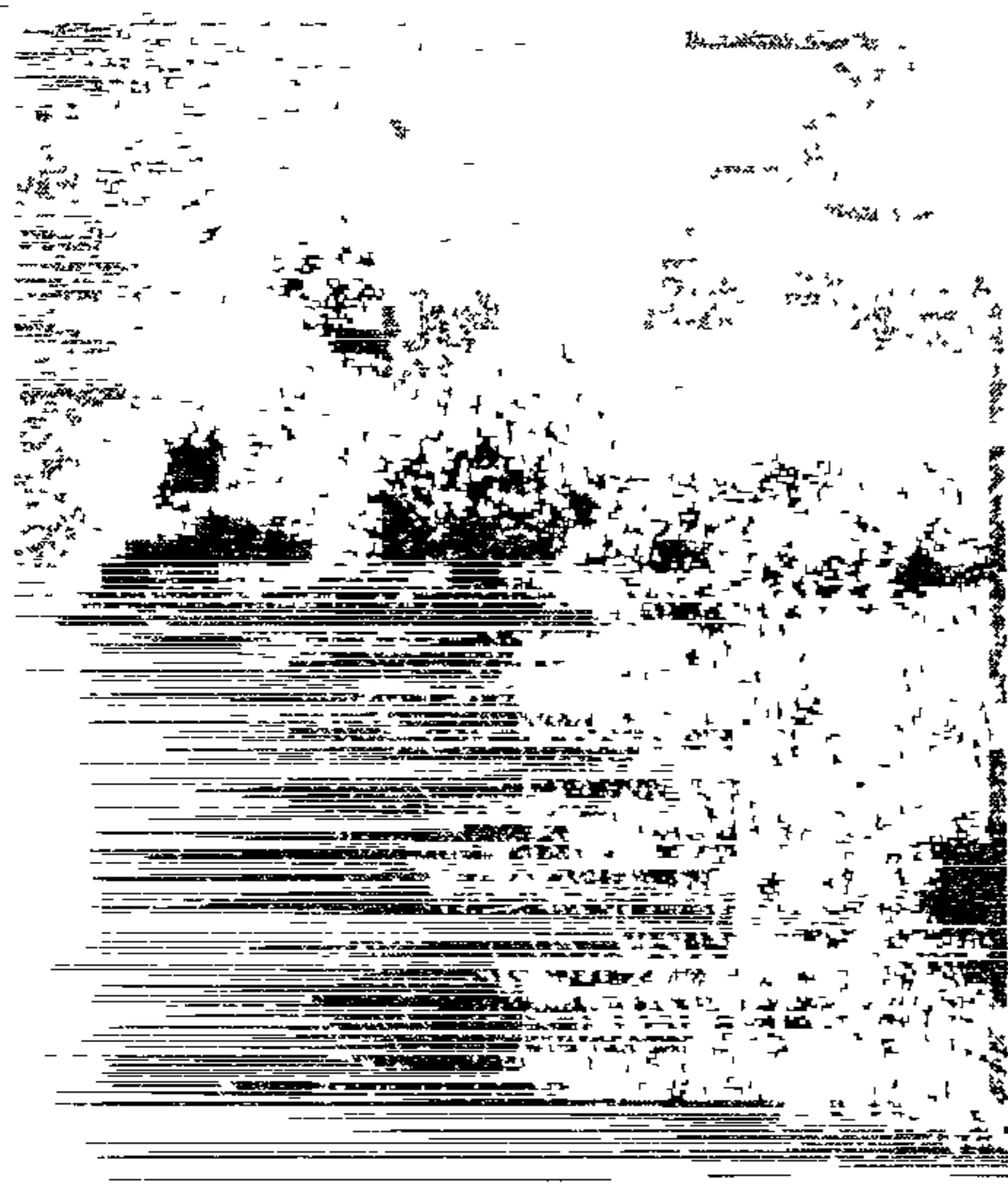
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Heads roll at SABC

Weekend Argus
Correspondent

W/C News 31/8/84
260

JOHANNESBURG. —
Heads are beginning to roll in the wake of the SABC bribery and corruption scandal — so far two senior officials are out

As investigations launched by the SABC swung into top gear this week, the corporation's Director-General, Mr Riaan Eksteen, acted swiftly and sternly

Out are two top executives with a combined service of 46 years — and more sackings and disciplinary action against other staffers could soon be on the way

Advertising

Gone are Mr Theo Kritzinger, head of Advertising Acceptance and Production in the Advertising Services Division, and Mr Jan Gouws, manager of Commercial Production in the same division.

Mr Kritzinger was in charge of advertising acceptances on all TV channels and on eight black radio commercial stations. He had 24 years' service.

Mr Gouws, who also has 24 years' service and worked for Mr Kritzinger, worked in the same department.

Although both resigned last month, before the scandal broke, to become directors of a private production house in which they purchased shares, the SABC has still taken disciplinary steps against them.

In terms of SABC personnel regulations, Mr Kritzinger and Mr Gouws were required to give three months notice when they resigned.

Disciplinary action

However, it has been reliably learnt that the SABC took disciplinary action against them this week and neither men are effectively employed any longer

In investigations of its own, the Sunday Star, The Weekend Argus sister paper in Johannesburg, has established that Mr Gouws was paid R5 000 and R4 500 for construction work at the studio of a film company

The work was done by Mondl Construction, of which he was a director.

Mondl was established and operated by Mr J J (Joshua) Hattingh, who worked with Mr Gouws at the SABC at the time

Although Mr Hattingh claims that he was, in fact, given permission by Mr Kritzinger — his immediate superior at the time — to do the work, the SABC has been unable to trace the evidence

Mr Hattingh later left the SABC to form his own production house, Adveraid (Pty) Ltd, where Mr Kritzinger and Mr Gouws are to join him as partners

The SABC this week investigated the circumstances of the payments by the film company to Mr Gouws, and those in which Mr Gouws and Mr Kritzinger bought their shares in the production house

Meanwhile, the SABC, in continuing investigations, has also taken disciplinary action against other employees

In other developments staff members have submitted allegations of irregularities to the management, and a senior executive has been assigned to investigate

Insiders say a major shake-up in the corporation is on the cards and steps are expected soon

by Andrew Walker

SABC's plea brings response

(260)

31/8/85

Some SABC staffers have responded to the appeal by director-general Mr Riaan Eksteen to bring allegations of irregularities to his attention.

Both the SABC and the police are conducting investigations after claims of corruption.

Mr Eksteen has called on staffers to tell him of irregularities — either in person or anonymously by letter.

The Star has received claims of irregularities, but none of the those who contacted the newspaper this week has been prepared yet to put their names to the allegations.

POSSIBLE ACTION

A SABC spokesman, asked if any staffers had come forward as a result of Mr Eksteen's appeal, said yesterday that "there has been action on his statement this week within the SABC, but at this stage it is too early to give details because the investigation is in progress".

He said he believed it would take some time.

It is expected that Mr Eksteen will wait for the corporation's investigation, and that of the the police, to be completed before any possible actions are taken.

In his statement this week Mr Eksteen said "I regard it as the duty of every member of staff to inform me of any allegations, rumours, insinuations or any other facts that might be construed as malpractice, circumvention of the rules, or disregard of procedures.

"If staff are really concerned to serve the interests of the corporation and help eliminate irregularities, everyone must be ready to co-operate

"It is too easy, and blatantly disloyal, to encourage speculation in the Press."

Senior broadcasting man has been fired

260 STAR

SABC acting against top staffers



...ue that urban river trails were fine — except they couldn't afford to ...rkland The answer. schools are adopting sections of river trails These ... School, Sandton, have recently spent part of every Sunday cleaning up the ... community service Here, from the left, Daniel Walden, Janet Courner, ... Johnson display some of the rubbish which accumulated in just one week

By Andrew Walker

The SABC is taking action against some staff members as a result of claims of bribery, corruption and irregularities within the corporation

One senior staffer has been dismissed

Two other senior corporation members, who are serving three months' notice after resigning before allegations of irregularities were made, are to be "given the option of going on leave", said an SABC spokesman today

The spokesman retracted an earlier statement which said the two men, Mr Theo Kritzinger and Mr Jan Gouws, had already left the corporation

He confirmed that so far one official, Mr Ben Groenewald, has been dismissed in the wake of an SABC inquiry into allegations of irregularities

Mr Groenewald, manager of TV2 variety programmes, was dismissed last week, he said

Mr Kritzinger is head of advertising acceptance and production in the SABC's advertising services division, and Mr Gouws is manager of commercial production in the same division

It is reliably understood the SABC may take other "disciplinary action" against more staffers as a result of its investigations

POLICE INVESTIGATION

Details of alleged bribery and corruption were first revealed by *The Sunday Star* Police are also investigating claims of corruption in the SABC

Corporation spokesman Mr Willie Visagie told *The Star* both Mr Kritzinger and Mr Gouws had submitted their resignations at the end of July, before the investigations started

Under SABC regulations, senior officials have to serve three months' notice The spokesman declined to give details, saying the SABC regarded the cases as an "internal matter"

The SABC is also investigating allegations of irregularities made by staffers after an appeal last week from the corporation's director-general, Mr Riaan Eksteen, for employees to volunteer information

According to a *Sunday Star* investigation, Mr Gouws was paid R5 000 and R4 500 for construction work done at the studios of a production company The work was done by Mondt Construction, of which he was a director *The Sunday Star* said Mondt was established by Mr J J Hattingh, who formerly worked at the SABC with Mr Gouws

Mondt undertook private building operations for SABC staff and independent production houses — but the official permission required under SABC regulations for Mr Gouws and Mr Hattingh to operate the company had allegedly not been given

Under questions UDF statement

Staff

General Party leader Dr ... med what kind of South Front had in mind con- ... vention alliance ... to a strongly worded PFP and others of simi- ... ying with fire by posing South Africa ... hiding by Miss Zou ... al publicity secretary,

the UDF said that at a time when people were being killed daily and leaders were in detention or hiding, it was grossly irresponsible of certain people such as the PFP to try to seize the political initiative

Dr Slabbert asked "How can I be playing with fire when I am working for peace? I am not trying to find any gaps It is precisely because of the emergency and the lack of initiative from the Government that I want a convention alliance

"I am not laying down any preconditions and an alliance to press for a national convention is not a simulated national convention"

'Privatisation will help solve SA's problems'

By Michael Chester

The head of a United States think-tank today said the State President, Mr P W Botha, should follow Mrs Margaret Thatcher of Britain in a programme of handing over more State corporations and services to the private sector.

Dr Stuart Butler, director of the influential Heritage Foundation in Washington, argued that fewer Government controls were crucial in resolving South Africa's economic and political problems.

He was addressing a national conference called by the South African think-tank Syncom and sponsored by the Federated Chamber of Industries in Johannesburg to discuss the merits of privatisation and the stripping away of red-tape hindering entrepreneurs.

Dr Butler asked:

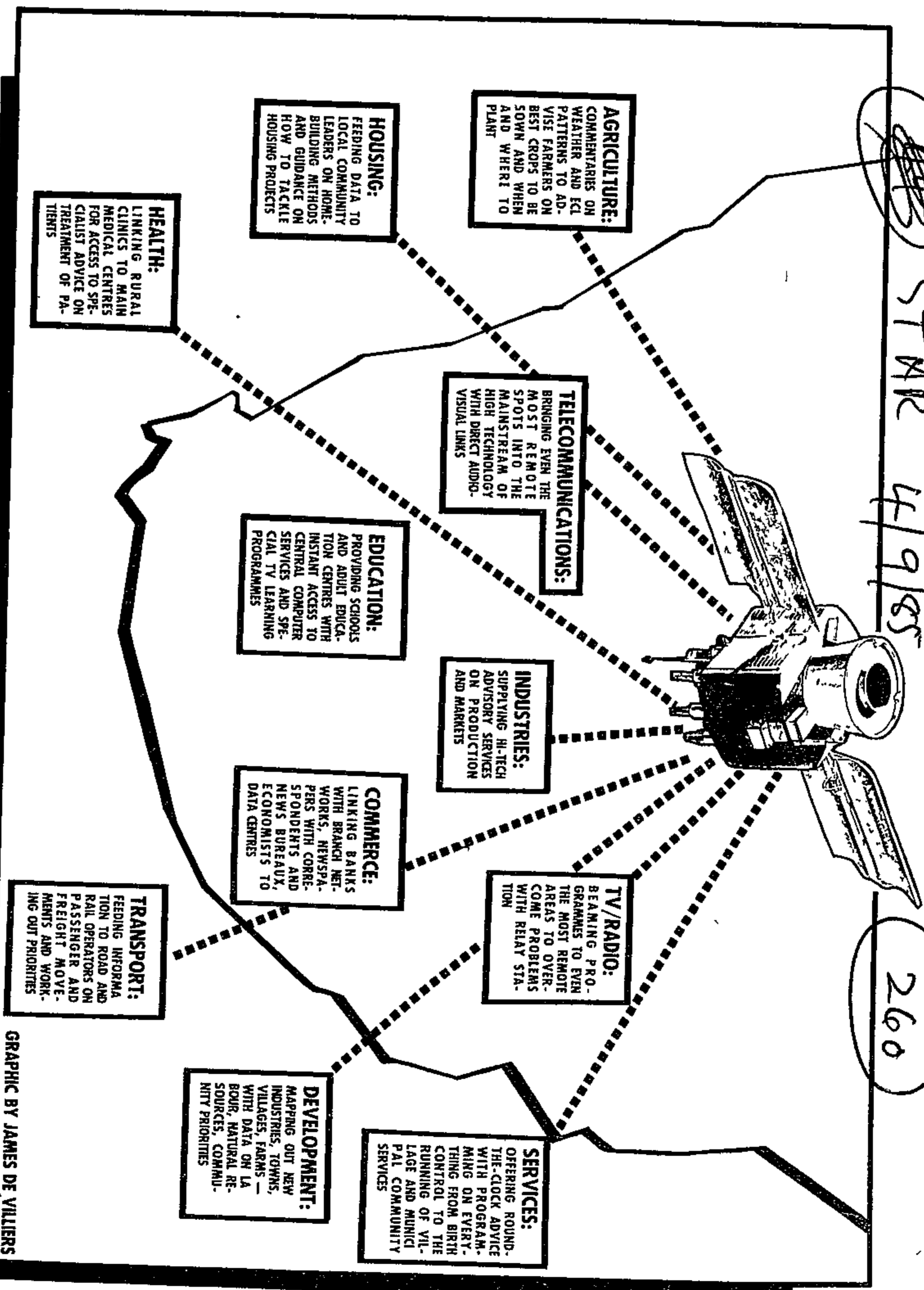
- "How can Government cater for the growing need for basic human services and increasing demands on Government corporations without straining State finances?"
- "How can Government help provide essential business infrastructure — such as transportation and telecommunications — without also provoking serious budget difficulties?"
- "Is there some way to reduce the political tensions and disputes that arise inevitably when publicly provided goods and services are allocated in South Africa's charged political environment?"

While no simple answers existed, he said, international experience suggested that problems could be eased considerably by a strategy of moving certain functions of Government into the private sector — especially important in the South African context.

Privatisation did not mean that Government gave up its responsibilities to the nation. What it entailed was clearing the path for the powerful incentives within a competitive market

STAR 4/9/85

260



GRAPHIC BY JAMES DE VILLIERS

Syncom unveiled proposals today for the 1987 launching into orbit above Southern Africa of a privately owned South African satellite. The graphic shows a few of the countless new services it promises to provide. The satellite is envisaged as a spearhead in a drive to persuade the Government to enable the private sector to take over more and more functions at the moment handled by the State.

defuse the current crisis"

green light to innovation, reducing the financial demands on the Government and often bringing a stronger inflow of funds to the Treasury.

Politically, privatisation could also have a critical effect by replacing political or bureaucratic decisions with routine commercial decisions and so helping to depoliticise important segments of every-

ca could find most relevance.

In the last six years, under Mrs Margaret Thatcher, the public sector had been transformed. The equivalent of about R60 000 million in Government assets had been sold to the private sector — including major stakes in North Sea oil, road haulage, motor production, public housing and the

sation list were British Airways, the gas distribution network — even the post office.

"Privatisation means depoliticisation. Competition and the need to satisfy the customer motivates the private supplier to accommodate consumer demands, to act dispassionately and to use resources most efficiently." It

CAPE TIMES
2/9/85 (260) *[Handwritten signature]*

Cape Times

Sasol profits up by 21,6%

JOHANNESBURG — Sasol has lifted attributable income for the year to June by 21.6 percent. A final dividend of 22,5c a share was declared (19c), bringing the total for the year to 39c (33c). The company's profit statement for the year shows an attributable income of R501,4m compared with R412,4m for the same period last year.

The profit attributable to Sasol includes R25m which is the company's share of dividends declared by Sasol Three. The results of this company not being equity ac-

counted Sasol Three's before and after tax profit for the year was R435,2m compared with R108,4 m in the previous year. Sasol's net operating income for this year was R1 040,3m compared with R671,8m last year. Income after taxation was R502,3m (R413,3m) — Sapa

Hong Kong gold
HONG KONG — Gold closed at \$334,10/334,60 an ounce at the Saturday morning session in Hong Kong — up from the opening \$333,20/333,70 an ounce — UPI



Supreme Court roll

THIRD DIVISION Court No 11 Matrimonial Trial Causes L D v R J Albrecht, M v K P Arendse, F J A v H F J Bestbier, M E v W Bestman, H C v A M Cloete V v I Daniels, J v G Jackson L G v A N E	FOURTH DIVISION Criminal appeals P A Jolly v The State P C T Smith v The State J S R Williams v The State
	FIFTH DIVISION Exception

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will return and our youth will find fulfilment in their call
equipped to meet the challenges of the future. Always re-

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Government must put more emphasis on privatisation

By Stan Kennedy

While people talk scathingly about socialism and the debilitating influence it has on efficiency, the government has not followed through with the principle of privatisation

Instead, it has created a socialistly orientated state which employs at least one in every three members of the active working population in the public-service

Mr Con Roux, president of the SA Federation of Civil Engineering Contractors, told the Private Option Conference, arranged by Syncom, in Johannesburg Wednesday night that there was a "very good case" for deregulation of a great number of aspects of the country's affairs, particularly relating to non-white affairs

This would make it possible to reduce the number of public sector employees and release a lot of able-bodied people for private sector work.

He said shrinking budgets and real expenditure on civil engineering construction had resulted in a drastic reduction of construction work by the

private sector. Because of this, the workforce had been reduced from 130 000 in 1982 to 90 000 this year

"Employees lost to the industry are unlikely to return with the result that, in the next upturn, some 40 000 people will have to be trained or re-trained in all categories ranging from labour to top management"

Because of the shortage of work, second-hand plant worth R130 million had been exported in the past. When the next upturn took place, replacement would cost up to R500 million

"This ridiculous state of affairs has happened while the public sector construction authorities have been importing plant to ensure the continued operation of their own units"

Mr Roux said it would be relatively easy to phase out government and quasi-government construction units

The first action would be to freeze new plant purchases and hire where necessary. After that, there would be no problem in selling off the remaining plant and incorporating those personnel into the private sector.

Rademeyer story was 'laughable'

CAPE TOWN 10/15 11/9/85
260
From GEOFFREY ALLEN

JOHANNESBURG
Former Escom accountant Gert Rademeyer was yesterday found guilty on two charges of fraud involving R8,5-million after the judge had said his story was "laughable"

Mr Justice Gert Coetzee said that Rademeyer had tried to implicate his immediate boss, Mr Leendert te Groen.
"He tried to dig a hole for Te Groen and fell into it and buried himself," the judge said

Commission

Rademeyer heard the judge spell out that he had attempted an elaborate cover-up of the two counts of fraud by saying that he had been promised a commission of \$3 546 000 for enriched uranium deals by Mr Te Groen

"These deals never existed. His whole story of flying to Madrid to meet a Spaniard who could supply nuclear fuel for the Koeberg power station is simply laughable," Mr Justice Coetzee said

"He was prepared to go to any lengths to corroborate his version of the story, which was that he was owed the money in commission. In fact he knew nothing about nuclear fuel procurements

"The correct story is that he had intimate knowledge of nuclear procurement purchases and thought out this scheme

"His behaviour follows the pattern of all swindlers."

He said a letter written to the Central Bank of Thailand in Bangkok, in which Rademeyer described himself as a millionaire who would require to move at least \$1-million, put the lie to his fraudulent scheme because it was written weeks before the transfer of money from an Escom New York account.

Mr Justice Coetzee said Rademeyer's threats in Australia that he would "tell all" about South Africa's nuclear deals had "amounted to nothing"

Rademeyer admitted two previous sentences of three months for fraud — at Greytown in Natal in 1975, and several years later when he was working at the post office in Messina. The first sentence had been suspended for three months

Psychiatric

His counsel, Mr Johann Els SC, said that before sentence on 23 September he would bring psychiatric evidence regarding Rademeyer's activities

Mr Justice Coetzee said that Mr Te Groen — who signed the requisition for the transfer of R8,5-million — had taken his wife and family on an extended European trip and had flown back from Rome as soon as Escom had informed him of the irregular transfer of money which bore his signature

He said that the letter written by Rademeyer to the Thai bank showed that he had intended to live as a millionaire.

Foreign Mercury Press to get own studio

Mercury Correspondent

JOHANNESBURG—The South African Broadcasting Corporation is to establish a separate production studio for foreign broadcasting agencies which they will occupy in two weeks' time.

Reaction by foreign agencies to the new facility has been mixed, with some agencies saying the new facility would hamper news dissemination, while others say the facility will be convenient.

Foreign correspondents currently feed material via the SABC's master network, but since the programme Network was introduced early this month, the SABC has required priority to feed from other regions.

From September 1, the SABC stopped microwave links from the different regions in South Africa from 6 p.m. to 9 p.m. and satellite feeds from 7 p.m. to 9.15 p.m.

New building

Channel Four News, which feeds between 8 p.m. and 9 p.m. South African time to London, may not be able to transmit material if the satellite feed is limited owing to South Africa's domestic needs.

Agencies did not view the moves as ominous, but preferred to adopt a wait-and-see attitude.

One foreign bureau chief said the new temporary facility would make life more difficult for correspondents, as about six crews would be queuing to feed material abroad in a considerably smaller area.

Crews previously had access to the master network and could feed all evening.

An SABC spokesman said the new studio was only a temporary facility and an area with more floor space would be provided in the new building some 28 months from now.

Justify 'Koeberg 2'
anti-nuclear body

Environment Reporter
THE anti-nuclear lobby, Koeberg Alert, yesterday called on Escom to disclose publicly how it could justify the construction of a second nuclear power station

Koeberg Alert also called for a public inquiry into the cost, safety and environmental impact to determine whether Escom should build a second nuclear power station

Escom announced on Wednesday that it was looking at sites in the Eastern Cape

A spokesman for Koeberg Alert, Mr John Venn, said recent events had shown that nuclear power was completely uneconomic here

Mr Venn said Escom admitted last year that electricity from Koeberg cost three times as much as that from coal power stations in the Transvaal. It was also likely to be much cheaper to transmit electricity to the Eastern Cape from the Transvaal as was done at present than construct a nuclear power station

He said, in addition, that the construction of a second nuclear power station was unlikely for the following reasons

- The decline of the rand had made the cost of importing this technology extremely high
- The recently imposed ban by the EEC and the United States on the transfer of nuclear technology would for the foreseeable future prevent the construction of another power station
- The lower-than-expected growth in electricity demand would make the expansion of generating capacity unnecessary

ALVON COLLISON
AT THE VILADEI CESARI
2 per person (excl)
cabaret. No covert charge
of wine per couple.
CAPE SUN

2

Environment Reporter

221

S

Escom shrugs off ban on nuclear equipment

(260) R. Dew 13/9/83

SANCTIONS are unlikely to short-circuit Escom's plans for a second nuclear power station.

Senior GM Ian McRae said yesterday. "I don't believe we should become negative about our nuclear future because of the latest sanctions. I believe things could change which could bring about the removal of such sanctions."

Escom announced on Wednesday it was about to begin an R&M, six-year search for future power station sites. Its effort is being concentrated on the coastal regions.

Earlier in the week, however, foreign ministers from European Economic Community nations, with

LAWRENCE BEDFORD

the exception of Britain, agreed on a list of sanctions against SA, including a ban on new nuclear equipment.

Among those agreeing on the action was France, which was responsible for much of the work on SA's only existing nuclear power station at Koeberg in the Western Cape.

Whatever the problems, however, McRae insisted Escom must increase its nuclear power capability. "Looking into the next century, we would switch out of coal for the generation of electricity by about 2050"

McRae said Escom was in a slightly different position today than it was when it decided to develop its first nuclear station.

While it had tendered for Koeberg on a turnkey basis, it now had a built-in nuclear infrastructure. "Obviously, we wouldn't require quite so much as when we started at Koeberg. One of the advantages of not going on a turnkey basis is that you can purchase some components from one country and others from another."

McRae said Escom was still working on long-term growth projections of between 5% and 6% a year.

Fears remain of a... LONG TERM... PRODUCE...

First 'full steam' at Koeberg

Environment Reporter
KOEBERG nuclear power station generated 100 percent power for the first time at the weekend.

A statement issued by a spokesman for Escom, Mr Andre van Heerden, said full power had been generated at 10h35 on Saturday.

Mr Van Heerden said it was also the first time both units at the station were running at full capacity simultaneously and that the power station supplied its total ca-

capacity of 1 842 megawatts to the national grid.

He said the delivery of power at this level was not permanent, as unit 2 was still undergoing tests and would come into full commercial operation only after it had been taken over from the contractor, Framatag, later this year. Take-over and com-

mmercial operation were dependent on Escom, the Atomic Energy Corporation and the Council for Nuclear Safety all being satisfied that unit 2 was operating satisfactorily.

Unit 1 of the power station came into commercial operation during July last year. Mr Van Heerden said the Atomic Energy Cor-

poration had also set a standard for the release of radiation from Koeberg during normal operation.

This was 25 millirem a year, a figure well below the internationally-accepted maximum level of 500 millirem a year for members of the public for all sources of radi-

(The millirem is a measure of the biological effect of radiation. The natural background radiation is about 100 millirem a year in Cape Town and 130 millirem a year in Johannesburg.)

The releases from Koeberg so far this year amounted to 0,35 millirem. During 1984, releases

amounted to less than one percent of the allowed limit, or 0,04 percent of the international standard.

He said Koeberg had produced six thousand million kilowatt hours since it first generated electricity in April last year.

To produce this energy about 400kg of uranium

235 was consumed.

This was the equivalent of three million tons of coal used at a coal-fired power station, about 40 percent of which would remain as ash.

Mr Van Heerden said water savings amounted to some 15 thousand million litres because sea water was available for cooling, rather than fresh water which would have been used inland.

This was 45 percent of the capacity of Steenbras Dam

Plans to privatise State departments announced by PW

Political Correspondent

personnel core

ARKW 20/9/85
260

A COMPREHENSIVE programme to privatise the State departments and public corporations was announced today by President P W Botha

At the National Party Transvaal Congress in Pretoria, Mr Botha said the Commission for Administration had already undertaken its study.

This study was supported by a recent inquiry into privatisation in England and West Germany by a representative from the President's Office and another specialist from the private sector.

The programme will have implications for personnel, in the Civil Service, will create a smaller but more effective and better paid public service, will further discipline Government spending and will extend the income tax base of the country.

Mr Botha said the Government did not regard privatisation as an aim in itself.

It was a means to be used in the pursuance of a sound and balanced relationship between private entrepreneurship and State administration.

"With the privatisation programme, the activities of State departments will be viewed in depth.

"Activities that could possibly be managed as well or even better by the private sector, will be privatised," he said.

Mr Botha gave four reasons why State departments had to be privatised.

● The permanent ideal was a smaller but more effective

● Officials could only be paid fittingly if their numbers were limited to the minimum.

● For economic reasons, it was essential to control Government spending in a disciplined manner.

● The extension of the private sector could broaden the income tax base of the country, thus generating additional income to finance the essential programmes to be carried out by the State.

Mr Botha said that the privatisation action would be launched by the State President's committee on national priorities and institutions such as the economic advisory council, the central economic advisory service and the Competition Board would also be involved.

The task would be performed in close consultation with the departments themselves and other specialist institutions.

An activity will, however, only be privatised with the specific approval of the Cabinet.

● See Page 11

12 years

for Escom

swindler

Articles 23/2/87

Argus Correspondent

JOHANNESBURG. — Gert Rademeyer was sentenced to 24 years' jail by a Rand Supreme Court judge today for swindling Escom of nearly R7-million. He will serve an effective 12 years.

Mr Justice G Coetzee said it appeared that Rademeyer had defrauded his former employer of the largest amount recorded in South African judicial history.

Gert Rademeyer

Mr Justice Coetzee earlier this month convicted Rademeyer on two counts of defrauding Escom of R6 756 255. On both counts, he imposed 12-year jail terms but ordered that the sentences run concurrently.

Rademeyer, 48, stood pale and tense with his eyes lowered in the dock as the judge passed sentence. Rademeyer's wife, Mrs Faimila Rademeyer, left the court with tears in her eyes.

"Total mystery"

The judge said that though the amount defrauded was relatively small compared to the monies Escom dealt with daily, it was obviously an amount which could have set Rademeyer up in luxury for the rest of his life.

"It is a total mystery how Escom could have appointed you to the position you were in as assistant chief accountant, but the fact is that you abused a position of trust and authority.

"Unfortunately, I have no evidence before me of your motivation for these crimes and can only assume that it was greed," Mr Justice Coetzee said.

Though sentence had been postponed to today for the hearing of mitigating psychiatric evidence, no such evidence was led. Rademeyer's advocates, Mr Johan Els, SC, submitted only that psychiatric observation had shown he had no psychiatric or personal deviations.

Mr Els said Rademeyer, who formerly used the title "Dr", had, in fact, only a Standard 8 certificate and no other qualifications.

Swiss bank account

He had changed jobs often, but had always made good progress. He would have great difficulty finding future employment, Mr Els said.

Mr Klaus von Laeres, SC, prosecuting, said Rademeyer, with cold-blooded calculation, had committed the largest single fraud in South Africa's judicial history — with the exception of company frauds.

Though Escom had lost R1,3-million, including a direct capital loss of \$403 000 (about R1-million) as a result of his crimes, Rademeyer had shown no remorse and had tried to drag other Escom officials down with him, Mr von Laeres said.

Mr Justice Coetzee earlier found Rademeyer guilty of defrauding Escom of R6 756 255 by authorising payment of the money on November 21 1984 into a Swiss bank account opened by him in the name of Enrichment Services. He found that when the money was not released into this account, Rademeyer fraudulently transferred the money into his personal bank account in Switzerland.

The judge rejected evidence by Rademeyer, who pleaded not guilty, that he was entitled to the money as commission for helping Escom acquire enriched uranium for the Koeberg Nuclear Power Station.

Gunnah

CAP Tinks 24/9/88
260

12 years jail for Rademeyer

Own Correspondent

JOHANNESBURG — Former Escom accountant Gert Rademeyer was yesterday sentenced to an effective 12-year jail term by a Rand Supreme Court judge on two charges of fraud.

Mr Justice Gert Coetzee described the case as the biggest single fraud case in South Africa.

Rademeyer was convicted this month of defrauding Escom of a total of R6 756 255.

He received 12-year sentences on each of two counts of fraud, but the sentences are to run concurrently.

Rademeyer, 48, looked relaxed but stood with eyes downcast while sentence was being passed. Mrs Familia Rademeyer cried softly.

Sentence had been postponed to yesterday for the hearing of mitigating psychiatric evidence.

No deviations

However, Mr Johan Els, SC, submitted only that psychiatric observation had shown that Rademeyer had no psychological or personal deviations.

The Attorney-General for the Transvaal, Mr Klaus von Lieres, acting for the State, said Rademeyer had cold-bloodedly planned the fraud without regard for his wife, his two children or Mr Len te Groen, the former general manager of Escom, who had been forced to resign over the Rademeyer scandal.

Rademeyer, who called himself Dr Rademeyer, had no qualifications other than a Std 8 certificate.

The court earlier this month rejected allegations that Mr Te Groen and Mr Rademeyer jointly perpetuated the fraud, or that Mr Te Groen had used Rademeyer to get his hands on the money.

The judge also rejected evidence that Mr Te Groen negotiated the money as commission for information Rademeyer had given him about the acquisition of enriched uranium, and that Mr Te Groen had demanded \$1 million of the money for the role he had played.

Mr Justice Coetzee said Rademeyer had shown no remorse, and that through his crimes Escom had lost R1,3 million.

Filming will be completed by November 1986 into a major diplomatic and po-

Atomic energy: bid to nobbie SA and Israel

Star's Foreign News Service

LONDON

SAI Blix, the Norwegian general, Mr Hans Blix, said there had been no progress on fullscale safeguards inspections in talks with South Africa. Agency officials say they expect further resolutions this year calling for sanctions against South Africa. A resolution agreed last year called on countries to end all nuclear co-operation with South Africa and to stop all supplies of fuels and technology which could be used to develop a nuclear weapons capability.

Child 'alive and well'

LIVERPOOL

Liverpool workers threaten

Mr Blix said that despite numerous contacts with the Israeli Government his efforts to persuade the country to open its nuclear facilities to IAEA inspection

Mr Danny Boggs, head of the US delegation at the conference, warned of US concern at moves to "deny membership or limit the rights of participation" of some states. He urged delegates to put aside political disputes

SAI Blix, the Norwegian general, Mr Hans Blix, said there had been no progress on fullscale safeguards inspections in talks with South Africa. Agency officials say they expect further resolutions this year calling for sanctions against South Africa. A resolution agreed last year called on countries to end all nuclear co-operation with South Africa and to stop all supplies of fuels and technology which could be used to develop a nuclear weapons capability.

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Domestic steel sales slump

~~1/10/85~~ 260

Iscor plans to boost exports to R1,2bn for '85

B Day
1/10/85

Pretoria Bureau

THE value of Iscor's steel exports will rise by 28,6% to nearly R1,2bn for the current financial year, according to Nols Olivier, the corporation's senior general manager (steel)

Iscor's aim, he said in Pretoria yesterday, was to raise exports this year to 47% of total production

In the year to June exports were expected to earn about R900m compared with R490m the previous year — an increase of 83,7%

Earnings could be even higher when the effect of the weak rand was taken into account, he said

Olivier said steel exports increased from 1,3-million tons for the year to June, 1984, to 2,1-million tons for the same period this year

Because of depressed domestic conditions the sale of steel locally dropped sharply from 3,2-million tons in the 1983/84 year to 2,8-million tons this year

Steel sales dropped in the first quarter of the year compared with the same period last year — in the

motor industry by 79%, white goods by 75%, the SA Transport Services by 39% and heavy engineering by 25%

Olivier was pessimistic about the outlook for domestic turnovers next year

However, he said indications were that demand would remain fairly constant

Referring to two second-hand electric arc furnaces bought by Iscor in Britain for R90m, Olivier said the rand was worth \$0,70 at the time "so the timing of the purchase was favourable"

Olivier said a major reason for buying the furnaces had been to reduce pollution because older furnaces were a serious pollution problem

Another reason for the purchase was that production of heavy profile steel by Iscor and the private sector had been in excess of local demand

Potential production had now been reduced from 1,5-million tons to 900 000 tons, Olivier said

Plans for a fourth Sasol

260

Finance Editor *Mercury*

SASOL's sales rose by 71 percent in the year to June 30 to a record R4 835m the chairman, Mr D P de Villiers, says in his annual statement indicating that they are preparing for the establishment of a fourth synthetic fuel plant but because of current financial commitments will not be ready to launch such a project for the next few years

Mr de Villiers says good progress is being made on technical and financial fronts in preparation for such a project, particularly in respect of gasification and synthesis techniques

He stresses that Sasol welcomes the renewed interest shown in such fuel projects by other private sector organisations

He points out that a practical structure for investment in new synthetic fuel projects has been established and adds that he is confident that this structure will be applied uniformly to all such projects

Profits at the attributable level rose by 22 percent to reach R501.4m (89.1 cents a share) compared with R412.4m equal to 73.3 cents a share

The company is saving South Africa R3 billion a

year in foreign exchange and earned a further R117m through exports last year

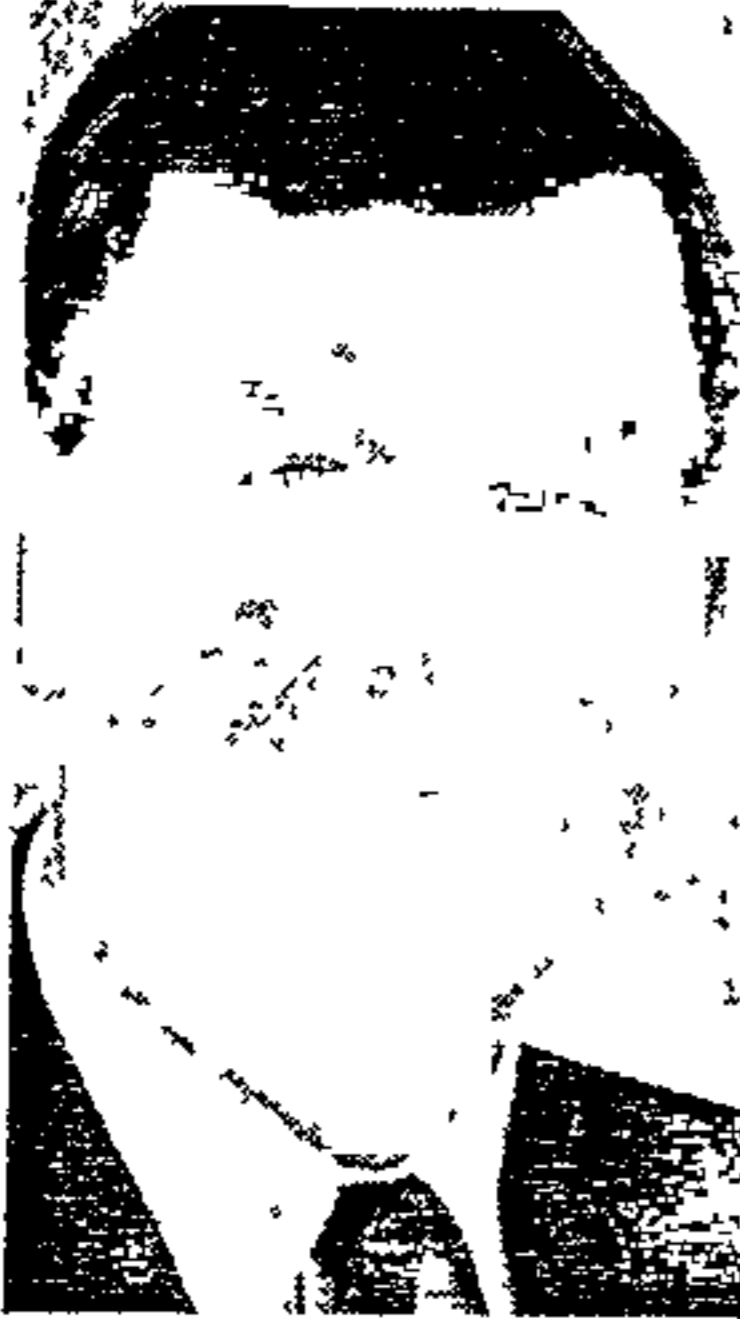
It is repaying its loans ahead of time and last year repaid R700m in State loans, helping to reduce the interest burden

Mr De Villiers points out that Sasol's repayments — along with interest and dividends — has paid almost R2.6bn to the State over the past two years. This outstrips the total capital cost of Sasol 2

The main reason Sasol finds itself unable to go ahead at this stage with a new plant is the repayment of loans following the acquisition of Sasol 2 and the additional commitments that will arise from the future acquisition of Sasol 3

Commenting on the group's moves into fertiliser and explosives, Mr de Villiers says that the fertiliser operations lost money last year, but he is confident that, given favourable rains, the division should break even this year

On the explosives side he says that trials are still continuing and that tests have confirmed their confidence in this new venture which he expects to be operating by the end of the financial year



Mr Jeff le Roux has been appointed an alternate director of Standard Bank Assurance Brokers with responsibility for corporate and commercial business

CMT time 2/10/85

260

Sasol expects to maintain profit growth

By PRISCILLA WHYTE
JOHANNESBURG — Sasol should maintain profit growth this year says the chairman, Mr David de Villiers, in the annual report

He says "The expected increase in production volume as well as reduced interest commitments, should in themselves enable a sound growth in profit to be maintained"

In the past, oil prices and the international value of the rand have usually moved in the same direction and consequently had a compensatory effect on financial results

South African fuel consumption is increasing and the ability of

Sasol to achieve production increases at its existing three factories will decrease in time

"However we are currently being held back by our financial commitments," said Mr De Villiers

Existing loan commitments on Sasol Two and additional future commitments from the acquisition of Sasol Three mean that Sasol will not be ready to launch a large project for "the next few years"

Confidence

In order to repay these loans and to retain investor confidence, "whether it is for the acquisition of Sasol Three or a future new project, it is necessary to maintain our pattern of profit growth"

For the year to end-June, a 15 percent return on total assets before interest and tax was achieved

The profit after interest of Sasol Three

amounted to R435,2m (R108,4m) The company was not yet liable for tax payments

Mr De Villiers said "An unchanged dividend of R50m has been declared by Sasol Three of which R25m accrued to Sasol Ltd"

The recent R550m reduction in long-term Sasol Ltd loans and about R450m for Sasol Three will reduce interest commitments and have a positive impact on pre-tax profits

The outstanding loan debt of Sasol Ltd to the government has been reduced to about R1 100m and that of Sasol Three to around R2 300m

The chemicals division contributed R106m to total exports of R117m

The Secunda fertilizer plant has completed its first year of production. The drought adversely affected the entire fertilizer industry and Sasol Fertilizer's financial results "were therefore also disappointing"

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R4 billion Escom plant in E Cape?

04/10/88 DISPATCH

260

Dispatch Reporter
GRAHAMSTOWN — Escom was looking at the Eastern Cape to put up a second R4 billion nuclear power station because the East Cape was where most development was taking place

This was said at the opening of the annual South Eastern Areas Development Association (Seada) congress in Grahamstown yesterday by Mr Marius Rautenbach, public relations officer for Escom

He said investigations

for a second nuclear site started in 1982 when Escom looked at the whole of South Africa, at national and international boundaries, demography and the availability of cooling water.

Densely populated areas were excluded because of the risk of possible evacuation. Cooling water needed for emergencies excluded the inland areas. The Western Cape had been excluded because little or no development was

taking place. The choice was narrowed down to two in the Eastern Cape: the stretch of coast between Cape Padrone and Sunday's River and St Francis Bay and Tsitsikama Mouth.

"But please don't speculate in land," he warned. Escom would require a stretch of only 4 km along the coast and 2 km inland.

Mr Rautenbach said the presence of a nuclear power station did cause the sea temperature to rise as it had at

the Koeberg plant.

He said "the white mussels did not like it and moved out. Crayfish on the other hand love warm water."

The cooling water was clean water. "The pollutant is heat," he said.

Mr Rautenbach said Escom did not yet know what other effects the presence of a nuclear plant might have but a team of scientists from Rhodes University, UPE and Vista were now looking at these

He said "You have a 50 per cent chance of a nuclear power station being built but more detailed studies have still to be made."

The next few years should see a steady growth in additional and enlarged Escom supplies in the Seada area providing Escom could overcome its capital problems, according to Mr Martin Opperman, head of power sales. Overseas capital sources had dried up, he said.

Escom was looking at spending about R9 million in areas in the immediate vicinity of Grahamstown, Fort Brown, Bathurst, Carlisle Bridge, Coombs, Post Retief and below the Adelaide-Fort Beaufort line.

Reduced rates for electricity plus the greater pooling of costs were making Escom supplies economical in many areas where prices had been unacceptably high.

Mr Opperman said "Applications are now streaming into our offices."

He said Escom's presence in the area could also provide an economic injection. While Escom preferred a semi-permanent staff, a nuclear power station could bring in as many as 2,000 families.

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State seeking health-care economy

Argus Correspondent

PRETORIA — Fees at Government hospitals could be revised as the State juggles its health-spending in line with its tighter budget

The Minister of National Health and Population Development, Dr Willie van Niekerk, told a meeting of the South African Medical and Dental Council yesterday that in a time of recession a more cost-effective health service was needed

Health-care fees in general would have to be examined and the Government would be studying the possible privatisation of health-care

"We will have a close look at the expansion or reduction of the Government's involvement in providing curative services, financing other providers of such services or performing regulatory functions," he said

"Transferring ownership or effective control of facilities to or from the public sector is the most obvious option here, but not the only one

"A deliberate policy to allow and encourage private services to grow in parallel with public care can alter roles through the power of the market-place, sometimes with less resistance than ownership transfers would cause"

Another option, Dr van Nie-

kerk said, was to bring about in the public service itself certain reforms which had similar incentive effects to privatisation but did not involve overt realignment of functions

Dr van Niekerk said another important aspect which the Government would have to consider was the structure of public subsidies

It was of the utmost importance, he added, that South Africa should have a health-financing policy adopted by the National Health Policy Council

This policy should encompass all the health services and should make it easier for the Department of Finance to pay for health-care

AKE 76758

CAPE TOWN 20/10/85

SABC dismisses five after probe

JOHANNESBURG — The SABC yesterday confirmed that it had dismissed a further five employees following internal investigations into claims of corruption and fraud within the corporation.

This brings the total number of people to leave the SABC since the investigation began in September to at least seven.

The five whose ser-

vices were terminated this week were employed in the decor services division of radio and TV1.

They are Mr J W Odendal, head of scenic services, Mr A J Pienaar, manager of design services, Mr R G P Ehrke, manager of scenic services, Mr J J Bosse, supervisor of prop making, and Mr G A Freeman, supervisor of props and costume stores.

The SABC and the police are conducting separate investigations at the corporation.

The following SABC employees have been dismissed or have resigned since the probes began.

Mr Ben Groenewald, manager of variety programmes for TV2, was dismissed. Mr Theo Kritzinger, head of advertising acceptance and production of the SABC's advertising services division, resigned.

Mr Jan Gouws, manager of commercial production in the same department as Mr Kritzinger, also resigned.

Mr Gert Coetzee, manager of the SABC pension fund, was temporarily moved from his department at the beginning of this month to another section of the corporation's financing department to facilitate the SABC investigation.

— Sapa

Five SABC employees (260) dismissed

The SABC today confirmed that it has dismissed a further five employees following an ongoing internal investigation into claims of corruption and fraud within the corporation 28/10/85

The SABC declined to give reasons for their dismissal

STAR
This brings the total number of people to leave the SABC since the investigation began in September to at least seven.

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They are Mr J W Odendaal, head of scenic services, Mr A J Pienaar, manager of design services, Mr R G P Ehrke, manager of scenic services, Mr J J Bosse, supervisor of prop making, and Mr G A Freeman, supervisor of props and costume stores

Iscor raises exports — profits decline

PRETORIA — The South African Iron & Steel Corporation (Iscor) group had a net profit of R23m after tax in the year ending June 1985, down R69m from the R92m of the previous year, according to the group's annual report released yesterday.

However, foreign exports increased by 54 percent, from R488m to R923m, as the foreign market took advantage of the weakened rand, Iscor's chairman, Mr F P Kotzee, told a press conference at Iscor's headquarters.

The group had a profit before tax of R33m, compared with R96m last year, and local sales of steel declined by 13 percent after a 16 percent increase in the preceding year — "in keeping with the overall economic climate in South Africa," he said.

"The profit performance declined, notwithstanding an increase in

the total sale of steel products of 259 100 tons, or five percent, compared with the figure for the previous year.

"This happened mainly on account of a drop of 552 900 tons in sales to the local market," the chairman said.

Steel products account for about 88 percent of Iscor's total turnover.

Mr Kotzee emphasized that the Western world industry was experiencing a "gross over-capacity," of about 30 percent with many producers of flooding products on the world market at reduced prices.

They were able to do this because they were often subsidized, while this was not the case in South Africa, Mr Kotzee said.

The freeze on repayments of foreign loans and the unrest situation had caused uncertainty overseas about South Africa, he said.

The restrictions on sales, mainly to the Unit-

ed States and the European Economic Community, meant that new markets had to be found, and international market prices had been further depressed.

The poorer operating results of necessity also had a negative effect on the group's internal cash flow, "which still amounts to the substantial sum of R355m, of which Iscor contributed R323m — appreciably less than its R507m contribution in the previous year."

Asked about the possible privatization of Iscor, which is almost totally government-owned, the chairman said it was "not really on the cards."

"It's government policy, but there has been nothing specific regarding negotiations."

"It will be up to the shareholders to decide on their line of action, not management," Mr Kotzee said. — Sapa

State muscling in on building industry

W/6 ARGUS 2/11/85

FRANK JEANS
Weekend Argus
Correspondent

260

GEORGE — Work worth about R940 million is being kept from private contracting companies because of inroads of Government departmental construction units

"Too much work is being undertaken directly by State, provincial and local authorities and this is having a detrimental impact on the building and civil engineering industries," outgoing president Mr Andrew Stewart told the Building Industries Federation congress here this week

"Much of this work is done in the mistaken belief that it is cheaper than if done by the private sector

"Moreover, the individual departments are used for 'emergency work' and this may be necessary in certain circumstances"

Pointing out that "huge empires have been built up across the country which need a lot of work to justify their existence", Mr Stewart said vast sums of money were being spent on imported plant and equipment by these departments while private contractors were exporting their machinery because of the shortage of work

"Attractive prices are being paid on overseas markets and contractors cannot allow their machinery to lie idle without work"

"Referring to the demand for capital intensive machines overseas while the rand is low, Mr Stewart said construction equipment was leaving the country by the shipload, providing Americans with quality machinery at bargain prices

"Our contracting companies simply do not have enough work

to cover the financing costs of this heavy plant"

On the state of the building industry, Mr Stewart said a principal factor responsible for the downturn in the economy was massive overspending on current expenditure during 1983 and 1984 by the Government

"This, together with the outside world's economy created problems for us and we have had to face the restrictive monetary policies and the higher levels of taxation and the implications of both these factors

"We cannot finance our infrastructural needs without access to foreign loan capital. Therefore we must reach, as soon as possible, a situation in this country which is acceptable to all its peoples

"Until this happens we will not achieve the rate of growth in our economy required to reduce the growing numbers of employed"

Committee formed to start privatisation plans

(260) Star. 8/11/85

A committee of cabinet ministers has been appointed to pilot a programme to implement the government's privatisation action, President Botha said yesterday

The decision on how to handle the matter was taken at the latest meeting of the National Priorities Committee, he told guests at the Johannesburg Afrikaanse Sakekamer's annual dinner

Some 20 divisions of the public service had been identified among a number of departments

Mr Eli Louw, Minister of Economic Advisory Services and Administration would chair the new committee, and he would be assisted by the Minister of Finance, Mr Barend du Plessis, and the Minister of Trade and Industry, Dr Dawie de Vilhiers, Mr Botha said

SMALLER COMPANIES

The committee would be expanded to include members of the private sector, in consultation with Mr Louw

Earlier, the State President said smaller companies would be given preference in the privatisation programme as part of a secondary purpose in the campaign to reduce the concentration of economic power and increase competition

Deregulation and privatisation were explained as follows

- Deregulation involved placing the entrepreneur in a position to act without unnecessary restrictions to increase the efficiency of his management and private initiative

- Privatisation required a distinction to be made between government activities and the parastatal or state-controlled undertakings.

TENDER FOR SERVICES

"There must be a distinction between the privatisation of services supplied by the State and the privatisation of the State's assets," Mr Botha said

The private sector could be offered the opportunity to tender for services currently supplied by the State and semi-state undertakings "in this instance there would be no question of alienation of state assets

Where new services were concerned, the private sector could be offered the opportunity to provide them within the framework of their market-orientated disciplines.

Methods of privatisation of state assets and of state or semi-state undertakings involved the formation of public companies where the broad population could have the opportunity to acquire shares in these undertakings

The private sector could acquire total interests in state and semi-state institutions on a tender basis or by private allocation (privaatplasing)

The management and employees of smaller state undertakings could be given the opportunity to acquire the total interests in these concerns.

The goals of the programme to establish state participation in the economy as far as practically possible at an acceptable minimum level, to increase efficiency in the provision of services to the general public and to get greater involvement of the general public in economic activity through an expansion of shareholding —

Sapa

CAP- Times
November 11, 1985

SABC fires radio man

JOHANNESBURG

The SABC has fired an announcer and suspended two other senior employees in the latest development of the corporation's investigation into alleged irregularities.

The man to lose his job is Mr Reg de Beer, Radio Port Natal's principal announcer.

The two men suspended are Mr Cisco de Pontes, manager of magazine programmes for TV1, and Mr Butch Smith, principal editor of TV1 Sport.

This was confirmed by the chief public relations officer for the SABC, Mr Hein Jordaan, on Saturday night.

Mr De Pontes and Mr Smith are suspended pending the outcome of an investigation into their activities.

No details

The SABC has declined to release details of the investigation into the activities of the three men.

The SABC's internal investigation into alleged irregularities began in August after the police said they were conducting their own investigation.

Alleged irregularities include claims that SABC staff accepted "gifts" of property and vehicles from production houses in return for ensuring that their products were screened, or for ensuring that contracts were awarded to the companies.

Artes Award

Mr Reg de Beer, who has worked for 20 years for the corporation, was formerly with Radio Highveld and LM Radio. Mr Smith won an Artes Award earlier this year for Best Sports Broadcasting as a result of his programme "Vier Weners in die Vreemde". Mr De Pontes, formerly a sports editor, was promoted to his present post about two years ago.

● The senior public prosecutor in Johannesburg will not institute proceedings against two former SABC employees, following a police investigation into allegations of corruption.

According to SABC radio news reports, the prosecutor declined to charge Mr T C Kritzingel and Mr J E Gouws and a company, Adveraid (Pty) Ltd.

The two men were senior officials in advertising selection and production. — Sapa

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Fired radio man will 'clear name'

CAPE TIMES 12/11/85 Own Correspondent 260

DURBAN — Sacked Radio Port Natal programme manager Reg de Beer has instructed a lawyer to investigate his shock dismissal

"I have no idea at all why this has happened. Obviously it has come as a terrible shock and I want to know what is behind it," Mr De Beer said yesterday afternoon from his La Lucia home.



Mr Reg de Beer

Mr De Beer, concerned about the effect of the recent dismissals of six senior staff members from the SABC following allegations of irregularities and corruption, announced that his bank account was open to inspection.

"My name has been linked to the other dismissals and there is now a dark shadow hanging over my head. I want to clear my name because I have received no irregular payments whatsoever."

On Friday afternoon his superior, Mr Henne Peterson, told him "he had the unpleasant task of handing me a letter saying my services had been terminated."

"I have always been a dedicated and hard worker so until the SABC tells me or my lawyer what the circumstances are, I'm completely in the dark."

Asked about his plans for the future, Mr De Beer, who previously worked for Radio Highveld and the old LM Radio, said he would have to find a job.

SABC spokesman Mr Hein Jordaan has said Mr De Beer's dismissal is final, and that the entire corporation was being investigated, including the outlying broadcasting centres.

A special committee led by the SABC's chief auditor, Mr Steve de Necker, was recently appointed to investigate alleged irregularities.

Alleged irregularities being investigated by police and the corporation include claims that staff accepted "gifts" of fixed property and vehicles from production houses in return for ensuring that their products were screened, or for ensuring that contracts were awarded to them.

So far, eight senior staff members of the SABC have come in for disciplinary measures as a result of the investigation. Six of them have been fired.

INSIDE

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Amusement	11	CU
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consumer

BUS DAY 2/12/86 BUS DAY 2/12/85

Foskor gearing up to go private?

260

FOSKOR, the state-owned phosphate mine at Phalaborwa, looks to be gearing up for its eventual move into the private sector.

The recent appointment of John Stanbury as managing director is in itself a move away from the somewhat bureaucratic form of management normally associated with public sector-run operations.

Stanbury joined Foskor early this year, and was appointed to his new position in May.

Previously, he had been general manager of Silicon Smelters, a division of Samancor.

Foskor's move into the marketplace is not expected until the company is in a strong profit-making position and has cleared away the present short-term borrowings of R5,3m (R7,4m).

Stanbury has made it clear that his priority is to improve Foskor's cash flow.

Privatisation will also depend on the commissioning of the en-

ROY BENNETTS

larged Richards Bay export facility.

The combination of these factors would suggest a date towards the end of 1987.

Trading results at Foskor are tightly interwoven with its wholly-owned subsidiary, Foksem, so that the balance sheet of both companies must be considered when assessing the position of the company.

In the financial year to end-June, the combined turnover amounted to R152,6m, compared with R122,6m in the previous year.

Taxed profits were R2,7m (R2,2m), after an interest payment of R16,5m (R9m).

A breakdown of Foskor's total sales of 2,8-million tons, in the 12 months to end-June, shows that 1,1-million tons went into domestic consumption while 1,3-million

tons, in processed and rock form, was exported.

Domestic sales at about R36 a ton contributed R54m to turnover, with exports at least matching this amount.

The sale of 12 863 tons of copper and 5 142 tons of baddeleyite brought in another R45m.

Export sales were enhanced by the low rand exchange rate.

The Richards Bay export terminal is expected to have a second ship-loading facility early in 1987, which should at least double the present capacity.

This should promote the export of the 2-million tons of phosphate rock that Foskor claims to have identified as having potential overseas markets.

Entry into new overseas markets is considered to be the button that will activate Foskor's move into the private sector.

One of the major mining houses is tipped to buy the phosphate producer.

BUS DAY 3/12/85

'US and ANC hold talks'

NEW YORK — The Reagan administration has initiated contact with the African National Congress (ANC), and twice sent a State Department official to ANC headquarters in Lusaka, Zambia, to meet its leaders, *Newsweek* magazine reported at the weekend.

According to the magazine, US officials expressed an interest in establishing a "relationship" with the ANC.

Newsweek said State Department officials did not deny the contacts, but said they took place "at lower than policy level".

The ANC has claimed responsibility for attacks against the South African government in a campaign they said was "to make South Africa ungovernable".

Based in Lusaka, the ANC con-

sists primarily of black South Africans fighting South Africa's white government.

The ANC says its political goals, which it now believes can only be achieved by the overthrow of Pretoria, include one-man, one-vote elections.

The United States has been a strong supporter of South Africa, which it has urged to make changes in its apartheid policy.

□ An ANC spokesman in Lusaka said yesterday he was "not aware" of any contact between the Reagan administration and the ANC.

He said he did not think contact would serve any purpose at present, because the ANC was opposed to the US's policy of constructive engagement with Pretoria. — Sapa-Reuter and AP.

BUS DAY 3/12/85

Arms sales boom
THE low value of the rand has made export of South African arms profitable, says Armscor chairman Piet Marais.

Marais said Armscor, which celebrated its 21st birthday yesterday, had grown from an importer to an internationally competitive arms exporter. (254)

Concrete-road controversy

ALAN PEAT

CONTROVERSY surrounds the use of concrete for an extension to the N3 near Frere, especially after complaints about the section near Maritzburg.

But road experts say modern methods negate the arguments.

Stocks Roads is to use concrete for its R29,6m contract for the 15,7km road section and consulting

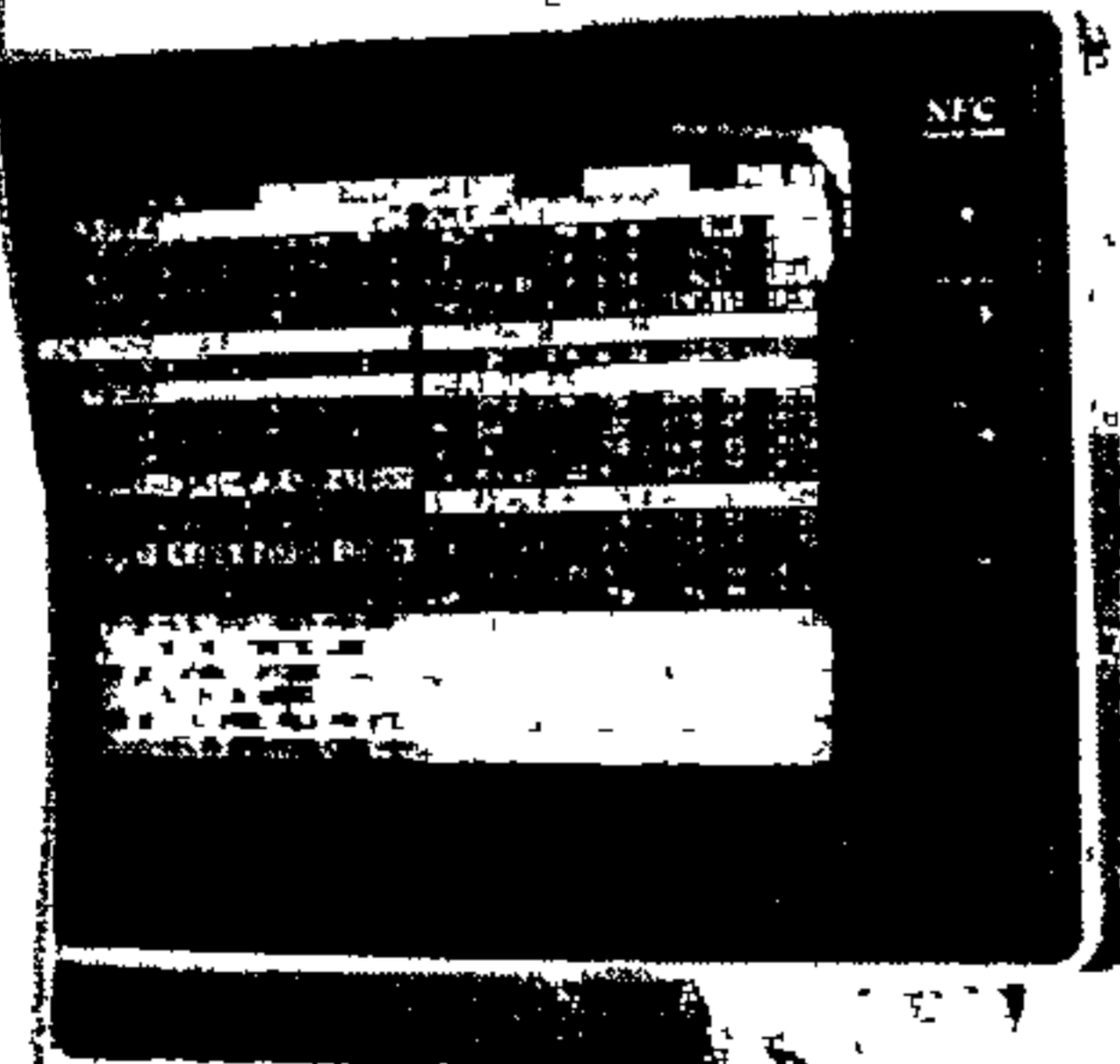
engineers De Leuw Cather will use a 210mm concrete pavement to withstand heavy traffic

The National Transport Commission says 20% of its roads will be built with concrete, 20% with bituminous bases, and 60% will be on various factors.

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teriorate Businessmen could no longer "hide their heads in the sand". — Sapa.

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BUS DAY 3/12/85

Arms sales boom
THE low value of the
rand has made export of
South African arms pro-
fitable, says Armscor
chairman Piet Marais.
Marais said Armscor,
which celebrated its 21st
birthday yesterday, had
grown from an importer
to an internationally
competitive arms ex-
porter.

254

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DIVIDEND DECLARATIONS

BUS DAY
5/12/85

Escom set to announce tariff rises

CLARE HARPER

INCREASES in the cost of electricity from January 1 will be announced this afternoon, an Electricity Supply Commission (Escom) spokesman confirmed yesterday.

And an announcement of further price rises during 1986 is expected to accompany the disclosure of the January 1 increase.

It is speculated that consumers may face an increase of between 20% and 30%.

Escom communications manager Ewald Thal said yesterday that the tariff increases would be announced minutes after they were approved by the Cabinet later today.

Escom is expected to spell out the reasons behind the increases, how the company proposes to finance itself in the future, and the impact of this on the local economy.

Tariffs were increased by 10% last January and by a further 10% in September.

The Commission of Inquiry into the supply of electricity recommended in its report that increases should occur once a year only, however the present economic climate had made this impossible.

BUS DAY 5/12/85

~~274~~ ~~278~~ 254

Grenade attack in Soweto

SIPHO NGCOBO

A HAND-GRENADE hurled at an SADF troop carrier in Soweto yesterday narrowly missed the vehicle, but shattered windows at Jabulani Technical High School

The attack — the first of its kind on troops in Soweto — occurred in front of the school, where the troop carrier was parked

School staff told *Business Day* they "heard a big blast and suddenly saw the smoke".

"Members of the army removed their vehicle from where it was parked, jumped out and aimlessly fired shots," one employee said

Residents said a number of youths were detained by soldiers and later released

Meanwhile, a man was killed and four were wounded when police fired birdshot at stonethrowers in Crossroads and Guguletu, near Cape Town, yesterday

Near Port Elizabeth, two Kwazakele houses were gutted and five men were arrested in

Kwanobuhle after a private vehicle had been stoned

□ Thirty-three people were being held after Tuesday's sweep through Crossroads, police said yesterday.

Ninety-nine others had been released. Charges against the 33 related to a firearm, dagga and liquor offences and stolen property

□ At least 99 people died in township unrest in November — the second highest monthly death toll this year, the SA Institute of Race Relations reports

Of the 788 killed since January, 454 died after the State of Emergency had been declared on July 21. The daily death toll, which stood at 1,67 before July 21, had risen to 3,44, the institute said

SABC attacks new federation

Govt playing it cool over the launch of Cosatu

BUS DAY 6/12/85

260

~~SABC~~
~~SABC~~
~~SABC~~



● BOSHOFF

CLAIRE PICKARD-CAMBRIDGE

"People are making premature statements about Cosatu. They should allow it to continue working and then assess the situation."

Statements concerning Cosatu's intention to link labour and community struggles, made at Sunday's rally at Durban's Kings Park Stadium, were elaborated on by Cosatu executive members at a Press conference on Monday.

They said at the conference that it would be premature to name the political organisations with which Cosatu would co-operate. It was also made clear that Cosatu saw itself as contributing to the establishment of a democratic government, rather than being the dominant party in a new ruling body.

Some analysts see the exiled SA Congress of Trade Unions (Sactu) as the forerunner of Cosatu, pointing out that both organisations are committed to playing a forceful political role in advancing worker interests.

Industrial relations lecturer at the Wits Business School Geoff Verschoor said Sactu had about 53 000 members from 35 unions at its height in 1961, whereas Cosatu already has 450 000 paid-up members.

He said Sactu was aligned with the ANC and, although it was never banned, it went underground after government action against its leaders.

GOVERNMENT will adopt a wait-and-see attitude to the newly-launched giant trade union federation, the Congress of SA Trade Unions (Cosatu).

A senior government spokesman said yesterday Cosatu was newly-born and there was still uncertainty about what it stood for and what its aims were.

"Knowledge about Cosatu's intentions is still based on speculation rather than on definite guidelines," the spokesman said.

Despite the collision course Cosatu has adopted towards government, government spokesmen would not comment on-the-record yesterday about government's attitude towards Cosatu.

Speculation about government's response was fuelled yesterday by the tone of the SABC radio programme *Comment*, widely-regarded as an indicator of government thinking.

The programme asked whether Cosatu should be allowed to continue in view of the fact that it would be "furthering the aims of the ANC".

The programme said: "This organisation, with its declared aim of standing in for the ANC is, under the guise of a trade union movement, intent on furthering the aims of a banned organisation, namely to make the country ungovernable. The question is whether it should be allowed to do so."

Responding to the programme yesterday, Cosatu's president-elect Elijah Barayi, said Cosatu was not linked to the ANC.

the fire was reported to be almost out. Sixty firefighters and five fire trucks
ch burnt about 40 hectares of fynbos in two hours yesterday afternoon

Cape Times
6/2/85
Praise for
freehold
decision

Staff Reporter

THERE has been wide praise for the government's decision to grant freehold property rights to blacks who qualify for residence in South Africa's black townships

Mr Ken Andrew, Progressive Federal Party spokesman on black affairs, while welcoming the move said there was "no substitute for the complete abolition of influx control and the Group Areas Act".

Sapa reports that the Urban Foundation and Federated Chamber of Industries said the announcement was a positive step towards normalizing property rights

The House of Delegates MP for Reservoir Hills, Mr Pat Poovalingam, said the move was a "wonderful step worthy of praise" but had to be followed by the repeal of the Black Urban Areas and Group Areas Acts

The president of the Afrikaanse Handelsinstituut, Mr Donald Mason, said this would make a contribution to the removal of fundamental grievances.

● Moutse is being given to KwaNdebele, page 11

Cape Times 6/2/85
Escom rates
up by 15pc

Staff Reporter

ESCOM has announced an effective 15,5 percent increase in the electricity price for 1986 — but it is not yet known how this will affect Cape Town consumers.

A spokesman for the City Electrical Engineer's Department said last night the implications of the increase would be discussed today.

Escom said the increase would be implemented in two stages, averaging 10 percent each, on January 1 and July 1

Announcing this in Johannesburg yesterday, Escom's chairman, Mr John Maree, said the commission had approved major cost reductions to keep the increase below the inflation rate, currently running at more than 16 percent.

"Speculation that the increase would exceed 30 percent has been far off the mark Escom has worked hard during the past year to contain costs and so ensure that our price rises would not add further fuel to the inflation rate," said Mr Maree

"But the good news is that our cost reductions will start to have a real impact beyond 1986 and we expect that future price increases will reflect the positive contribution of greater efficiency and cost-conscious management."

The South African Consumer Council said the increase came as yet another severe blow to consumers

"The Council is astounded by the fact that Escom expects consumers to foot the bill for the current lower consumption of electricity. It is not in accordance with any economic laws. If Escom would like to see increased consumption, they should lower prices," said the director, Mr Jan Cronje

The Federated Chamber of Industries expressed disappointment at the increases

A spokesman for the Associated Chambers of Commerce said yesterday that "these increases come at a very inopportune moment when business viability is under pressure. Not only will they impact upon the cost of living but will have an adverse effect upon the production costs of most industries"

BUS DAY (362)
 SA troops mass on border — Mugabe (254)

HARARE — Prime Minister Robert Mugabe said yesterday that SA troops were massing near the Zimbabwean border but his government was prepared to ward off any invasion.

He told a news conference the build-up of Pretoria's forces started after a series of landmine explosions near the border two weeks ago.

He said his government took "very seriously" SA's threat to invade Zimbabwe, adding: "We can't sit on our laurels. In fact, South Africa has always effected its threats ...".

Zimbabwe sent a message to Pretoria reiterating that it had not and would not give guerrillas bases in the country. — Sapa.

1960	42
1961	81
1962	56
1963	61
1964	99
1965	84
1966	98
1967	76
1968	56
1969	78
1970	76
1971	69
1972	71
1973	370
1974	384
1975	274
1976	245
1977	90
1978	106
1979	101
1980	207
1981	342
1982	394
1983	336
1984	469

BUS DAY 10/12/85

Mozambique bridge attack

JOSE CAETANO

MOZAMBIQUE claimed at the weekend that the railway line linking Komatipoort to Maputo was sabotaged by a group of specialists infiltrated from SA.

An official source in Maputo said the group, accompanied by "armed bandits" of the Mozambique National Resistance, attacked a 22m bridge on Thursday night.

The entire horizontal structure of the bridge was destroyed, as well as some support structures.

Ironically the bridge, 8km from the SA border, is within a stone's throw of the site where, on March 16 last year, the then Prime Minister P W Botha and Mozambican President Samora Machel signed the Nkomati Accord.

On Friday, members of the Mozambican special forces investigated the scene of the sabotage.

The latest incident is the most serious case of sabotage near the SA border since the end of September, when the Mozambican government released documents detailing support by senior SADF members for the MNR rebel group at an international Press conference in Maputo.

BUS DAY 10/12/85

Bus services lose custom

FORTUNES of municipal bus services are still plummeting.

Passenger levels fell by another 8,8% for the quarter ending September 30 compared with the previous quarter, according to latest figures from Central Statistical Services (CSS).

The actual number of passengers carried was 51,75-million, 13,4% down on the 59,79-million for the same quarter last year.

South African Transport Services' (Sats) road and rail passenger sections figures are also declining.

The road section showed a fall of 6% and rail 5,2% in the third quarter compared with the second Third quarter-on-quarter figures displayed

Industrial Staff

road down by 12,2% and rail by 3,1%. The only good news is that private sector bus operations have shown a rise of 4,5% for the quarter to end-September, compared with the second quarter, although the annual quarterly comparison shows the 243,5-million passengers they carried was still down 4,6% on the third quarter last year.

CSS trend lines for private transport operations are still climbing for both black and white passengers. But those for Sats' first-, second- and third-class passengers are declining.

Municipal transport departments' trend lines are still falling sharply.

Car rentals down in October

CAR rentals dipped again in October, says the monthly report by Pretoria University's Bureau of Financial Analysis.

Fleet sizes and the number of rentals fell against October 1984. Revenue, though up 6,4%, fell 10,4% in real terms when adjusted for inflation. Fewer people rented cars, but those who did used them for longer periods. The number of rental days increased 2,1%.

Car rental companies say this indi-

Industrial Staff

cates companies have had some success in promoting their leisure time discount packages.

The report says despite smaller fleets, there was surplus capacity.

Truck hire companies were even worse hit. Although the number of rental days was up 4,7% compared with October last year, revenue fell 4,3% — a 21,1% fall in real terms.

BUS DAY 10/12/85

Nedbank rescues ailing Triomf

survival in the troubled fertiliser industry.

MD Kobus Becker says that at the end-December all forward exchange contracts expire and the group will be able to take advantage of the weak rand on the export side.

Furthermore, he adds that it has secured profitable three-year contracts for the export of phosphoric acid to Europe. The additional throughput will raise the Richards Bay plant capacity from a current 50% to over 75%.

Negotiations with Foskor have been completed to provide Triomf with the local supply of phosphate rock, which is

← ● From Page 1

expected to lead to a R10m annual savings.

Becker expects the group to be back in the black in the 1987 financial year.

No doubt the cessation of the fertiliser price war, which has cost the industry R100m over the past year, will help matters.

Tax losses at end-June amount to R221,7m and the fact that preference dividends on the R65m are not deductible for tax purposes is of little significance.

BUS DAY 10/12/85

Court frees 12 treason trialists

last week.

"This was not simply a trial against us but against the UDF and the whole style of struggle and mass protest of the last two years.

"We see it as a political victory," he said.

Saloojee said government now had "an historic opportunity" to enter into dialogue with the real leaders of the people.

The withdrawal of charges against the 12 was widely welcomed in London yesterday.

First reactions came from the British

← ● From Page 1

government and the London-based Anti-Apartheid Movement (AAM), which heralded the decision as a "great breakthrough".

A British Foreign Office spokesman said the government welcomed the development.

"We had expressed our concern to the SA government at the time the UDF leaders were arrested and charged."

BUS DAY 10/12/85

Tension after SADF strike threat

254

LLA last Friday of seven Basotho in the southern border area of Qacha's Nek.

The SA-Zimbabwe war of words erupted two weeks ago when, according to government, a band of African National Congress insurgents crossed the Limpopo from Zimbabwe into the north-western Transvaal district of Weipe and planted landmines.

Those that exploded killed one man and injured seven others.

Foreign Minister Pik Botha immediately warned Zimbabwe that it would "follow the tracks" of insurgents into Zimbabwe, should there be similar incidents. Zimbabwe replied that it did not permit its territory to be used as a base for armed attacks in SA.

Despite Malan's tough reply to Mugabe yesterday, diplomatic sources in Pretoria and Harare said they had understood that both sides had accepted each other's assurances and that the possibility of any SADF cross-border strike was remote.

Zimbabwe, with its 40 000-strong British-trained army, would prove a somewhat tougher military nut to crack than Mozambique, Lesotho or Botswana.

Zimbabwe's daily newspapers and state-run television and radio highlight

← ● From Page 1

ed Mugabe's comment that Zimbabwe took the threat seriously.

But Western diplomats were sceptical "One understands the anxieties of government but reality is that Pretoria has enough problems on its plate."

Malan said SA dared not give in to the ANC. He said the SADF would "reach the terrorists wherever they are hiding — also in those neighbouring countries where they think they are safe".

Referring to internal unrest, Malan said: "Those who walk around with ideas to throw bombs, commit murder, arson and intimidation, should take note of the fact they have not even experienced a tiny fraction of our firepower."

If anything, Lesotho has more reason to fear a strike. Pretoria remains convinced that Maseru is still harbouring ANC elements, while Maseru continues to accuse Pretoria of allowing the LLA to operate from SA against Lesotho.

A spokesman for the Department of Foreign Affairs said it had no knowledge of the LLA incident and the Lesotho government had not informed SA of it.

SUNDAY 10/12/85

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Invasion threat tension

SOUTHERN African tension edged up a notch yesterday when SA Defence Minister Magnus Malan threatened to strike at insurgents, even in countries where "they think they are safe".

The threat followed Zimbabwean Prime Minister Robert Mugabe's claim at the weekend — immediately denied by Malan — that SADF troops were massing on the border for an invasion

SAFA SOFA
PAUL BELL and Sapa

A cross-border raid at this time is, however, considered unlikely

South Africa also drew fire yesterday from Lesotho Prime Minister Chief Leabua Jonathan who blamed SA — and its alleged support of the rebel Lesotho Liberation Army — for the murder by the

● To Page 2 →

resolutions (agreed) ... "Unlike some of ... 11 ... 11/2/85 BUS DAY 254

SA 'never' to quit Caprivi air base

NEW YORK — SA "will never give up" its Caprivi air base, South African intelligence officers have told a visiting American journalist reporting for the *Philadelphia Enquirer*.

In one of the most extensive on-the-spot reports recently to appear in the US, correspondent Robert Rosenthal maintained that there was no evidence of SA plans to quit the rest of SWA either.

In a 1 100km trip along the territory's northern border, "it became clear that the SADF is digging-in,

RICHARD WALKER

making improvements and tightening security at military and air installations," he reported

"More important, the South African army is going after the hearts and minds of the civilian population in a long-term counter-insurgency programme.

"From their Mpacha base in Caprivi, South African jets can reach the capitals of Zaire, Zimbabwe, Botswana and Zambia and fly over Angola," he noted

"It gives them a reach into the heart of black Africa.

"Because of its strategic location, intelligence officers say SA will never give it up."

On the question of a South African exit from SWA, Rosenthal reported how an army intelligence officer laughed, and then responded: "Whoever said anything about leaving?"

An army major told him. "The strategists have said that time is on the side of the revolutionary.

"Now we are saying time is on our side."

Escom says
change won't
cost jobs

STAR 11/12/85
260

Escom is planning major changes to make its organisation more businesslike, to decentralise functions and to bring it closer to the consumer — but none of its 66 000 workers will lose their jobs

Mr E H Thal, communications manager, said staff would not lose financially through transfers or changes

Escom's chairman and senior general manager had met 400 senior managers nationwide in the last six months to explain the proposals and give assurances about jobs

In response to reports that staff in Colenso feared retrenchment and the collapse of the town — it relies on the power station — Mr Thal said change brought insecurity in a company as large as Escom, especially in insecure economic times

Details of changes would be available early next year

18/12/85 **Conscript objections rise** **BUS DAY**

Business Day Reporter

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THE number of conscripts applying for religious objector classification with the Board for Religious Objection has increased by 35% since last year.

The case of Witwatersrand University student Harald Winkler — who was refused religious objector status last week — brings the number of applicants who have appeared before the board since its inception to 758.

Winkler, the former head boy at the German School in Pretoria, is the 11th person to have been refused Category Three status since the board was set up in 1983.

Race no bar to jobs at Escom journal

Escom has announced an official equal opportunities policy for employees of all races and has undertaken to investigate a number of racial issues relating to employment.

In the latest issue of its in-house journal, *Escom News*, Mr Ian McRae, senior general manager, says Escom has accepted the need to formalise its long established equal employment practices.

"Our ultimate goal is to weld Escom's 66 000 people into a strong and effective team that will continue to maintain our position at the leading edge of our field," said Mr McRae.

Meetings have been held with trade unions to convey Escom's commitment to the maintenance of equal opportunities, the journal said.

MERIT

Among the issues discussed with trade unions so far were

- Tangible proof of equal opportunities
- Non-discriminatory policies and systems
- The optimal utilisation, training and development of manpower and equal career opportunities
- Appointments on merit and promotion according to performance as well as equal pay for equal work.
- The opening of further facilities to all races.
- Decent and reasonable treatment of all workers and the elimination of all forms of race discrimination
- The maintenance of healthy labour relations.
- The promotion of co-operation of trade unions and workers and the development of a personnel code.

Other issues which will receive attention include the recruitment and training of all races into all posts and the protection of minority interests.

The attitudes of members of other races will also receive attention.

Row brews between Escom and ex-manager

STAFF 20/12/88
By Sheryl Raine

260

A major row is brewing between Escom and one of its former top managers after his dismissal earlier this month.

Legal representatives for Escom's former internal audit manager, Dr Jacob de Bruyn (36), yesterday filed papers in the industrial court alleging unfair labour practices and unfair dismissal. They say he was not given an adequate hearing prior to his dismissal nor was he supplied with detailed reasons for the termination of his services. He is also demanding reinstatement.

The court's registrar confirmed that papers had been filed and said the case would be heard early next year. Escom said today it would file its reply within seven days.

The De Bruyn case is believed to focus on security clearance for staff members, serious and substantially documented criticism of the accounting and financial controls at Escom and employment conditions.

An application has also been lodged with the Minister of Manpower requesting a conciliation board to settle the dispute.

Disclosures made to the court could put Escom back in the limelight at a time when it has acquired a new management team and is working on improving its image and restructuring its operations.

Escom has suffered bad publicity over several issues recently including high tariff increases, excessive expenditure and the "Dr" Gert Rademeyer affair in which more than R8 million of Escom funds were misappropriated.

The implications of the case and its outcome could be far-reaching. Dr de Bruyn, who holds a doctorate in auditing from the University of South Africa, joined Escom in November 1984 as chief financial planner. He was extremely highly regarded and was promoted on October 1 to internal audit manager.

His post was specially created and the internal audit department upgraded after the Rademeyer debacle.

Dr de Bruyn was dismissed on December 3 after a brief final interview with Escom top brass. He left Megawatt Park within 30 minutes. So far he has not been able to find other employment.

Border talks imminent

THE meeting between SA and Zimbabwean military commanders to discuss the recent landmine blasts along their common border will take place "within the next few days".

This was revealed at a Press conference in Pretoria yesterday by SADF Chief Director of Operations Major-General Jan van Loggerenberg.

Van Loggerenberg denied allegations

20/12/85 BUS DAY
that SA was massing troops on the Zimbabwean border but said additional personnel had been sent to the area to help in the search for landmines.

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A statement by Defence Minister General Magnus Malan, accusing Angola, Mozambique, Lesotho and Zimbabwe of being involved in a "well co-ordinated propaganda war to discredit South Africa" was released at the conference.

6 Swapo men killed in operation

BUS DAY
20/12/85

SADF forces deep inside south Angola



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SOUTH AFRICAN security forces are currently involved in an operation against Swapo deep in Angolan territory, according to informed Pretoria sources.

At least six Swapo members have already been killed in the operation, the sources say.

A large quantity of arms and ammunition as well as military uniforms — of the kind used by Swapo, the Libyan forces and, for the first time, Kenya — have been also been captured

A spokesman for the South African Defence Force yesterday declined to comment on the highly detailed report.

According to the sources, South African troops followed tracks into Angola on December 12 and the Swapo members were killed in a contact on Sunday, December 15.

Among weapons captured were 130

JAYNE LA MONT

60mm mortar bombs, 137 82mm mortar bombs, mortar propellant cartridges, nose cones, hand-grenades, detonators, mines and RPG7 ammunition, as well as medical supplies and equipment, a large number of handguns and ammunition and several AK47 guns and ammunition.

Unita (National Union for the Total Independence of Angola) rebels claimed there was fierce fighting in southern Angola yesterday and said they killed 69 government troops and shot down a MiG aircraft in attacks in various parts of the country last week, reports SAPA-REUTER.

At a military ceremony on the SWA/Namibian side of the border on April 17, South Africa said it had withdrawn its last troops from southern Angola in accordance with the Luanda agreement, signed by SA and Angola

D... ..

Dec 1985

UDF men might sue State

had committed treason.

Addressing an International Human Rights Day gathering in Johannesburg yesterday, Saloojee said the charges against them "had to do with the resurgence of real opposition to the injustices of the apartheid system, it had to do with the emergence of the UDF; it had to do with the resistance that we are seeing all over the country.

"Instead of confronting the real problems they wanted to lay blame for the troubles in our country at the doors of so-

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UDF he said.

called agitators, Government had begun to act irrationally out of desperation because it sensed the majority wanted to be free, Saloojee said.

Albertina Sisulu, UDF joint president, called for the release of "authentic leaders", the withdrawal of troops from the townships and the lifting of the state of emergency.

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~~Cape Town 20/12/48~~
~~Racist clause~~
~~is scrapped~~

Municipal Reporter

THE City Council yesterday scrapped a racist employment clause in one of its by-laws after the Cape Town Municipal Workers' Association described the by-law as "abhorrent".

The clause restricted the council in replacing an employee from one "population group" with one from a different "population group".

234 (A) (B) (C) (D) (E)
ANC, OAU blame SA for attacks

BUS DAY
23/10/85

De Cuellar slams Maseru killings

NEW YORK — United Nations Secretary-General Javier Perez de Cuellar has condemned Friday's Lesotho attacks as "brutal".

A UN statement said the Secretary-General "strongly condemns the brutal attacks which were carried out against the homes of Lesotho nationals and SA refugees in Maseru" early on Friday, resulting in the deaths of four women and five men.

Sapa-Reuter quotes the African National Congress as saying at the weekend that the raid, which it blamed on SA, "will spur us to fight even more resolutely to destroy the Pretoria regime of terror".

The ANC said in a message from its Lusaka office that six of its members were slain, along with three Lesotho citizens, in attacks on two homes in the Lesotho capital.

The Organisation of African Unity (OAU), from its headquarters in Addis Ababa, has strongly condemned SA, which it said staged the armed raid.

SA repeated its denial of involvement at the weekend. A rebel Lesotho group claimed in an anonymous call to a news

RICHARD WALKER

agency that its forces carried out the raid.

But Lesotho Interior Minister Desmond Sixishe said witnesses had seen white SA troops among the attackers. He dismissed the suggestion that Lesotho rebels would strike at what he said were SA refugees living in Lesotho.

Witnesses said seven blacks, including at least four South Africans, were slain at a party when gunmen burst into a Lesotho home near the SA border and opened fire.

One survivor, 18-year-old Richard Macaskill, said six people burst into the house where a party was under way and started firing pistols with silencers.

He said the raiders' faces had been painted black but their arms, showing through short sleeves, were white.

"Even as they broke through the doors, they were already firing their pistols," he said.

An SA couple — Jackie Quin and her husband Joe — died in an attack on their home in a wealthier suburb in Maseru about the same time. A neighbour said silencers were also used in that attack.

LISBON — South Africa has moved four battalions into Angola in the past week, the official Angolan news agency Angop said at the weekend

The report added that three Angolan soldiers had been killed and 14 were missing after clashes with SA forces in the past few days

In a dispatch monitored in Lisbon, Angop also said SA aircraft had been making frequent flights over areas of conflict between Angolan government forces and Unita rebels.

The agency said two battalions, including one made up of SWA troops, had crossed into Angola on December 15, and two more had followed on December 17.

It said the SA forces were being helped by a fifth battalion made up of Unita soldiers

Angop said SA troops had attacked a border post at Calueque in Cunene province earlier this month, killing three government soldiers. Fourteen more were missing, it said.

The agency said SA aircraft were constantly flying deep into Angolan ter-

23/12/85 BUS DAY

Angolans confirm SA incursion

ritory in south-eastern Moxico and Cuando Cubango provinces, where Unita is fighting off a government offensive aimed at reaching the rebel headquarters.

SADF spokesman Commandant John Rolt said he had no comment to make on the reports.

UN Secretary-General Javier Perez de Cuellar has condemned the raid.

"This raid is in defiance of numerous Security Council resolutions which have demanded that South Africa cease all acts of aggression against Angola and respect scrupulously its sovereignty and territorial integrity," the statement said. — Sapa-Reuter-AP.

Man van staal *FINM 1985*

If any one man can be said to stand at the centre of SA's metal industry, it's Floors Kotzee, Iscor's phlegmatic, matter-of-fact chairman, who recently became Dorbyl

27/12/85

Financial Mail December 27 1985

chairman as well. But he's concerned to stress that, unlike his predecessor Keith Jenkins, his function is not executive.

Is it not anomalous that he's heading the board of Iscor's largest domestic customer? Not at all, Kotzee (59) responds. "It's a tight industry. Every major company in the engineering industry is linked to the rest as either customer, supplier or both." And of course, as a director of holding company Metkor, Kotzee was a logical choice.

Dorbyl's systematic series of acquisitions — of Barlow's railway and heavy engineering interests, of Hunt Leuchars & Hepburn's steel division and of Stewart & Lloyds — and Jenkins' intensive rationalisation programme of the past year, Kotzee says, has left it well-placed to take advantage of any upturn.

But he's cautious about prospects for economic improvement, and doesn't expect an early upswing ("We've bottomed out — now we're moving sideways," he jokes) in the light of economic and political pressures on SA. Neither can Iscor do much to re-activate the domestic steel market until the economy begins to turn around, Kotzee says.

But surely the Mossel Bay project will be a rich source of contracts for Dorbyl? Cautiously, Kotzee responds. "It should help.

But of course the Mossel Bay plans have not yet taken concrete form. With its extensive diversification, Dorbyl should be well-placed to cater to most plant requirements that could emerge from the project. It will be a main contender."

On prospects for Iscor price hikes in 1986, Kotzee says. "No immediate decision is on the cards, but with cost increases, within the next six months, we will re-evaluate."

Iscor is not dissatisfied with its US quotas, but of course domestic consumption is down on last year, and Kotzee doesn't expect it to improve materially.

A Free State boy, Kotzee grew up in Reddersburg before going to Stellenbosch to take a B Sc and mechanical engineering degree. He worked a year for the railways as a pupil engineer, and two years at an agricultural college. Then for five years he was with Stewarts & Lloyds as a sales engineer before joining Iscor in 1956.

He started in industrial engineering, and spent 12 years at that. Then he worked five years in planning, ending as corporate planning manager, before periods as works manager in charge of Iscor's Pretoria works, later its Newcastle works and as divisional GM in charge of corporate steel production. He became GM in 1980, MD two years later and



Kotzee ... won't commit himself on Iscor's privatisation

chairman in 1984

The burning issue of Iscor's privatisation is one he won't commit himself on, merely pointing out that it is not at present under discussion, probably because this is hardly an opportune time to contemplate a sale.

He does feel that under his tutelage Iscor has begun a "programme of scientific management" to give the necessary impetus to its managerial development programme, and that corporate management has generally become more streamlined.

Of his own methods, he says. "My subordinate managers think I'm autocratic, but I don't agree. I'm definitely participative." ■

Escom official alleges unfair dismissal

ESCOM, whose financial affairs have been under scrutiny since "Dr" Gert Rademeyer stole R8m from the organisation, is faced with another controversy.

This time it involves the dismissal of former chief financial planner Dr Jacob de Bruyn

He has lodged papers in the Jo-

hannesburg industrial court claiming unfair labour practices and unfair dismissal

The papers say that he was not given a fair warning nor was he given reasons for the termination of his employment

Escom has seven days in which to reply to the allegations.

An application has also been lodged with the Minister of Manpower requesting a conciliation board to settle the dispute

De Bruyn was appointed chief financial planner in November 1984.

He was dismissed on December

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BUS DAY 27/12/85

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27/12/85
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SA forces kill 15 in Angola

SOUTH AFRICAN security forces have killed a total of 15 Swapo insurgents, destroyed seven caches of arms and knocked out a temporary base during their present raid into southern Angola.

According to Pretoria sources, there have been a total of eight contacts between the security forces and Swapo since the South Africans crossed the border about two weeks ago.

Six Swapo members were killed in the first contact, while another nine have died during actions in the past few days. No SA deaths have been reported.

It has not been a quiet, festive Christmas in that part of Southern Africa, where two major conflicts are in progress.

The Angolan army, backed by about 20 000 Cubans, are trying for the second time this year to overrun Jonas Savimbi's Jamba headquarters in south-eastern Angola.

Further west, the SA forces are hunting down Swapo insurgents in the "shallow area" north of the border to prevent them reaching SWA at the start of Swapo's annual rainy-season offensive.

Earlier this week, Major-General George Meiring, who commands the SWA Territory Force, said this year's Swapo offensive was not expected to be as big as last year's. At some stages during the last offensive there were up to 400 insurgents inside SWA.

The SA Defence Force has refused to comment on the latest details to come from the war front or to say if and when its

Own Correspondent

forces will withdraw from Angola.

Meanwhile, the tactical deployment of troops in parts of the eastern Caprivi earlier this month appears to have blocked Swapo efforts to reopen that region as a second front in the 19-year-old border war.

According to sources in Caprivi, the security forces were aware that the Swapo contingent had retreated and were expected to try to infiltrate through another route.

The sources would not give the insurgents' strength or where they were from, but it seems most likely they would attempt to use Zambian territory, although there has been speculation that the group could be deploying from refugee camps in northern Botswana.

In 1978, Swapo carried out a mortar bombardment from across the Zambian border, killing 10 soldiers based at Katima Mulilo.

Security forces lashed back at Swapo bases across the Zambezi River, and Zambia moved the camps out of striking distance.

The sources believe Swapo was trying to exploit the tribal conflict between the Mafwe and Sasubia tribes which share the far-eastern corner of the territory.

Meiring said he did not believe President Kenneth Kaunda of Zambia would voluntarily allow his country to be used for such purposes again for fear of SA retaliation.

24/12/55 BUS DAY

SA mum on Angola raid

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THE SWA Territory Force (SWATF) yesterday refused to comment on Windhoek reports that heavy fighting involving SA, Cuban, Angolan and Unita forces was continuing in southern Angola.

The news reports said SA and SWA soldiers were inside Angola supported by tanks, helicopters and fighter planes, reportedly in search of Swapo insurgents.

At the same time, Unita forces were fighting off renewed assaults by Angolan government troops and Cuban forces in southeastern Angola.

The SWATF reported earlier that Swapo was mustering its forces for its annual rainy-season offensive. Observers in Windhoek believed the incursion into Angola from SWA was aimed, at least partly, at taking preventive action to stop the Swapo infiltration effort.

Reports by the Angolan news agency, Angop, said SA had moved four battalions into Angola in the past week and that SA aircraft were making frequent flights over areas of conflict between Angolan government forces and Unita rebels.

The Angop report said the first two SA battalions, which included SWA combat elements, had crossed the border into Angola nine days ago. Two days later, they were reinforced by two more battalions that had moved in from SWA.

Informed sources in Pretoria said earlier a small unit of SA troops had penetrated Angola last weekend to flush out Swapo insurgents.

Asked about the reports, an SWATF spokesman yesterday declined to comment. — Sapa.