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# Midi 'set to boost local entertainment industry'

BD 1/4/98 (260)

Janet Parker

THE local independent television production industry and the local music industry would benefit from the introduction of the new television channel, Midi Television's e.tv, media analysts said yesterday.

An additional channel would result in significant increases in local production activity, they said. The 20% local content quotas imposed on radio broadcasters already, has resulted in a "marked" improvement in the quality and volume of local music production. The same principle would apply to the television sector.

Midi Television, which aimed to have a 27% quota of local programming in its first year, said it would outsource all local content, apart from news and current affairs.

MD Jonathan Procter said as a result the group's skills programme would be open to the independent industry. Paying particular attention to the creative skills of directing and writing for television and film,

Midi would import expertise from Warner Brothers, its 20% partner, and hold "master classes" to train and mentor members of the industry. This would benefit Midi and the industry, he said.

The deal with Warner Brothers was a two-way arrangement which could benefit the industry. Although Midi would buy programming from the US group, it would sell to Warner for international distribution documentaries, dramas and films it had commissioned from the local industry.

This would bring in revenue from royalties for Midi and the producers of the programming, he said.

The channel was due to start broadcasting in October, although legal action could delay the process.

Procter said a delegation from Midi was leaving for Cannes today to buy programming, and Midi would start commissioning local programming in about two weeks.

New voice: Page 11

# 'Outrage' Over IBA decision

*Severhan 1/14/98 (260)*

**By Sharon Chetty**

THE Independent Broadcasting Authority's decision to give the new private television licence to the Mudi TV consortium has been opposed by staff who assisted the council in evaluating the bids

According to a source at the authority, the majority of the 30 support staff members believe that Mudi TV should have been disqualified on technical grounds as it had changed its application during the hearing and that when the council granted the consortium confidentially over the bid, it should not have done so.

Although the majority of the seven-person council voted for Mudi, staff felt that either the Free-to-Air or New Channel TV consortium should have won, said the source.

### Public Hearings

The expert staff were allowed to question the applicants during the public hearings and worked with the councillors throughout, except when the final decision was made

Yesterday morning an e-mail message was sent out to everyone by acting chief executive officer Mr Linden Petzer asking them to publicly support the council decision even if "cer-

tain people may hold the view that Mudi might not have been the best choice as the successful bidder"

Petzer said that no one had voiced their objections to the council

He said the dissenstion may be "based on emotion and not fact", especially since staff were not privy to the deliberations of the council

Petzer said that like in any corporation, staff were entitled to have differing views before a decision was made, but were obliged to support the council once a decision had been taken.

● See page 10

William Gary in Uganda

## What won it for the Midi bid?

**A** broadcasters' bid. That's what Midi believes won it the right to run South Africa's new private television station.

Other bids may have been stronger on business plans (Midi's plans were criticised for changing after the closing date) and legal agreements (other bidders suggest that they still haven't yet seen a watertight shareholders agreement from the winners).

But the team who will run e tv highlight their scheduling and programming content.

A three-year schedule — which the Independent Broadcasting Authority will hold them to — has already been planned and they will introduce local content incrementally. In the first year, between 20% and 25% of the material on e tv will be local, which suggests boom times ahead for independent producers.

A normal day on the new service will start at five in the morning with news bulletins for early risers. Between 6am and 8am, a breakfast show with a news and current affairs bent will air, with reporters stationed around the country.

At mid-morning it will run repeat broadcasts (probably of soaps) and education programmes aimed at distance learners. Prime-time will include longer news bulletins and current affairs programmes as well as local soaps, dramas (with a crime-fighting bent) and a televised version of *Madam and Eve*, already well on the way to production. Midi's core team will be small (it will employ about 200 full-time staffers), they plan to commission everything except news and current affairs.

## The people who are Midi

**J**onathan Proctor is the former head of Bop Broadcasting Corporation. The *bête noir* of Lucas Mangope, he aired certain programmes well before Aunty-SABC dared Publicity-shy and independent, this is a broadcaster with a plethora of skills. He will lead e tv for five years with Richard Magau as his deputy.

Magau is an all-rounder from Bop-TV who has worked as a cameraman, producer and manager.

Tramping around the film and television markets of the world will be the forte of Pat Thekiso. This talented scheduler and buyer learned her skill at Bop, where she was responsible for introducing South Africans to top programmes like Oprah Winfrey, Arsenio Hall and others.

Thekiso will head foreign programming acquisitions, while heading up local acquisitions is Thabo Makhene. The former head of Mmabatho TV has already been talking to local producers about bringing quality local ideas on to e tv.

Its figurehead and doyenne is Nomazizi Mtshothisa of Vula Communications Holdings, which will own 25% of the shares in Midi. A well known figure in NGO circles, Mtshothisa is now a business consultant.

The SABC's former head of strategic planning, David Niddrie, will run e tv's news operations.



Midi's people: Richard Magau, Pat Thekiso, Jonathan Proctor, Malebo Phage. PHOTOGRAPH: RUTH MOTAU

# Joy and threats greet TV winner

(260) MHC 3-8/4/98

The finale of the private TV channel bid was nail-biting and the fall-out spiteful, writes **Ferial Haffjee**

**A**round the world, races for private television licences are known as beauty competitions.

While the finalists in the contest for South Africa's prized new private television licence didn't parade in swim suits and the judges didn't make flimsy jokes, the finale was nail biting and the fall-out spiteful.

As at all pageants, only a small corner of supporters erupted when, in a voice high pitched with nerves, the chief of the Independent Broadcasting Authority announced the winner: "The licence will go to Midi Television," said the IBA's chair, Felling Sekha, who was decked out for the occasion in powerful red.

As the licence wrapped in blue ribbon was handed to bid leader Nomazizi Ramatshothisa, the Midi team made enough noise to fill the huge banquet hall before the other consortiums remembered their manners and clapped with pursed smiles and scarcely disguised dismay. There were not many tears (except from some soft staffers who shed a few here and there) and no fallen tiaras, and afterwards, over scones and tea, the defeated fed on rumour.

"They always wanted them to give it to them," said a smartly suited consultant from a losing bid, referring to persistent rumours that Midi is the favoured bid of the political establishment. Before making her way into the adjacent bar, a visibly shaken Vanessa du Plessis of the Community Television Network said an appeal to the court was not unlikely. "There are many questions," she said under the glare of television cameras.

Meanwhile, many allegiances were quickly swapped as television producers swamped the winners, while brany and beautiful wannabes

clasped the hands of those close to the television flavour of the month, often pressing business cards into tired palms.

Former unionist Marcel Golding, who has swapped his miner's hard hat for chic rimless spectacles, and labour lawyer Kuben Pillay, grinned uncontrollably. The companies they run own 25% of the new station and the licence is the second big media coup the two have pulled off in a year.

Midi, which will broadcast as e tv, will be a goldmine of television jobs — on Tuesday, its executives were planning a recruitment drive to begin assembling the staff who will help take the new baby to air on October 1.

Later on V-day, there were double celebrations at Mtshothisa's house. It was her birthday too, though you would never have guessed the next day that many bottles of champagne had been guzzled.

Most Midi members were at work early the next morning, snappily dressed and phoning up suppliers to begin the search for the digital equipment that will power e tv. Florists tramped in and out bearing splendid roses and extravagant bouquets, including one or two from leaders of losing bids. And news producer Malebo Phage was nursing a knee bashed when he leapt up to celebrate the announcement.

Midi works from the faux-Italian architecture of Sandton Square in Johannesburg and is still tossing up capitals to decide whether the new station will be headquartered in moneyed Jo'burg or pretty Cape Town.

But you'd be forgiven for thinking that you had ended up in Mmabatho, given the plethora of former Bop Television staffers who stalk the corporate offices of Midi. Its managing director, Jonathan Proctor, and his deputy, Richard Magau, both held top jobs at the Bop Broadcasting Corporation. Together, they've crocheted together a (largely black) team drawn

from their former workplace. And while some question the skills gleaned at the homeland broadcaster, it was a good television service under Proctor.

In bid lore, Midi was always among the top three in the beauty pageant. The competition was close and the IBA councillors didn't end up speaking with one voice. Their decision was a majority one and not unanimous, which means that at least three councillors thought a different princess should be queen.

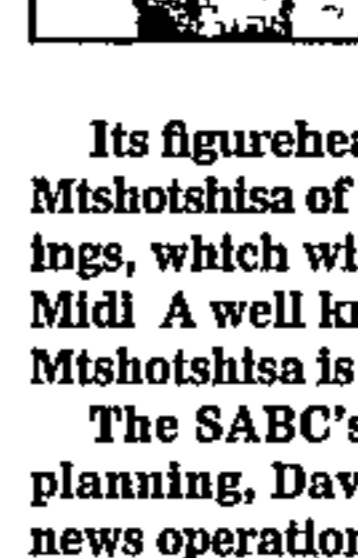
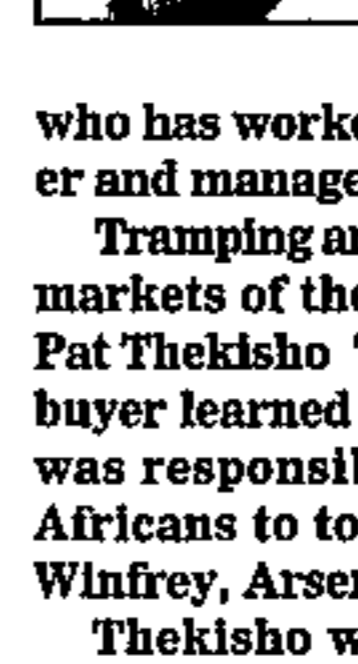
So did other bidders who are deciding whether to take the IBA's decision to court. No court can overrule that decision, all they can decide is that the broadcasting gurus did not apply their minds correctly and then order that the whole process be restarted.

It's not a decision any court is likely to rule on lightly because it will cost millions more and delay indefinitely the start of the new station. The five month long race has been "transparent" (all the bids were available for scrutiny in the IBA's library) and "democratic" (each bidder had an opportunity to make representations against each others plans, promises and policies) and after the hearings each of the seven bid companies pledged that they had been satisfied with the process.

"It's just sabre rattling," says Proctor of threat of court action. "We're quite satisfied that the IBA has done a proper job." They have briefed lawyers and Proctor also angrily threatened that they would counter-sue. "Any review process will hold up our ability to operate. Our counter-claim will be for millions."

The losers licked their wounds this week, inevitable after the months spent eating, sleeping and dreaming the "schedules", "projected revenues" and "local content" which have been the lot of hundreds of local and international consultants working on the different bids.

Midi news producer Malebo Phage was nursing a knee bashed when he leapt up to celebrate



## WHO IS... JONATHAN PROCTOR?



Sound management: Jonathan Proctor's job 'is not to be creative, but to make an environment in which creative people can work'.  
PHOTOGRAPH: RUTH MOTAU

# In the

260

MG 3-8/4/98  
Swarna Prabhakaran

**A**t first glance, Jonathan Proctor does not look much like the television executive he is. He wears no tie and has an open, immediately likeable face. He looks controlled and calm—he could be an aeroplane pilot or a professional golfer just off the green.

Look closer though, and the tension of the past few weeks shows. It's visible in the corners of his tired eyes and the disarray of his short hair.

Proctor is the managing director of Miti Television. The past weeks must have been fraught with nerves, the wait leading up to the Independent Broadcasting Authority's decision to grant Miti the new national television broadcast licence.

The announcement relieved a lot of anxiety for Proctor and his colleagues,

# Hotseat at Midsi TV

but his real job begins now: putting into practice the detailed plans outlined in Midsi's bid submission

Proctor is very modest about his role at Midsi. His job, he says, "is not to be creative, but to make an environment in which creative people can work"

Smiling gently, he says "Creative people, journalists and engineers, are difficult people, difficult to put together."

But work together they must, if Midsi's hopes that the new station, e tv, will air from October 1 are to be realised.

Proctor began his career as a lecturer at the University of Cape Town (UCT) and the University of Bophuthatwana (Unibo), teaching skills in the management of artistic and technical environments.

His introduction to the heady world of broadcasting came some time later "I don't remember the year, but I was asked to help by Unibo. I was asked to fix

[Bophuthatwana's] broadcasting."

Once he began looking into the broadcaster's problems, he was hooked. "It gets into your blood, you can't look away," he says.

Proctor then became the director-general of BopTV and, for six years, developed the station's brand with enthusiasm, establishing various services including MusicTV and Eduitel.

"We started distributing these through Africa," he remembers "We were the first to get rid of that ugly test pattern. Remember when there was nothing to watch on TV except the test pattern? We replaced it with CNN. Now everyone has copied that idea."

He is proud of his achievements over that time both in news and in drama "We were the first to interview [Deputy President] Thabo Mbeki, while everyone else was still in prison. We ran stories and footage of [President Nelson] Mandela as a real person, not some still photograph, like

the SABC made him out to be."

On BopTV, programming included showing "black people in roles that weren't servile". The Bophuthatwana broadcaster also started making "huge strides" in distance learning, Proctor says.

But all that was cut short when then Bophuthatwana president Lucas Mangope "put me under house arrest".

Why? He shakes his head "It's not something I want to talk about. I said it all before the truth commission and I don't want to go over it."

From there, he and various other former BopTV staffers formed Retcorp International, which was hired by Midsi as consultants for the technical component of their bid submission.

"Midsi then offered some of us jobs," he says "That's how he ended up in the hotseat he occupies today, making a "nice environment" for some talented creative

minds to pull together and make good television

He firmly believes "television is a medium that deals with intelligent audiences, who can come to their own conclusions."

"They don't need to be read to. Parents read stories to children, television and pictures tell stories."

Despite his energy and commitment, Proctor is quite sure that he won't do a long-term stint with Midsi.

He says he's just there to get it up and running, and to train his successor "I don't know yet who it will be, but Midsi will set up a permanent black CEO, and my position will be handed over."

What will he do then? Proctor wants to head back into academia. He says earnestly "I will go back to UCT and do my PhD."

## Vital Statistics

**Born:** 7 January "The year is a closely guarded secret"

**Passionate about:** Creative excellence in the people around him

**Hates:** Tardiness and whingers

**Likely to say:** "Show me"

**Least likely to say:** "Can you repeat that?"



# All eyes on high-profile new kid on the television block

WINNING the licence for SA's new commercial television station has swamped Nomazizi Mtshotshisa in congratulatory messages, job applications, rumours of political interference and threats of legal action.

Mtshotshisa is chairman of Midi TV, leader of the black empowerment consortium which beat six other bidders.

The new station, e.tv, will start broadcasting in October. It will be the first private competition for the SABC in free to air, or non-encoded, television broadcasting.

In her new high profile job she wants to be seen as a role model for the black community, for women and for single women in particular. What she does not want is to head an organisation accused of having won the bid because of political favouritism by the African National Congress, or one which might favour the ANC in next year's elections.

Some of the losing bidders have threatened to challenge the award, claiming the Independent Broadcasting Authority (IBA) was swayed by last-minute interference from a government which wanted Midi to win.

The rumours were denied outright by an IBA source, who said that newspapers would have been the first to know if government had in any way tried to influence IBA councillors.

The accusations have slightly soured Midi's celebration of the award, which came on Mtshotshisa's 54th birthday.

She has been surprised and hurt by the rumours of political

The new free-to-air TV licence has put a well-connected business newcomer in the spotlight. Senior assistant editor Michael Acott talks to her

MO 6/4/98

new job in television.

"She is very bright, able, highly principled and she will do extremely well. She is a good manager, organised and methodical. I wish her more than well. I am so pleased she got it (the licence)."

Mtshotshisa expresses surprise that there should be political controversy, or suggestions that Midi might lean towards the ANC.

What may not be successful bidders for the licence are her strong personal friendships with many in the ANC hierarchy.

And the black empowerment consortium she represents includes a number of organisations that are sympathetic to the ANC.

She is vice-chairman of Vula Communications, a leading company in the consortium.

Vula's shareholders include the metalworkers' union Numsa, which is SA's second largest, and the communication workers' union. Its partners in Midi include Hosken Consolidated Investments, whose major shareholders are two other unions, the National Union of Mineworkers and the SA Clothing and Textile Workers' Union.

Also involved are the business organisation Nafcoc, the national crèches group Sanco and bodies representing youth and the disabled.

Vula has grown into a powerful organisation. It has a share of a US consortium's licence to start a satellite-based cellular phone system, for which it is "irrevocably committed" to providing \$350m.

In return it will receive the system's satellite telephone rights for all of Africa.

Vula has also expressed interest in a cellular licence in SA. A critic believes Midi "does not stand a chance of sticking to the programming and business plan they produced".

Mtshotshisa counters that Midi won the licence on merit and would answer its critics by providing the service it has promised.

"We have the core competence to run a TV station, we have a good foreign partner and we have the right empowerment mix."

The foreign partner is Time Warner, which owns 20% of the consortium. Mtshotshisa said the US company would provide training for Midi staff and help the station make local programmes and market them internationally. These sales would supplement advertising income.

A rival, asked what Mtshotshisa would do with Midi, said "she will do what she is told. She does not strike me as a woman

with her own ideas." This was obviously someone who did not know her, the Midi chairman said. "I make things happen."

She admits she knows little about television, but Midi's MD, Jonathan Procter, has that experience. "I learn quickly, and once I have learned, nothing will stop us."

"I bring management experience. I am analytical, sensitive to situations and I want results. I will be the behind-the-scenes driver."

Her experience includes nursing, which she says taught her responsibility and accountability, and an uncompleted law degree.

She was a director of the National Association of Democratic Lawyers, working with Dullah Omar, now justice minister, Selby Bagwa, now public protector, and Pius Langa, now a constitutional court judge.

Vula Investments MD is Thozamle Botha, former director-general of the Eastern Cape. He regards Mtshotshisa as a match for any job.

She has demonstrated that she can deliver. Nomazizi has proved she can lead in her own right. She has led us to a successful bid and she can lead a TV network to big things."

Mtshotshisa says Midi must deliver on its promises and make money. "This is a business venture, and I have to make sure it is run as a business and is profitable."

To those who suggest an ANC bias, she says e.tv has to be credible to be successful. "If we are not objective and impartial, we will discredit ourselves."



Midi TV chairman Nomazizi Mtshotshisa. Picture: THRONE ARTHUR

meddling, which include a suggestion of interference from her ex-husband, former ANC secretary-general Cyril Ramaphosa.

Contradicting that is a rumour that Deputy President Thabo Mbeki wanted her to get the licence because he knew that she disliked his political rival, Ramaphosa, now in business as

chairman of Johnnic, Mtshotshisa said she and Ramaphosa divorced in 1994 after an 11-year marriage, but were good friends. "He phoned to congratulate me immediately after the bid announcement."

Ramaphosa certainly showed no animosity when asked about his ex-wife's suitability for her

# Nomazizi is tuned in for television success

## Boss of new channel faces challenges of the communication business

Getting hold of Nomazizi Mshoshisa, chairwoman of Mdi, proved to be a Herculean task last week.

In the wake of the media consortium's success in winning South Africa's new free-to-air television licence, the Cape Argus battled over four days to speak to her - threatening, cajoling and pleading with secretaries and public relations consultants to grab 15 minutes of her time on the phone as she dashed between business meetings, shareholder meetings and interviews with radio, television and other publications.

Finally, we got our 15 minutes at the end of the week.

Given the demands of her hectic schedule and mothering a five-year-old daughter, you might have expected a flustered and aggressive person at the end of the line - in which case you would have been horribly wrong.

As a major mover in the human rights movement and founder member of the National Association of Democratic Lawyers, Ms Mshoshisa matched up to the task with

### INSIDE STORY

From law to the business world - now Nomazizi Mshoshisa tackles television

**LLEWELLYN JONES**  
of our business staff reports



aplomb

Ms Mshoshisa has come a long way from her roots in Duncan Village, East London.

Her earliest ambitions were to become a doctor, but the financial constraints faced by her family made this impossible. Instead she became a nurse at Livingstone Hospital in Port Elizabeth.

It was during her training as a nurse that the harsh reality of

apartheid was brought home to her. Her family was forcibly removed from Duncan Village and relocated to Mdantsane.

This was all the motivation she needed to strike out on an alternative career path. She already found nursing to be intellectually "a bit stinking", not to mention very demanding on her time.

With the help and inspiration of a friend, she decided to study law, setting the trend for a major part of her life.

It was perhaps natural that she would take an immediate interest in the area of human rights. Among her earliest memories was the harassment faced by her next door neighbour - a leading light in the ANC in the Border region - at the hands of the state.

While studying for her law degree through Unisa, she put in many hours of work at the Institute for Public Interest Law.

After graduating, she moved to the National Association of Democratic Lawyers, first giving the organis-

tion a strong foothold in the Eastern Cape and later as its national director. It was during this time that she met her husband, Cyril Ramaphosa, from whom she is now divorced.

In 1991 she was forced to move on again, not by the organs of the state, but rather by an increasing shortage of funds faced by most NGOs as South Africa moved towards a truly democratic government.

Seeking professional independence, she set up a business consultancy passing on the skills and experience she had acquired, and helping individuals set up businesses and find partners for joint ventures.

It was perhaps this experience that in 1996 brought an invitation to join a consortium which was exploring business opportunities in telecommunications and broadcasting. She became deputy chairwoman of Vula Communications and its only female director.

Her business acumen and skills as a facilitator saw Vula nominate her to lead the bid for South Africa's first private free-to-air television licence

as chairman of what became the Mdi Television Consortium.

And how has she adapted from nurse to lawyer to leading business woman?

"Very difficult," is her answer. "My life till that time had been about rights, but business is completely ruthless. In many cases bordering on dishonesty. The result is that I tend to rub people up the wrong way - it's a tense battle."

"But I believe that doing the right thing can only be positive in the long term - you don't have to go back and correct mistakes. Most people have learned to respect me, they have come to realise that they can trust me."

Her concerns now lie in proving that she is capable of the task before her.

"People have asked how a human rights lawyer can head up a business in which she has no experience. Yes, it's a daunting task, but I have the administration skills, the ability to make things happen and, more importantly, the ability to make the right things happen."



Talking TV. Mdi boss Nomazizi Mshoshisa brings a varied background to her new task

(A60) ART 6/14/98



# New TV channel looks to JSE

CT (M2) 6/4/98 (260)

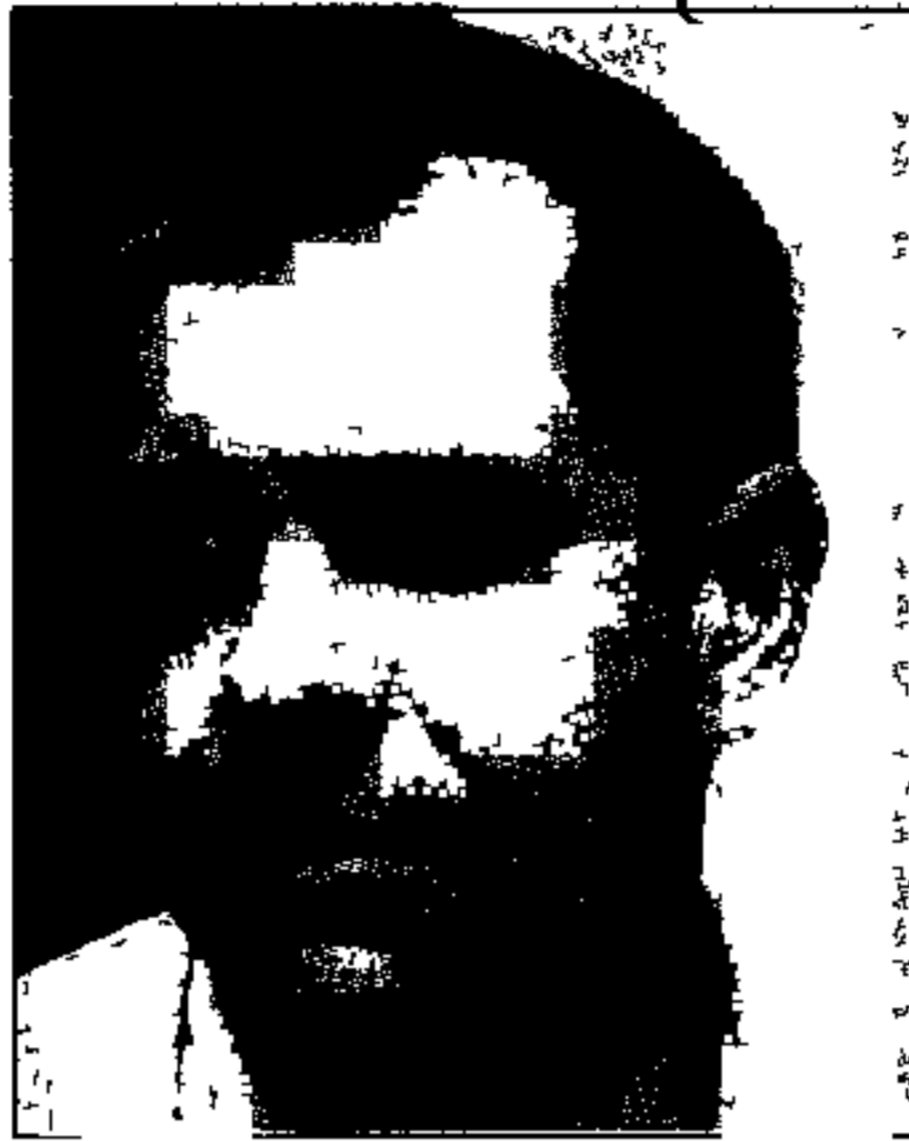
SHERILEE BRIDGE

Johannesburg — Midi, South Africa's first black-controlled private television station, could list within three years to help lift the R209 million burden its empowerment partners need to fund their equity, media analysts said last week.

Midi has an 80 percent black economic empowerment component and a 20 percent foreign partner shareholding — taken up by Warner Brothers, a Time Warner subsidiary.

Hoskens Consolidated Investments, which is Midi's largest shareholder (with 26 percent), will provide about R120 million of the R450 million total capital required. Warner Brothers will pay R91 million. The Sactwu Investment Group and the Mineworkers' Social and Benefit Investment Company, which hold a collective 8 percent of the shareholding, will each contribute R17 million to funding.

Institutional funding will back many of the smaller shareholders, leaving them with repay-



**OPTIMISTIC** Jonathan Procter, the managing director of Midi

ments up to the sixth year of operation.

Jonathan Procter, the managing director of Midi, said last week that the shareholders who take out loans to fund their investment will only start seeing returns by the seventh or eighth year after the debt has been repaid, but the station is expected to break even by the fourth year of operation. But the station, which aims to be up and running by Oc-

tober, would have a challenging first year, with pending legal action by rival bidders who felt the Independent Broadcasting Authority's (IBA) decision was tainted by political favouritism.

Losing stations and media analysts chastised the IBA for bending the rules for Midi, which was awarded a licence last Monday.

They complained that Midi had not submitted a complete application to the IBA — the name of the consortium's foreign partner was only revealed on the second day of its hearing — and that Midi had been allowed to keep the details of this deal secret.

The IBA said on Friday that Midi had succeeded on the merits of its financial strength and its programming plans. It said the company was also able to ensure a strong company, controlled by previously disadvantaged shareholders.

Procter believed that many of the six losing bidders for the country's first commercial station would benefit in due course from Midi's win.

# IBA defends choice

**T**HE Independent Broadcasting Authority (IBA) has substantiated its award of the private television licence to the Midi consortium and has effectively put paid to complaints of any unfairness by making public the shortcomings of the competing bids

In its assessment, only three of the seven applicants – Midi, Free-to-Air and New Channel TV – had convinced the IBA of their ability to finance, manage and provide the required programming that would meet local content stipulations, reflect regional diversity and cater for language needs

Some inadequacies were highlighted in the bids by Station for the Nation and Community Television Network Afrimedia and Island were described as particularly weak in several areas

When explaining the reasons for giving Midi the first free-to-air licence since the advent of television in South Africa, IBA chairperson Ms Felleng Sekha said it had been a "difficult decision", especially since the seven councillors "had nothing to guide us"

Responding to threats of court action to contest the IBA decision, Sekha said litigation had been expected and that the Authority welcomed a review of the actions by those concerned

Any court action, if it does go ahead, was likely to question the decision on technical grounds

But while a court may evaluate whether or not the IBA's decision was correct, there are no guarantees that the licence would be revoked

Also, it is likely to cost a small fortune and all the applicants have lost millions spent in preparing their bids

## Much complaint

There has been much complaint from the other bidders over last minute changes to Midi's application. They have also questioned the IBA's ruling that a contentious document criticising Midi managing director Jonathan Procter had been ruled confidential

However, Sekha maintains that both questions were "adequately dealt with" and the competitors were able to comment on them during public hearings

The councillors were satisfied that they had "applied our minds fairly to these issues," she added

None of the applicants had broken the provisions of the IBA Act, said Sekha, adding that if they had, they would have been disqualified

She also dismissed claims of political manipulation in the decision, saying no politician had put pressure on her to vote in favour of Midi, although she did add that all the applicants had used politicians to lobby on their behalf

The Independent Broadcasting Authority asserts that awarding Midi consortium the free-to-air licence was fair, reports **Sharon Chetty** ..



**IBA chairperson Felleng Sekha**

Midi's majority black shareholding, especially by the Mineworkers Social and Benefit Investment Company and the SA Clothing and Textile Workers Union Investment Group, both directly and through their control of Hosken Consolidated Investments, the financiers, showed a "strong corporate entity controlled by historically disadvantaged people"

It is 20 percent owned by Time Warner

Midi also impressed with its programming plans, the area by which it became possible to identify the stronger candidates, said Sekha

It, together with Free-to-Air and New Channel, were seen to be capable of meeting the IBA's expectations

Midi was complimented on its news strength and its commitment to education. It had also showed creative use of "dead time", that is overnight time and had "displayed ideas of varying quality in other areas"

While Free-to-Air had a clear vision of its programming and promised regular news, its emphasis on sport was questioned

The IBA asked whether its commitment to sport would be at the expense of other areas of programming

New Channel's creativity in fictional programming and competence in news and information programming had impressed the IBA

Community Television Network (CTN) had little vision of its programming and those ideas that were presented owed a great deal to the foreign partner"

While Station for the Nation (SFTN) had "collected lists of programming proposals from the independent sector, it failed to choose those which reflected its station's identity, or to articulate a clear vision of its programming"

It was found that Afrimedia and Island TV did not demonstrate a clear vision of their proposed services

When scrutinising the financial structure and business plans, Midi, Free-to-Air, SFTN had been found to have had the necessary capability, expertise, experience and financial resources for a TV service that would meet the requirements

While New Channel's plans "had some problems" they were still thought to be capable of running a TV service

CTN revenue projections were high but its costing of local programmes, like that of Afrimedia "were sufficiently low to raise concerns about programming quality" Afrimedia had also showed "no proof of funding" as it relied on as yet to be issued preferential shares

All the applicants had met the minimum requirements on technical plans

But when determining demand and need, Free-to-Air and SFTN had made "particularly effective use of research"

## Weak and unconvincing

Midi, CTN and New Channel had identified audiences through which sufficient revenue could be generated

However, CTN's research did not allow it to draw conclusive links between programming and market potential at the local level

Island TV and Afrimedia were found to be "weak and unconvincing in the area of demand and need"

And while Free-to-Air, New Channel and Midi all performed well with regard to management and staffing, Midi had the best human resource policy

No doubt, there are still likely to be mutterings of discontent but the best test of whether or not Midi deserves its licence will be in the content of its channel e tv

They have an eight-year licence to change television in South Africa

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# Call to probe Mbeki's role in Aventura

Reneé Grawitzky  
and Robyn Chalmers

UNITED Democratic Movement co-leader Bantu Holomisa has called on Public Enterprises Minister Stella Sigcau to probe the involvement of Deputy President Thabo Mbeki's wife, his legal adviser and "personal friends" in a consortium bidding to buy Aventura

Holomisa questioned the involvement of Mbeki and his legal adviser, Mojanku Gumbi, in sorting out the land claims, instead of the Land Claims Court. A number of communities have lodged claims on Aventura land which have hampered the imminent sale of the resorts company.

He believed Mbeki's involvement

was motivated by the fact that his wife, Zanele Mbeki, Gumbi and Bongwe Njobe-Mbuli, director-general for land affairs and agriculture, were part of the Phalafala Leisure Consortium — one of five bidders for Aventura. Zanele Mbeki, Gumbi and Njobe-Mbuli are all directors of the Women's Development Business, which is a member of the Phalafala consortium.

Holomisa said in a letter to Sigcau: "It stands to reason that these parties cannot adjudicate on the various bids for Aventura without favouring a particular interested party."

Public enterprises ministry spokesman Wandile Zote said yesterday Mbeki had become involved in the land claims dispute as he was cited as first

respondent by the regional land claims commissioner. This was in line with his rôle as chairman of the interministerial cabinet committee which takes joint decisions on and oversees government's privatisation programme.

Zote said the Phalafala Consortium had abided by rules and guidelines set down by the ministry to avoid any potential conflict of interest. He said Gumbi had become involved in the land claims issue as she was attempting to resolve an impasse which was threatening Aventura's privatisation.

Holomisa believed a probe should be conducted into the role of Mbeki, Njobe-Mbuli and the relationship between Kersaf — part of the consortium — and the African National Congress.

MO 7/4/98 (260)

*Decision due next week on staff layoffs from merger with Satra*

# 60% of IBA jobs may be lost

CT (BR) 7/4/98 (260)

**SHERILEE BRIDGE**

Johannesburg — The merger of the Independent Broadcasting Authority (IBA) with the South African Telecommunications Regulatory Authority (Satra), expected by mid-year, could slice off at least 60 percent of the broadcasting authority's staff

The merger was scheduled to be completed by end-March but has been delayed. A final timetable is expected to be decided on next week, with June billed as the cut-off date

Mlamhli Boo, a councillor at the IBA, said a meeting with the ministry of posts, telecommunications and broadcasting next week would determine the final number of IBA and Satra staff members to lose their jobs

"With any rationalisation one can expect staff layoffs. But while we do not want to cause alarm, we also do not want to raise the hopes of the current 100 IBA staff," said Boo

He said that while some of the 100 employees would be absorbed into Satra, those with skills in the

areas where the two authorities had common departments were most likely to keep their jobs

"Other staff, having gained invaluable experience in the broadcasting industry, would be re-employed in the industry," said Boo

The sensitive issue of how the merger will affect the staff of both authorities will be discussed at the strategic meeting on April 14 when the last details of the merger will be ironed out.

Some IBA staff members have expressed concern that the merger process could end up as an

absorption of IBA into Satra

Jay Naidoo, the minister of posts, telecommunications and broadcasting, has promised that the merger would not compromise the independence of the work that either of the bodies performs

He said the new body would still be subject to the budgetary discipline of government

While the broadcasting and telecommunications acts remain separate at present, it is expected that the two acts would also be merged at the next review

# Call for probe into Mbeki's Aventura links

MHG 9-16/4/98

(260)

Ann Eveleth

**U**nited Democratic Movement leader Bantu Holomisa said this week he would ask Judge Willem Heath's corruption watchdog to probe the involvement of close associates of Thabo Mbeki in the privatisation of tourism parastatal Aventura.

Holomisa said Deputy President Mbeki and his entire office "should have recused itself" from a Cabinet committee set up to adjudicate on the bid because his legal adviser, Advocate Mojanku Gumbi, his wife, Zanele Mbeki, Department of Agriculture Director General Bongani Njube Mbuli, and "other friends" were linked to one of five companies shortlisted for the bid.

Gumbi and Mbeki are directors of the Women's Development Bank, the investment arm of which is one of three members of the Empowerment Alliance, which holds 30% of shares in the Phalafala Leisure Consortium, a short-listed bidder. The consortium is wholly financed by Sun International subsidiary Kersaf and Genbel Securities.

Gumbi brokered a settlement last month with land claimants and Mpumalanga Land Claims Commissioner Durkije Gilfillan, both of which had attempted to halt privatisation pending the resolution of land claims on two Aventura resorts at Blydepoort and Swadini, Mpumalanga. The two parties listed Mbeki as a respondent. Ironically Gumbi's involvement — as Mbeki's legal adviser — was welcomed by both as it led to resolution of the impasse.

But Holomisa said this week that Mbeki's office should have pleaded a conflict of interest and directed an independent firm to handle the matter.

Gumbi told the *Mail & Guardian* she had been unaware of any conflict of interest when she entered the legal dispute. She said the Women's Development Bank had three separate arms, including the bank, a non-governmental section 21 company of which she was a founding director, a trust which holds the savings of the bank's rural women clients, and an investment company of which she is not a part. She said Njube-Mbuli was even less involved, as she had suspended her participation in the bank. Mbeki had resigned as an employee of the bank — but remained a director — after her husband's election as deputy president.

Gumbi's explanation was supported by another Women's Development Bank director, Transnet chair and head of the Department of Trade and Industry's Unfair Business Practices Committee Louise Tager. Tager said "These are two separate things. The investment company has its own board of directors and takes its own decisions." But Tager could not explain why her name and others appeared on the bid.

Holomisa said "The onus is on them to say whether they have resigned [their bank positions], but their names are still [on the bid]. In a nutshell, Sun International's Kersaf and Genbel are funding the bid 100%, but they are using the names of the deputy president's wife, his legal adviser and government ministers to support their bid."

Phalafala's bid documents include a breakdown of the consortium's membership. Although the "Women's Development Business" section describes Women's Development Bank Investment Holdings Limited as the investment division of Women's Development Business, it lists 15 current directors including Njube-Mbuli, Mbeki, and Gumbi, as well as tax guru Michael Katz, and Tager.



Involved in Aventura's privatisation: Zanele Mbeki (top) and Mojanku Gumbi

Holomisa said he intended to ask the Heath commission to investigate alleged conflicts of interest related to the bid after the ministry of public enterprises accused him of electioneering: "I view the response as symptomatic of a complete disregard for accountability." He called for Mbeki to recuse himself from the Cabinet committee which will meet April 30 to ratify the bid selection of the Aventura bid evaluation committee.

The evaluation committee was expected to announce its preferred bidder this week, but public enterprises representative Wandile Zote said this would not be finalised until after the Cabinet committee's meeting.

The Aventura bid selection is poised to become fraught by controversy, irrespective of which of the five consortiums emerges as the preferred bidder. The consortiums represent a witch's brew of curiously competing interest groups, many of which are linked to the ruling party or South African based multinationals with their fingers in more than one bid. The other bidders include:

- the Kopano Ke Matla Consortium, comprising the Congress of South African Trade Unions's investment arm Kopano, the Danish People's Holiday Landsorganisasie Denmark, Protea Hotels, Rennies Travel (linked to Kersaf) and the World Bank's International Finance Corporation,

- New Adventure Investments, led by the Sanco Development Trust, but also including the Protea Hotel Group and the Southern Development Trust,

- The Boiketlong Investment Consortium, comprising Koti Investments, Nosanhlo Investment Holdings, the Embhuleni Tribal Authority and the Embhuleni Business Trust, both of which represent local community groups whose interests compete with those of some land claimants, and

- Shomang Investment Holdings including the South African Development Corporation, the United States-based Hampshire Hotels and Restaurants, Native American and Zone company, Hospitality Worldwide Services and the South African Casino Development Fund.

# New channel's bold plans for top-notch TV

*'Better than anything you've seen'*

JACQUIE GOLDING-DUFFY

South Africa's first free private TV station promises to be bolder and more beautiful than anything seen on the box before.

At least that's the word from Jonathan Procter, boss and station manager of the new e TV station due to go on air in October

The owner of e TV is the Midi consortium, which recently beat six other bidders for the coveted free-to-air TV licence that allows it to compete directly against the SABC's three free channels

Mr Procter, the former director-general of the Bophuthatswana Broadcasting Corporation, is seen as a maverick in the industry, but "sussed" on broadcasting and what makes "good yet fun-filled television"

What type of television will his channel provide? "Brilliant TV," says Mr Procter unflinchingly

"We want to capture the imagination of the nation. I cannot reveal anything as yet, but it will be bigger and better than anything you have seen on South African TV"

Everyone at Midi is tight-lipped regarding the programme line-up, but Mr Procter says choices will range from soaps and sitcoms to documentaries and dramas, local and international.

"*The Bold and the Beautiful* is nothing compared to our line-up of soaps," he added

Mr Procter said the producer of the acclaimed series *War of the Worlds* was working on a documentary that would be aired exclusively on e TV

As South Africa's first private free TV station, e TV is in the unique position of being what the SABC and pay channel M-Net "are striving to be but cannot", said Mr Procter

The SABC has to fulfil a public mandate and viewers have to pay licence fees, while pay channel M-Net charges for its service and only has a "taster" of commercial TV during its daily two-hour window time

While e TV is committed to local productions, Mr Procter is adamant that these should be of a calibre that will allow



**Sussed:** Jonathan Procter promises 'brilliant TV'

international distribution.

"Of course with our link to Warner Bros, which is the largest distributor in the world to more than 150 countries, local filmmakers have the unique opportunity of selling their productions abroad

"This creates exposure and generates revenue for the industry," he said

Viewers can also expect "enjoyable footage" during what is called "dead time" - the period from midnight to 5am when SABC resorts to using CNN and other world services. The new station is planning to use that slot as a "showcase" for local talent and "as a period to allow the public an opportunity to speak".

One of the ideas being bandied about is that the channel will give aspiring producers, trainees and ordinary people the opportunity to broadcast their videos to the nation. This will be an incentive for potential filmmakers to create their own productions

"As a further incentive, producers creating footage of a certain quality could well see their programmes included in e TV's main

schedule," Mr Procter said

"This is all part and parcel of our commitment to serving the public and assisting in training where we can. It will be a creative hothouse"

The principle reason for the consortium's promise to be on air by October is its commitment to covering the country's next elections - "our biggest challenge"

David Niddrie, the former head of strategic planning for the SABC, has the daunting task of setting up e TV's news department. Despite e TV's small staff of 66 - a fraction of the SABC's workforce - Mr Niddrie says the station is committed to broadcasting news "from the viewer's perspective"

"These days television news is not being made accessible to the ordinary person in the street. Take the economy, for example. Often business news is only targeted at business people and fails to deal with the effects budgets have on average people

"We are aiming to do what no one else is doing - making news understandable and tackling the whys of issues"

As for the glitzy CNN style, Mr Niddrie says "We have to be truly South African and not imitate other broadcasters, although we can learn much from networks in terms of how they tackle news and keep audiences captured"

Mr Niddrie will also be responsible for the three-hour breakfast slots, which will start at 5am.

"These will be 15-minute cycles commencing with a full five-minute news bulletin. People will want to catch these quick snippets of news while getting ready for work or dashing off to meetings," he says

Mr Niddrie believes the station will be able to cover political news more efficiently. "I think there are pieces of legislation that can be covered more thoroughly for the viewer with a great deal more analyses and understanding

"All the time we have legislation being passed with the average South African having no idea how that piece of law affects them. We will change that with e TV News"

(260) ARG 11/4/98

# Numsa challenges Eskom's decision

*Sowetan 20/4/98 (260)*  
By Sowetan Business Reporter

**T**HE National Union of Metalworkers of South Africa (Numsa) vowed on Friday to continue engaging Eskom in a fight after the electricity giant apparently terminated the recognition of two of the union's key shop stewards

In a statement Numsa also condemned the court case "that has dragged for more than nine months" against its two officials and said it viewed Eskom's refusal to drop the case against the two officials as "union-bashing"

Numsa's agreement sector coordinator, Steven Nhlapho, said Eskom was insisting on derecognising the union's key fulltime shop stewards and had already spent close to R500 000 on

discipline procedures involving the two senior officials

"But we vow to spare no effort to show the company that the union has a constitutional right to elect its own representatives," he said

According to Nhlapho, Eskom has no collective bargaining structure but had instead established a "pseudo-consultative" forum that imposed miserable wages on workers with very little negotiation

The union statement read: "Eskom claim to be the custodians of the new Labour Relations Act but they are failing to implement it"

Nhlapho said Numsa wanted a forum that would reach binding agreements on wages and conditions of employment on an annual basis

"In the event that negotiations reach

deadlock any of the parties may declare a dispute and channel this through the industry-level dispute resolution procedures"

Meanwhile, the union threatened to escalate its fight to close the so-called apartheid wage gap and achieve inflation-linked wages in the steel engineering sector

Numsa was responding to pre-negotiation statements by the Steel Engineering Industries Federation of South Africa (Seifsa) last week, that wages in the sector were too high and had, for the past four years been above the inflation rate

Seifsa reportedly said the trend needed to be reversed if South Africa wanted to compete successfully in the world economy as the industry was now exposed to international competition

# Eskom set to pay taxes - but stay in public sector

ED WEST

DEPUTY EDITOR

ARG 21/4/98

Koeberg nuclear power station will have to pay taxes and dividends like other Eskom plants when the Government moves to make the utility a taxpaying entity.

But operations would not be affected, an Eskom spokesman said.

There were no plans to privatise Eskom at this stage. The Government instead wished to make it pay taxes like any other company and collect the dividends, said Wandile Zote, spokesman for Public Enterprises Minister Stella Sigcau.

Mr Zote said it was impossible for the Government to consider privatising Eskom at the moment. There was an "absence of clarity about who actually owns Eskom" and the electricity distribution industry first needed to be regulated and made more efficient.

This week the parliamentary portfolio committee on public enterprises will host public hearings on the Eskom Amendment Bill, which aims to "corporatise" Eskom by making the state the sole shareholder and forcing it to pay taxes and a dividend. Corporatisation is usually the first step towards privatisation.

Eskom generation, nuclear assurance and environment manager Tony Stott said there was no clarity yet from the Government about how much tax it expected Eskom to pay.

Low electricity prices and the electrification commitments of the reconstruction and development programme had been funded by efficiency improvements at Eskom. Some compensation would be required to meet social development commitments if Eskom was to operate like a normal company, Mr Stott said.



□ ENERGY

CF (PR) 23/4/98

(260)

### Sacob calls for Eskom Bill to be postponed

The South African Chamber of Business (Sacob) has called on the government to postpone the proposed Eskom Amendment Bill pending the finalisation of the green paper on energy. In its submission to the parliamentary portfolio committee on public enterprises hearing, Sacob called for a "staged approach" to allow sufficient debate on the green paper and the implication of the possible change of Eskom's status.

"The green paper should define what South Africa needs from its electricity supply industry and it is this definition which should guide decisions on the structure and ownership pattern for Eskom," Sacob said. It supported in principle the transfer of Eskom to the state, on condition that Eskom would eventually be privatised and relieved of its obligation to finance the electrification programme once it began to pay dividends and taxes. — Ncaba Hlophe, Johannesburg

# IBA faces

# budget slash

MHG 24-29/4/98

Ferial Hatfajee

The government has slashed the Independent Broadcasting Authority's (IBA) budget by millions, and the organisation is haemorrhaging skilled staff who are leaving to avoid a troubled merger with the South African Telecommunications Regulatory Authority (Satra).

Five departments are without heads and insiders say other essential staff are "looking [for work] or leaving" before the merger with Satra, which could begin in two months. The legislation necessary for the union has not yet been tabled in Parliament. The Department of Communications says the IBA is bloated and can run effectively with just 40 people, instead of the 120 it now employs. "It's filled with hangers-on," said a government source.

The IBA's council has written to the president's office requesting an emergency meeting after repeated requests to discuss the cuts with the communications department and with Parliament have fallen on deaf ears.

The organisation was given just five weeks to effect the unexplained 20% budget cut from R37-million to R31-million.

It has also been told it must fund restructuring and retrenchments — projected to cost about R2,5-million

(260) — a move likely to take it back into the red. Frugal management since a new team took over last year when

gravey-train allegations rocked its foundations had just returned the IBA to financial stability.

IBA sources say they are being tarred with the same brush as past managers who allowed finances to run awry to the tune of millions.

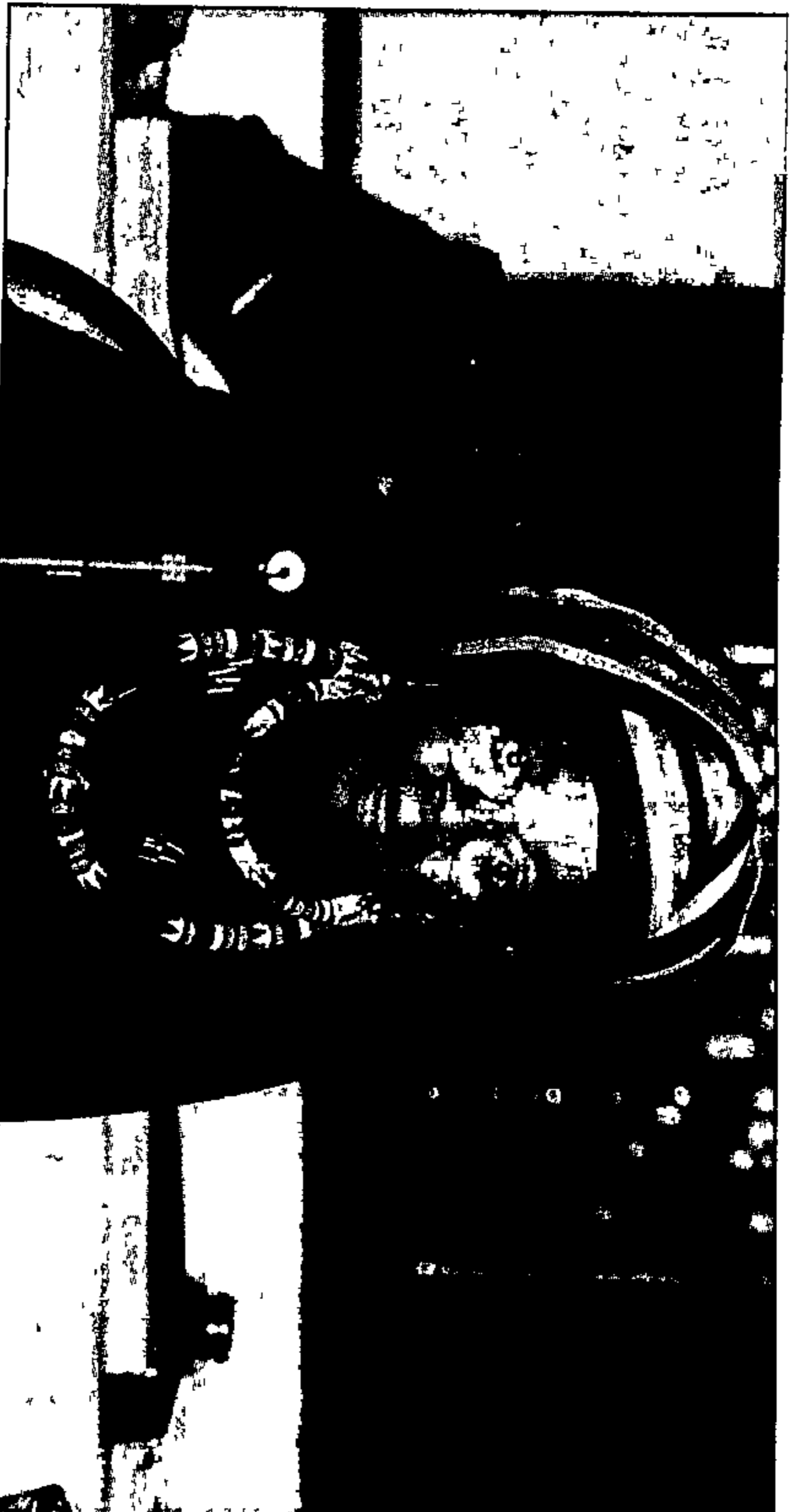
Ironically, three major culprits — former councillors Willem de Klerk, Sebletso Mokone-Matabane and Llyndall Shope-Mafole — are now senior state bureaucrats in the communications department.

"There's no commitment from the government to stabilise the IBA and consolidate its gains," complained an IBA member.

Those staff who stay at the broadcasting authority face a wage cut as the government prepares to bring IBA salaries in line with the civil service. When the broadcasting regulator was started four years ago, it won a dispensation to pay much higher salaries.

In some quarters the budget cut is seen as an attempt by the government to squeeze an organisation which has become too independent.

IBA chair Felling Sekha denies this. "The government told us about the cuts a long time ago. We have finished our major projects." Sekha was about to go on holiday after the grueling licence hearings for the first



Shoddy control: Sebletso Mokone-Matabane is now a state bureaucrat. PHOTO: RUTH MOTAU

private television service.

Back at its headquarters in Rosebank, rumour was rife and morale had plummeted. Staff were only officially told at a meeting on Monday that the budget had been slashed; negotiations for retrenchments began on Tuesday.

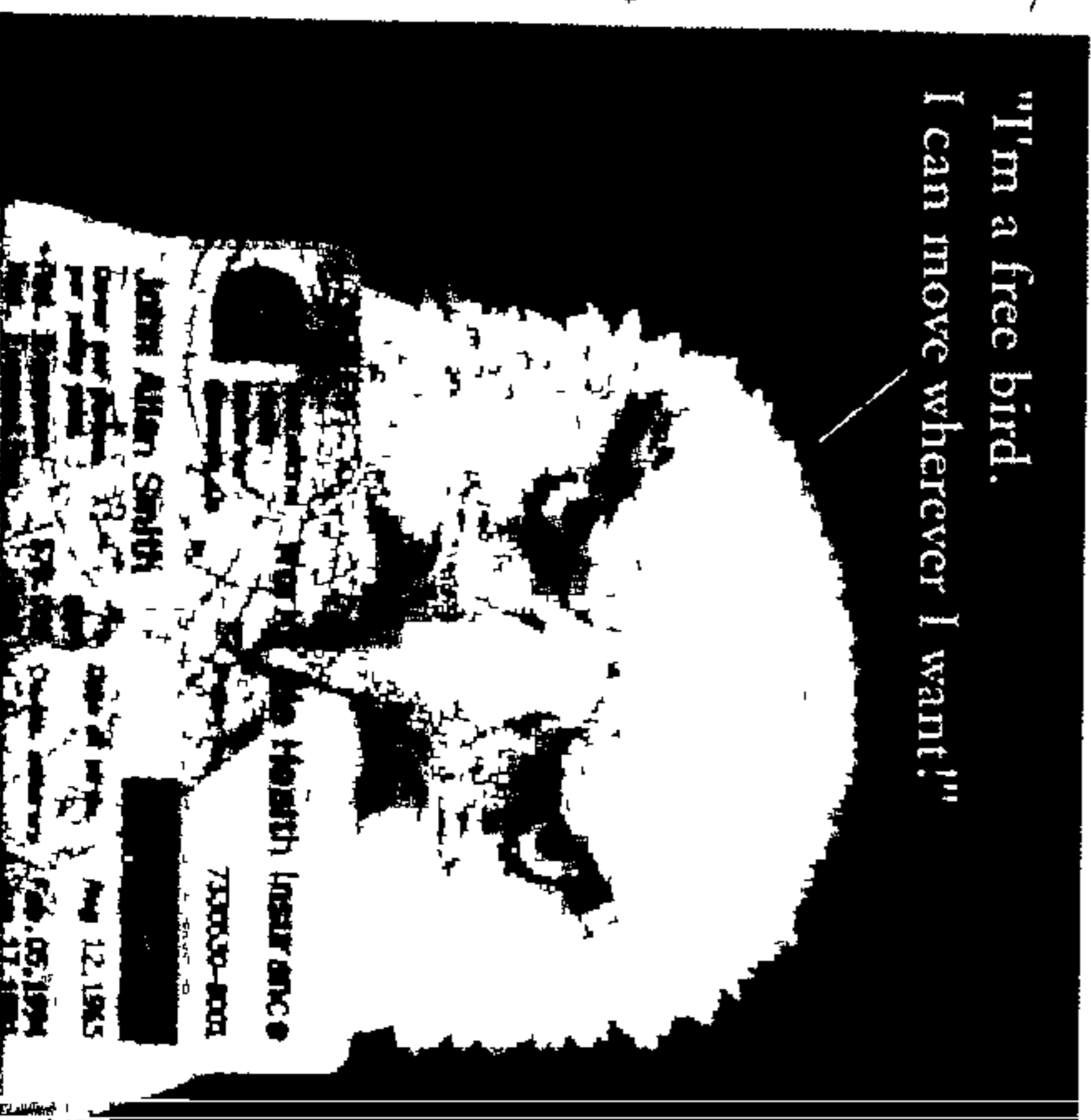
At the end of June, non-core services like finance, human resources and administration may be merged with Satra. The IBA could even move into Satra's offices.

Meanwhile the IBA's workload has not slackened. It must hear hundreds of applications for community radio licences and new commercial radio stations, monitor next year's elections, police new local-content regulations and monitor the country's radio and television stations.

The government also wants the organisation to plan for the digital revolution, as well as consider policy on children's and regional television. "The IBA will in any case need a

new skills base," said a government representative. He added the budget cuts are not sinister, but in line with austerity measures like teacher retrenchments and cuts in the civil service. "Every department has been told to cut its budget."

"I'm a free bird.  
I can move wherever I want!"



Health Care  
733000-8001  
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# Call for managers who applied for top SABC job to quit

Pule Molebeledi

THE search for an SA Broadcasting Corporation (SABC) CE to replace Zweleakhe Sisulu would resume next month after the corporation's board failed to find a suitable successor for Sisulu last week, sources said.

However, a storm is gaining momentum within the corporation, with some executives intimating that top internal managers, who applied for the position and failed to chinch, the job, should quit.

"We believe the managers would not recognise the new chief and if they stayed on they would be disruptive...."

They must give the appointed chief executive space," one source said.

The corporation's board, which conducted interviews on Monday, failed to announce the corporation's new CE as planned on Wednesday "because it didn't deem the present applicants suitable for the position".

The board was due to meet next month to decide on Sisulu's successor and would assess the chances of the applicants both from within and outside the corporation. Sisulu leaves in September to join black empowerment group New Africa Investments (Nail) as executive deputy chairman. Some of the managers believed to

have applied for the position include: Barney Mkhomboti, radio news editor-in-chief; Hawnu Mbatha, radio division head; Govan Reddy, deputy group chief executive; Ntombi Langa-Royds, CE human resources; Romme Bracks, SABC legal adviser and Mandla Langa, programme director.

SABC group communication manager Enoch Sithole denied applying for the job.

Other applicants, including Reddy, refused to comment on the matter. Reddy, speaking through his secretary, said he felt uncomfortable commenting as he was a candidate.

Other candidates were philosopher (260) PD 11/5/98

cal, with one saying "SA is a peculiar country where sometimes what seems to be is not actually what it may be".

Board chairman Paulus Zulu expressed satisfaction with the progress of the process so far. "We are not through yet," he said.

He said some of the approximately eight short-listed candidates could not be interviewed because they were out of the country, while some short-listed candidates had not indicated their availability.

Zulu refused to give the schedule for the next interviewing session as "we are still negotiating the date. I am not a speculative person," he said.

## Anglo's Gush dies after a long illness

PETER Gush, who was deputy chairman of Anglo American Corporation and a director of De Beers/Centenary and Minorco died in Johannesburg on Friday after a long illness, De Beers chairman Nicky Oppenheimer said at the weekend.

Oppenheimer said Gush had a distinguished career in the Anglo group, which spanned 40 years of his life.

Gush was born on March 6 1938, and was educated at Grey College in Bloemfontein.

and economics.

He served on the executive committee of SA's Chamber of Mines for seven years and after two terms as vice-president of the chamber, was elected president for 1986/87.

Gush was an executive director of the World Gold Council in Geneva and chairman of the SA Council of the International Chamber of Commerce. He was a member of the council and chairman of the board of governors of the University of the Witwatersrand, Johannesburg.

## Commission criticised for paying ANC's costs

THE National Party

(NP) yesterday criticised what it called an unprecedented step by the truth commission in agreeing to pay the legal costs of 37 members of the African National Congress (ANC) whose blanket amnesties were nullified by the Cape

Town High Court

NP leader Marthinus van Schalkwyk said: "It is indefensible that the taxpayer must foot the bill. If the court had not decided that the commission should pay the NP's legal costs (in the application to set aside the blanket amnesties) there

would not have been such an agreement between the commission and the NP

The taxpayer must now foot the bill for the legal costs of the NP, the truth commission, and the ANC, who opposed and lost the case," he said. — Sapa.



# Legislation

Vuyo Mvoko

CAPE TOWN

late the diversity of media ownership, including the distribution of media channels, the CEO of the new Government Communications and Information System, said yesterday.

Although the communications task force, appointed by Deputy President Thabo Mbeki to look into the future of government communications, expressed concern at the concentration of

media ownership, it proposed that the media should not be treated differently from other industries, and that other than general industries, and that the industry through competition policy rather than through specific policy created by the parliament should be dealt with.

He said that the task force's report did acknowledge certain changes in the media. However, it also realised that "what's happening is not enough" as soon as possible diversity was needed.

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# Eskom calls in auditors to sort out medical aid chaos

Robyn Chalmers

ESKOM has been forced to call in a firm of auditors to sort out the financial chaos at its medical aid scheme, Esmed, after it was discovered that accounts from doctors were not being reconciled.

Eskom executive director Jac Messerschmidt said yesterday an investigation into Esmed, which provides for 28 000 of Eskom's 40 000 employees and has been

losing millions of rands each month, had been completed.

The investigation was launched after a member of the Esmed crisis steering committee alleged earlier this year that the medical aid was steadily sliding deeper into chaos. This was despite Eskom's management decision last October to step in to try to stabilise Esmed. Eskom injected almost R25m into the ailing scheme while ending its contract with the

scheme's managed care administrator, Medimo.

Messerschmidt said a key problem was that doctors' accounts were not being reconciled. This meant that in certain instances, doctors were being paid more than once. This was discovered when a number of service providers returned payments to Esmed.

He conceded that Esmed's financial department was in chaos.

(260) *BP 12/5/98*  
"When a medical aid scheme of this size gets into trouble, it generally takes up to two years to sort out. We hope to do this sooner, but it will not happen overnight . . . there are still major problems," he said.

Late last year Eskom issued a letter to suppliers and service providers to Esmed guaranteeing payment for all valid claims submitted by members. Eskom wished to ensure that services

# chaos

by suppliers to Eskom employees should continue on credit as before

However, Messerschmidt said that due to the lack of reconciliation, the backlog of arrears was not diminishing. There were once again threats by certain service providers to put Esmed members back on a cash-for-services basis.

Esmed began operating in January after the demise of the Eskom Medical Aid Society

# Chance for black investors as parastatals go private

**THABO MABASO**  
BUSINESS REPORTER

Hundreds of thousands of black South Africans, women and disabled people will soon be offered a stake in Telkom, Sun Air and the Airports Company through the R1-billion National Empowerment Fund.

Sango Ntshaluba, a member of the steering committee appointed by the

Government to set up the fund, said the Government had promised to make available to the fund a 5% stake in Telkom, 15% of Sun Air and 10% of the Airports Company.

"The Government has also shown its willingness on the principle of deferred payment for these stakes," Mr Ntshaluba told the parliamentary committee on Finance.

The fund is to be launched with R200-million from the Government and

(260) (222) ARG 13/5/98

the Independent Development Corporation before the end of the year.

Mr Ntshaluba said the fund would control three trusts which would sell the shares. The steering committee estimated the assets of the fund at more than R1-billion and this value would increase as more state parastatals were restructured.

A total of 300 000 investors were expected to get a stake in the privatised state enterprises during the first year of

its existence.

But Mxolisi Mbetse from financial firm HSBC, who is acting as a consultant to the steering committee, warned that no-one should expect to become an instant millionaire through the scheme. "The NEF is not a get rich quick scheme," he said.

He said that the NEF would launch a nationwide marketing campaign soon and it would try to encourage rural communities to invest in the scheme

Sowetan 18/5/98

# The official view is ...

(260) (Sowetan)

**T**ODAY'S launch of the newly formed Government Communications and Information System (GCIS) is a major step towards improving government communication with the public and enhancing the process of transformation

According to its mission statement, one of its priorities is "to empower vulnerable groups such as those in rural areas, the unemployed and women, thereby ensuring that they know their rights and take full advantage of socio-economic opportunities"

Headed by Joel Netshitenzhe, former communications director in the President's office, it was formed after recommendations by a communications task team (Comtask) appointed by Deputy President Thabo Mbeki

As the GCIS's chief executive officer, Netshitenzhe said the body derives its mandate from the Constitution, which guarantees citizens freedom of speech

"The corollary of this is their right not only to receive information about government activity, but also to communicate their (citizens) views and activities," he said

"It is recognised in the Reconstruction and Development Programme that an informed public is better able to take an active part in changing its life. This lies at the foundation of people-centred and people-driven transformation"

According to Netshitenzhe, central to the decision to appoint Comtask was a recognition that the South African Communication Service (SACS) was not serving these needs

He said the period of transition created uncertainty within SACS which, for example, resulted in a massive loss of staff that left the structure with only a third of the total complement it was supposed to have

"The problems of personnel, lack of vision and uncertainty caused by the transition all conspired to undermine government communications, particularly at the centre," he said

"Understaffed and unmotivated, the organisation has in the main been through the motions of the most basic work required"

Located in the presidency, the GCIS will deal mainly with improving the Government's communication with the public and vice versa

It will also integrate and coordinate the work of all communications structures in the Government, including the training of the various media liaison personnel

This move will be welcomed by those who have been on the receiving end of the service provided by some of the Government's media liaison officials

The GCIS also has the responsibility - through its media liaison structures - of strengthening working relations between the media and Government

Government's new communications structure has set itself a mammoth task, from media liaison to deciding state policy on media diversity, explains **Ido Lekota**



The newly launched Government Communications and Information System will develop policy on how to assist community-based media initiatives such as community radio stations.

According to its mandate, the body must also ensure an accurate and unbiased reflection of the Government's work and views - a tall order indeed, given that "accuracy" is an elastic term

"Our vision of the relationship with the media is that we are in principle partners in communications - both of us with the responsibility and obligation to keep the public informed of relevant developments," said Netshitenzhe

In liaison with relevant departments, the GCIS will also work out strategies and mechanisms to promote South Africa abroad

In addition, the body will have a research and policy unit with the task of conducting research into public opinion and processing the results for use by various government departments

The GCIS will develop a media policy for the Government as well, including on such issues as diversity in media ownership

On the need for such a policy, Netshitenzhe argued that one of the weaknesses in South African media was the lack of diversity - from ownership to printing and distribution

"This shortcoming is recognised by at least some of the media houses and the South African National Editors' Forum. The GCIS therefore considers the achievement of a diversity of voices, with people's capacity to be heard, as a critical element of its vision"

In line with this, Netshitenzhe said there was

need for legislation that would guard against monopolies in the media industry. The current situation, in which one media company depended on another for distribution, also needed to be regulated

For example, there could be legislation that ensured that the distribution company treated the client company equally in providing the service, even though their publications might be in competition

All these possibilities would be negotiated with the various media companies, said Netshitenzhe. In this regard the GCIS will have a directorate on media policy. Its priority will be to draft legislation on diversity of ownership, including in distribution channels and printing

This will also encompass policy on how to assist community-based media initiatives such as community radio stations and community newspapers

Already there is a proposal for a media development agency to assist the development of community-based media initiatives. Such an agency, it is proposed, could be funded by both government and private media owners

The GCIS will have a staff of 350 people. Three chief directorates will take responsibility for media liaison, research and policy, and provincial and local liaison respectively

To fulfil its mandate, the GCIS believes it needs R46 million for the 1998/99 financial year

# Eskom sets its sights on other African parastatals

SAMUEL MUKALAZI

Kampala — Eskom, the electricity parastatal, was considering investing in Uganda, Rwanda, Tanzania and the Democratic Republic of Congo, an Eskom delegation said last week

The delegation was in Uganda to examine investment opportunities in the country's recently liberalised power sector

Reuel Khoza, the leader of the delegation, said Eskom was

interested in buying parts of Uganda Electricity Board (UEB) when it was privatised.

"We are interested to bid for some of the aspects that will be up for privatisation, and we are looking closely at independent power generation," said Khoza.

Eskom, according to Khoza, is the lowest-cost producer of electricity in the world. Last financial year, the corporation registered a net profit of \$300 million

The utility intends to have 50 percent of its investment outside South Africa, with particular emphasis on sub-Saharan Africa, in the next five years.

Baguma-Isoke, Uganda's minister of state for natural resources, said an inter-ministerial committee was quantifying UEB's investment in the distribution section to find a monetary value before it was privatised.

"We want to privatise distribution of electricity so that the

nuisance of distribution and collection of revenue is handled by a private company," he said

The UEB, on the advice of the World Bank, recently made operational changes in its commercial section, including the appointment of a chief commercial manager and an independent monitoring team.

The World Bank was concerned at the UEB's low rate of collections. — Independent Foreign Service

ET (22) 18/5/98 (260)





DIRECTORATE ON POLICY PLANNED

# New body to tackle need for diversity in media

THE IFP says that if government should consider itself the final arbiter of who should own the media, the next step would be to dictate the content of news **ANDRE KOOPMAN** of the Parliamentary Bureau reports.



CT 19/5/98  
260

THE "vexed question" of media diversity is among the matters that a planned directorate on communication and information policy is to examine

This was said yesterday by Mr Essop Pahad, Deputy Minister in Deputy President Phabo Mbeki's office, when he launched the Government and Communication System (GCIS) replacing the SA Communications Service.

Speaking during the GCIS budget debate in the National Assembly, Pahad, said it was acknowledged across the board that the media had made insufficient progress towards diversity

"Diversity includes the composition of news rooms and this is why the SA National Editors Forum has set up a special committee to look this question"

The Communications Task Group had recommended that diversity in the

ownership of the print media should be dealt with "through normal competitions policy regulating all sectors this policy is being finalised by the Department of Trade and Industry". It was proposed that legislation should be introduced to ensure that "distribution of newspapers and magazines is conducted on a common carrier basis"

The GCIS would approach the media as a partner in communications, but their relationship needed "much improvement" It intended "to ensure that citizens are adequately informed of their rights and how to exercise them; and (to) assist communities to access information for socio-economic development in their localities".

Pahad said the availability of printing resources also needed attention

One of the challenges in achieving a diversity of voices was assistance for small and community media establishments Comtask had recommended that this be effected through an independent media development agency

A national training board would improve professionalism in the government communications corps

During the debate, opposition speakers warned that the government should not use laws on media diversity to try to muzzle the press, Sapa reports

The Democratic Party was alarmed by the proposal to set up a directorate on media policy, its spokesperson on communications, Ms Dene Smuts, said

The press could not be constrained as its rights to freedom of speech were written into the Constitution, she said.

Speaking for the Inkatha Freedom Party, Ms Suzanne Vos said her party did not have a problem with the GCIS's developing a media policy as long as the government did not see itself as the final arbiter of who should be media owners

If it did so, the next step would be to dictate what to print or broadcast

## Mandela aide heads communications

THE former spokesperson for President Mandela, Mr Joel Netshitenzhe, is to be the chief executive officer of the new Government Communication and Information System (GCIS).

His deputy will be Mr Yacoob Abba-Omar, formerly of Armscor

In one of its first statements, the GCIS said it would be headed by a secretariat that would deal with government communications, its strategy in effecting these and with the government's image. The secretariat would also "integrate, co-ordinate and rationalise the work of all communications structures in government, including training" It is to have the following structures

**Communication Service Agency:** This is to be responsible for the production and distribution of government media, co-ordinate the buying in bulk of advertising space and research, an international practice that has effected substantial savings for governments

**Media liaison section** This is to be responsible for strengthening working



**CHIEFS:** CEO of GCIS Joel Netshitenzhe and his deputy Yacoob Abba-Omar

relations between the media and government and is to ensure that government views and activities are reflected accurately by the media

**Policy, research and strategy section:** Is to be responsible for research into public opinion that can be used by the government as a whole. It will also develop a policy on media diversity

**Provincial and local liaison section** Is to perform a crucial role in providing information at the most basic of community levels It is to work closely with communicators in the nine provincial governments

# SABC bosses slammed over internet deal

By Joe Mthlela

**T**HE chief legal adviser of the South African Broadcasting Corporation has accused deputy chief executive Mr Govan Reddy of signing away the corporation's live and archival material for use by an internet company owned by American music legend Quincy Jones.

Reddy, who is the front runner in the race to replace SABC chief Zwelakhe Sisulu, is accused by legal adviser Mr Rommie Bracks of locking the corporation into a five-year contract with Q-Radio which benefits the American outfit while compromising the SABC in several respects.

The contract, was signed by Reddy on behalf of the SABC and Mr ID Brown for Jones's company, American

Broadband Productions (ABP) on April 27 last year.

It grants ABP the right to use "all programming of radio broadcasts" of the SABC on its internet site known as Q-Radio. The agreement was apparently signed without involving the legal department, which found it defective in several respects when asked to vet it later.

In a damning memorandum dated March 17 this year and sent to Sisulu and Reddy, Bracks said he was convinced that the contract would only benefit the ABP "while on any potential money-generating ventures that would have been entered into with other third parties by the SABC, we lose out".

Commenting on the contract, SABC spokesman Mr Enoch Sithole said Sisulu knew about "some details"

of the contract.

"As far as I know, Sisulu knows about the deal with Q Radio. He does not have to know every small detail about it," Sithole said.

He said Reddy did not need permission to enter into a contract with the American company as he was in charge of that unit within the corporation, and that hundreds of contracts are signed on a daily basis.

## No copyright

Bracks said what was also damning about the contract is that some clauses make it mandatory for the SABC "to promote Q Radio at no cost to them".

Of this arrangement, Bracks asked "Was it the intention of the SABC to agree to this?"

Effectively, the agreement also denies the SABC copyright protection,

a fact that prompted Bracks to remark: "There shall be no copyright protection for any of our programmes and they can use our programmes as they wish".

Also, the contract has removed the SABC's veto powers.

"After our perusal and comment on this agreement, we are of the opinion that the agreement is only beneficial to ABP," Bracks said.

In his letter to Sisulu, Bracks added "We were also requested to find an escape clause from this agreement, but unfortunately none could be found except if we are to apply clause 4.4 where we are guaranteed at least 200 000 hits," Bracks said.

Bracks said the audience figures have to be checked as a matter of urgency and used to cancel the deal if they were found to be violated.

The memorandum also expressed concern that SABC agreed to a five-year contract even though it was common knowledge that technology changed all the time.

Part of the agreement stipulates that while it may be possible for ABP to include advertising banners on the website, the SABC may not share the revenue accruing from that, nor will it be consulted on the issue.

While the SABC cannot enter into another deal with other companies, Bracks said ABP had a similar agreement with rival station Khaya FM "It seems the exclusivity applies to our relationship with them (ABP) and not vice versa".

SABC sources said Reddy had signed the contract without involving the board, other group executives or the legal department.

(260) *Smuelson 19/5/98*

# DP challenges government over media control

Vuyo Mvoko

CAPE TOWN — The Democratic Party (DP) yesterday challenged the basis of the government's intention to regulate the diversity of SA media ownership, arguing to do so would be both unconstitutional and a betrayal of Posts, Telecommunications and Broadcasting Minister Jay Naidoo's undertaking to the party

Addressing the national assembly yesterday during the budget vote of the new Government Communications and Information Systems (GCIS) Act, deputy minister Essop Pahad reiterated GCIS chief Joel Netshitenzhe's statement last week that the government intended to regulate media ownership, including distribution channels and printing

Pahad said "specific legislation" would be introduced to ensure that distribution of newspapers and magazines was conducted on a common carrier basis, a practice "com-

mon in most democracies"

The issue of the availability of printing resources needed attention, he said. Commercial media enterprises would be required to contribute to a fund that would assist small and community media establishments to foster the development of a diversity of voices in the country. The government would also contribute to the fund.

DP MP Dene Smuts said that the government could not "constitutionally control" any media

Parliament's portfolio committee on communications "had a distinct feeling that smoke and mirrors were indeed being employed during a somewhat mysterious meeting last June"

In that meeting, former African National Congress (ANC) media attaché Moeletsi Mbeki, in the presence of SA media magnates, "reproached" the Independent Newspaper group for failing to honour an undertaking to the ANC about appointments to

its board

Smuts said it had also emerged that President Nelson Mandela's blessing had been sought on the sale of Argus newspapers to Independent's Tony O'Reilly

"Had certain expectations arisen on the side of the ANC which failed to recognise the proper role of the press and were the severity of some of the government's attacks the result of unfulfilled expectations?" Smuts asked

The DP, upon hearing that legislation on media ownership was being considered, sought and received assurance from Naidoo and the chairman of the communications portfolio committee, Sam Moeti, that legislation was not being contemplated

"Whatever the private causes for any false government expectations may have been, the public reality is that the press cannot be constrained. Its rights under free speech and expression have been explicitly constitutionalised"

BD 19/5/98

(260)

# Eskom feels NUM's wrath

CHANGING members of the National Union of Mineworkers occupied the foyer of Eskom's regional office in central Johannesburg yesterday when Eskom executive director of distribution Mr Ray Dabengwa failed to arrive to accept a memorandum of grievances as agreed.

Dabengwa, who was apparently in a board meeting, sent regional manager Mr Herbert Hlabangani to accept the memorandum

NUM officials said they had been notified both verbally and in writing that Dabengwa would accept the memorandum

In a heated conversation with Hlabangani, NUM protesters said the incident reflected Eskom's lack of respect for workers. Eskom officials said they were trying to establish whether Dabengwa would be coming to accept the memorandum.

Protesters said they would continue to occupy the foyer until Dabengwa arrived. Police monitored the situation from outside the building

Protesters set off from the Braamfontein Civic Centre at 11am to march to the Eskom regional office in Smit Street

Officials had expected several thousand protesters to take part in the march to the regional office, but about 500 protesters gathered at the building - Sapa.

260 (E)  
Sawetlan 20/5/98



# NUM members protest over Eskom director

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Eskom officials said they were trying to establish whether Dabengwa

would be coming to accept the memorandum.

Protesters said they would continue to occupy the foyer until Dabengwa arrived. Police watched the situation from outside the building but did not intervene.

The protesters set off from the Braamfontein Civic Centre at 11am to march to the Eskom regional office in Smit Street.

NUM officials had expected several thousand protesters to take part in the march to the regional office, but a Sapa reporter on the scene said about 500 protesters had gathered at the building.

Traffic was disrupted for the duration of the march as workers sang and danced, holding placards denouncing Eskom for bad industrial practices. Sapa and Sowetan Reporter.

Sowetan Reporter

260

# Numsa, Iscor reach understanding

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — The National Union of Metalworkers of South Africa (Numsa) and Iscor Vanderbijlpark reached a "fruitful understanding" yesterday on the ongoing re-engineering process which will eventually see the parastatal shedding more than 6 000 jobs over the next three years, the company said yesterday.

A spokesman for Iscor said "We are satisfied about the fruitful discussions that took place and agreed to create fora for further discussions."

Mbuyiselo Ngwenda, the general secretary of Numsa, said the parties had agreed to meet

again in two weeks to evaluate the progress of the understanding and to look at some alternatives, including long term strategies.

"We raised the need to deliberately craft a long term strategy so that retrenchments do not happen haphazardly," according to Ngwenda.

He said at issue was the whole question of job security in a globalising economy, the effect of tariff reduction, the monitoring of imports, the flattening of the managerial hierarchy and the development of a comprehensive industrial policy including the training of workers.

In general, Numsa wants at least 200 paid training hours

a worker a year during working time. However, Iscor is going ahead with the closure of two plants at the end of this month. As a result, 400 workers will lose their jobs.

Dumisa Ntuli, a Numsa spokesman, said more than 114 000 workers had lost their jobs in the engineering sector since 1990. About 1 500 of them had gone during the closure of the Pretoria plant last year.

Ntuli slammed Iscor management for refusing to implement a participative management style at its plants. "Workers should be involved in the short and long term planning and we are clearly not happy with the slashing of workers."

CT (PR) 21/5/98



Zwelakhe Sisulu only the loco need apply for this job

**SABC**

**SCRAMBLE FOR SISULU'S HOT SEAT**

(260) *FM 22/5/98*  
Which strategy will win — business or public service?

The race to find a successor for SABC's half-a-million rand top job has turned nasty, with the board divided over a strategy to face the public broadcaster's new competitor, e-TV

Some of the candidates are reported to have aimed low blows at their rivals

Current CE Zwelakhe Sisulu leaves the corporation at the end of August to join New Africa Investments Ltd (Nail)

His successor will step into a politically sensitive hot seat and be expected to boost the low morale of the SABC's staff. He or she will have to decide on the path the SABC must take in a partially deregulated broadcast environment in which further regional licences could be granted over the next few years

At a crucial point in the corporation's history, some board members believe the SABC must adopt a "purely commercial model" to tackle e-TV, the new free-to-air broadcaster which is expected to start test broadcasts on October 1. Others say the SABC should not forget its public broadcasting responsibilities, for which it receives government funding

The corporation has begun to perform and will report a record R100m profit for the 18 months to March 1998, after losing R60m during the year to September 1996 (The year-end has changed) The im-

proved performance was achieved by retrenching 1 400 employees, dumping many public broadcasting responsibilities and strengthening the advertising sales department

But the SABC's market share is threatened by e-TV over the next few years. And the person to steer the national broadcaster into the new millennium should therefore have business experience, some board members say. Until recently, this line of reasoning appeared to have ruled out "peoples' favourite" Mandla Langa, the current director of programming, who is from an artistic background. However, the *FM* understands that Langa's name has been resubmitted to the board for consideration

Langa is known for his strong views on transformation and was part of the team that drafted SA's information services policy. He is also a former ANC activist who headed Radio Freedom in exile

SABC chairman Paulus Zulu says talk of division within the board is "absolutely a lie". The length of the process (of selecting a successor to Sisulu) will be determined by the availability of the people on our shortlist. Some of them are overseas"



**Humphrey Khoza**

Zulu would not give names of the people on the shortlist

However, two outsiders' names have been mentioned. One is SA Chamber of Business (Sacob) president Humphrey Khoza, who has a "soft" business background in public relations and human resources at companies like Nestle, Shell and Absa. Khoza, SABC sources say, is a candidate who would not rock the boat

The other is Njabulo Ndebele, a retiring writer and academic whose nomination as chairman of the SABC board was rejected by former president F W de Klerk in 1993. Ndebele has been on the board for five years. He was once a frontrunner to become vice-chancellor of Wits University before a poor interview performance ruined his chances. There has been speculation that Ndebele is soon to leave the University of the North, where he is vice-chancellor

The *FM* understands that two internal candidates have been shortlisted for the post, deputy CE Govin Reddy and head of radio Rev Hawu Mbatha

Reddy is said to be "not politically correct" enough for 1999. And Mbatha is unlikely to make it. The board has decided to look for an outsider with stature, SABC sources say

One other name touted is that of the Fort Hare University's head, Mbulelo Mzama. But sources say he could have "fallen by the wayside"

Other people said to have applied include former Radio Freedom broadcaster Solly Mokoetle, current SABC head of television Molefe Mokgatle and radio editor-in-chief Barney Mthomboti

Adopting a commercial model to compete against e-TV would involve pandering to the "lowest common denominator of consumer tastes", says an SABC source. "This would mean more cheap foreign programmes. Any illusions of the SABC becoming a public broadcaster would disappear. There would be little for minority audiences"

Some SABC staffers and independent producers say Langa would be the best candidate. "We do not need more managers and accountants. We need a visionary who can give direction to the SABC. Local content does cost more, but it has not been given a chance to prove its commercial viability"

"SABC programming is still geared towards a white audience. It must change to deliver on its public mandate and start to reflect the reality of our people. It must be a conduit to tap the creativity of our people," says one independent producer

Duma Gqubule

# Namaqualanders may get share of Alexkor diamonds

(26) (260) (221)  
POLITICAL CORRESPONDENT

ARG 26/5/98

Public Enterprises Minister Stella Sigcau says the Government will retain ownership of the offshore diamond mining parastatal Alexkor until the value of the company becomes clearer.

But it may allow the Namaqualand community to take a small shareholding.

The Government is to call for tenders from mining companies to bid for a management contract to run Alexkor, based in Alexander Bay, in the interim. At the end of the contract, the company will be able to exercise an option to acquire a signifi-

cant shareholding in Alexkor. The state will continue to hold the mineral rights and will negotiate the mining rights with Alexkor.

In her budget speech to the National Assembly, Ms Sigcau said the privatisation process for Alexkor could not be divorced from the industry policy which would be adopted eventually for the diamond mining sector.

Alexkor had been downsized in the past year as part of its internal transformation.

She said the strategy was to build up economic activity not related to minerals so that the base of Namaqualand's economy could shift from minerals to renewable resources.



ANALYSIS

# Proof that Naidoo has his eye on the full ministerial Monty

DP MP Dene Smuts takes issue with the degree of regulation in Broadcast Minister Jay Naidoo's proposed broadcasting policy

By 29/5/98

THE Democratic Party admires Broadcast Minister Jay Naidoo's vision of leapfrogging SA — and Africa — into the new technological age, or rather, to use the phrase coined at Africa Telecom, cheetah-pole vaulting us there, even if we do not always agree with all the means of achieving the end.

But when it comes to broadcasting, we are not at all sure that we have the same ends in mind. We fear the minister is heading in the wrong direction. And inasmuch as converging technologies are brought into the ambit of broadcasting policy and broadcasting policy is subordinated to social goals set by government, telecoms, too, are under threat of constraint instead of the liberalisation that will open up our society economically and politically.

The draft white paper or discussion document proceeds from first principles, as it should, in the form of selected constitutional provisions it considers relevant to the field. These include (rightly) free speech and expression and (wrongly) equality, construed as if it were one of the socio-economic rights, which it is not. Even if it were, it is read as an entitlement instead of a non-negotiable right of access, which is all the rights to water, housing and so forth constitute.

Minister Naidoo is under no duty to "roll out" all radio and TV equally to all citizens under the rubric of equality. And the right to freedom of expression certainly does not

impose a duty on government to create broadcasting and other platforms for citizens to exercise their "right to be heard", as speaker after ANC speaker in Deputy Minister Dasso Pahad's government communication services budget argued in Parliament.

We have to get this right, and we have to do it now. If we give Minister Naidoo, in particular, enough optic fibre or coaxial cable, he is going to hang himself — he will surely end up in court. For all the convergence of technology, broadcasting remains first, foremost and almost exclusively a free speech issue, an obvious additional right of relevance being free trade or economic activity. He can, of course, shape broadcasting policy around the government's policy goals, but not to the extent that they collide with constitutional rights. He can also not conflate the concepts of public interest and this government's social policy goals, as the draft white paper does throughout, without collapsing the legal basis on which the regulation of the airwaves occurs as a justifiable limitation on free speech — and without harming the prospects for a healthy, competitive and profitable broadcasting sector.

We are dealing with two fundamentally different political philosophies, and the misconstruction of the constitution springs



SMUTS



NAIDOO

from what Prof Ulrich Karpen of Hamburg has called "the social state theory's misunderstanding of freedom of communication".

Freedom of speech, he says, is primarily a defensive right — man versus the state. "It has a democratic side, but it does not cover a right to enforce state action. Free speech does not give the individual a

claimable right to be provided with opportunities to express and disseminate one's opinions properly, that is, be offered audiences, platforms, to get access to the press and broadcasting media. Although it is true that individuals have quite different chances to bring opinions to the public, whether they are just citizens or owners of a

newspaper or journalists in a broadcasting system, the freedom of speech clause does not provide equal opportunity of access. And it is easily understood that equal access would destroy any pluralistic concept of defensible opinions and provoke a channel and press-distributing agency that could hardly be prevented from distributing on content lines."

Early versions of the Green Paper did just that. The latest version I have seen proposes something far more sensible: an arm's length subordination agency. But no sooner has it disappeared from broadcasting policy than the idea of a directorate on media policy surfaces in the government communication information system proposals tabled by Pahad and Joel Nelsthenze.

They see "citizens' right not only to receive information about government activity but also themselves to communicate their views and activities" not just as a desirable policy goal (indeed it is) but as "the corollary of the Bill of Rights' freedom of speech" clause.

Naidoo put on record for the first time in Parliament last week the fact that the infrastructure for 18 community radio stations had been directly provided by government and Danish donor funds.

The question that arises is whether the Independent Broadcasting Authority is be-

ing circumvented and whether government is directly setting up a broadcasting sector in the form of a kind of citizen band of radio stations, which would be unconstitutional.

What is most disturbing about a proposal for a general media regulator, however, is the fact that it loses sight of the essential reason why broadcasting — and not print media — may be regulated without infringing free speech rights.

The reason is the scarcity doctrine, which rests on the increasingly challengeable idea that the airwaves are finite and are therefore a public resource which may be licensed out and regulated in the public interest, to ensure fairness and a diversity of views.

These are the three criteria we have stipulated in section 192 of the constitution.

The criteria describe the nature of the permissible limitations on free speech. The requirement for an independent authority makes it clear that regulation cannot occur at the hands of the government and that control cannot occur at all. Notwithstanding this, the minister proposes he should have what is coyly called "responsibility for the promotion of the development and viability of public broadcasting services" and should be consulted by the SABC about the management and financial affairs of the corporation.

The DP has suggested before that Naidoo has his eye on the SABC. Here is naked proof: the full ministerial Monty!

# Numsa slams Eskom for its 'apartheid' wage discrepancies

CI(BR) 2/6/98

(260) ~~260~~

FRANK NXUMALO

LABOUR EDITOR

Johannesburg — The National Union of Metalworkers of South Africa (Numsa) has slammed Eskom for offering workers "miserable wage increases" while paying company management millions of rands in addition to the more than R200 million it sets aside for them as a "golden handshake".

Steven Nhlapho, Numsa's national energy sector co-ordinator, said at the weekend. "In terms of the Eskom wage bill released this year, the executive directors earn more than a million rands each (a year).

"Last year Eskom management received R100 000 each on profit-sharing

arrangements, while workers received a meagre R800. The offer from employers exacerbates the apartheid wage inequalities."

Nhlapho said Eskom offered 5 percent for lower grades and 6 percent and 8 percent for higher categories. Numsa is demanding wage increases of 16 percent for the bottom grades and 13 percent for higher grades to close the apartheid wage gap. It wants these to be based on actual rates of pay.

The union also wants the establishment of a "legitimate" bargaining forum that will handle negotiations in terms of the new Labour Relations Act.

Peter Adams, a spokesman for Eskom, said it was company policy not to comment while negotiations were in progress.

# State asset sell-off

## sparks bitter row

### *Cosatu group buys Aventura*

PARLIAMENTARY BUREAU

There has been anger and dismay at the Government's handling of its first full privatisation of a state-owned asset - the sale of resorts company Aventura.

The company, which owns low-budget holiday resorts around the country and which has debts of about R22-million, was sold to a Cosatu-led consortium for R93-million even though other bidders, including a black empowerment consortium with significant backing from foreign financial and hotel groups, offered higher amounts.

And the sale allegedly went through without State Enterprises Minister Stella Sigcau observing the Overvaal Resorts Act of 1993 which required her to obtain "approval by resolution of Parliament".

No such approval was obtained, say rival bidders for the company, and they and their foreign backers are demanding an explanation.

One of the losing bidders, Shomang Investment Holdings, a black empowerment group, offered R100-million for 85% of Aventura's shares.

The winning consortium, led by Kopano Ke Matla, Cosatu's invest-

ment company, and a resort company owned by a Danish trade union group, put in a bid of only R93-million for the same number of shares.

The Shomang consortium was backed by the Landauer investment company of New York and the Hampshire Hotel and Resorts group, which operates hotels and resorts in the US and Britain and which was committed to providing management expertise and marketing to the South African venture.

Under the Shomang bid, South African empowerment partners would have controlled 57% of the Aventura shares and American investors 43%.

Among Shomang shareholders are the Association for the Physically Disabled, the Umkhonto weSizwe Veterans' Association, the Nelson Mandela Children's Fund and the Katekam Women's Group.

Ms Sigcau's office did not respond to requests for comment on the criticism levelled at the bid process, including a request for comment on her apparent failure to obtain approval for the privatisation deal from Parliament.

But in her statement announcing the sale to the Cosatu-led consortium, Ms Sigcau said concerns about the

transparency of the bid selection process were unfounded.

"An evaluation committee of representatives of government, Aventura management and our privatisation advisors HSBC Simpson McKie applied the criteria and weightings assigned thereto as determined by the Ventura Restructuring Committee prior to the call for bids," Ms Sigcau said.

Factors such as a competent business plan, economic empowerment, ability to pay the price and willingness to engage in a constructive process, alongside government, on land claims were among the criteria.

"Once the bidders had been ranked, government, as the shareholder, called for certainty with regard to each of the leading proposals. This was to ensure that delivery could be achieved."

Vincent Phaahla, chairman of Shomang Investment Holdings, said today his group and its US backers were not satisfied with the selection process and intended taking the matter further.

"We simply cannot see the reasons for the minister's choice, and we do not know why she did not seek a resolution from Parliament as she was required to do," he said.

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# Policy paper outlines roles in broadcasting

CT 5/6/98 (260)

JOVIAL RANTAO  
PARLIAMENTARY BUREAU

POST, Telecommunications and Broadcasting Minister Jay Naidoo has launched a policy document which proposes separate regulatory powers and areas of responsibility for the government, Parliament and the Independent Broadcasting Authority.

The White Paper on Broadcasting has proposed that the government's role should be to initiate policy, Parliament's to enact the required legislation and the IBA's to license broadcasters and regulate the broadcasting industry. Service providers would need to provide content.

"This demarcation of areas of operation for the various players allows for non-interference, independence, accountability and openness in the system," he said.

The White Paper guarantees the independence of the SABC but has proposed a statutory charter which would provide for the SABC to account for its principal objectives, functions and powers.

It would also allow the SABC to operate both public and commercial broadcasting services.

"The policy aims to encourage

new players to the broadcasting system. This includes new signal distributors by the year 2000 and a regional television channel, as well as new private and community radio services," Naidoo said.

The White Paper has also provided for the private broadcaster to deliver a diverse range of locally produced programmes, reflecting the diverse cultural make-up of South African society.

It also has proposed the classification of broadcasting licences whereby appropriate regulations



JAY NAIDOO

would be developed to ensure a fair environment in broadcasting. A separate class of licence for each broadcasting activity, as well as a separation between broadcasting and signal distribution activities, has also been proposed.

The White Paper proposes the establishment of a digital broadcasting

advisory council to advise on all technological issues. A task team had been set up to investigate the viability and sustainability of a dedicated educational television channel, Naidoo added.

The White Paper policy proposes that ownership and control of broadcasting services by people from historically disadvantaged groups should become a priority.

# 'Rights of Parliament in doubt'

JOVIAL RANTAO

IF Parliament's constitutional authority was not protected the implications for democracy were serious, National Assembly Speaker Frene Ginwala warned yesterday.

Speaking in the debate on Parliament's budget vote, Ginwala referred to the recent Cape High Court finding that section 5 of the Powers and Privileges of Parliament Act of 1963 was unconstitutional.

Ginwala said the court's finding raised important questions about Parliament's jurisdiction over its internal proceedings.

"If, for instance, members enjoy unfettered freedom of speech and immunity from prosecution for anything said before Parliament, how are the rights and integrity of members to be adequately protected against unwarranted allegations? What corrective steps can rightfully be taken when members hold Parliament in contempt?"

"If Parliament's constitutional authority cannot be adequately protected, this could have serious implications for the very fabric of our democracy.

"The court's findings also raise questions about the application of the constitutional principle of the separation of powers between arms of government, a key principle in a democratic dispensation."

# SABC used dirty tactics - union

## SAUU appeals against industrial court ruling

JACQUE GOLDING-DUFFY  
NATIONAL MEDIA EDITOR

**T**he South African Union of Journalists is involved in a legal wrangle with the SABC after the broadcaster won an Industrial Court case against its members.

The union was sent a letter by SABC management after the judgment notifying it that the corporation had withdrawn recognition of the union.

The SAUU is lodging an appeal, its secretary-general Mosisomi Mochum said this week. "We don't understand the rationale of the presiding officer in his ruling. It's inconsistent with previous judgments."

The union believed the withdrawal of recognition also amounted to an unfair labour practice, he added.

The case, brought against the SABC in April, involved wage talks and the refusal by the SABC to back-

date the 1996 wage increase for SAUU members.

The Industrial Court also heard the SAUU's objections to being scrapped as a "collective bargaining agent for its members". The union contended this was an unfair labour practice because the corporation was bound by a recognition agreement which stated that the SAUU was entitled to be a collective bargaining agent, provided it had 20% of employees as members.

The court found that on both counts, the SABC's actions did not constitute unfair labour practices.

In its submissions, the SABC said the SAUU had only 6,66% of employees registered as members. The SAUU explained this was due to "dirty tactics" allegedly used by the SABC during ongoing wage talks.

The court heard that an SABC human resources manager allegedly went to an individual union member and informed her that she would be

entitled to an increase on condition that she resigned from the union. This apparently occurred in the midst of talks between the union and the broadcaster.

Jessica Pitchford, who joined the SAUU in about 1991, testified that she was informed of her promotion to political reporter. However, "it was pointed out that her salary would be increased by one increment, but that it would only happen once the applicant (SAUU) and the respondent (SABC) had come to an agreement regarding annual increases for their members."

After being told by a human resources manager that "if she resigned as a union member she would get her increase and it would also be backdated", Pitchford resigned in September 1996.

Pitchford said she already knew the parties were involved in negotiations and that the SAUU had rejected the SABC's final offer, resolving to

(280) ARK 6/6/98

take industrial action instead. Subsequently the SAUU wrote a letter to SABC management "objecting to its members being discriminated against."

Pitchford said she had decided to resign from the SAUU because she felt, as a union member, she had been discriminated against. After receiving her salary increase, she rejoined.

Pitchford conceded during cross-examination that her resignation was also possibly prompted by a suggestion in the SAUU's *Newsstar* publication that members who wanted the 12% increase backdated should resign from the union. SAUU leaders also set the precedent by resigning.

Because of rumours that non-members received salary increases, many SAUU members resigned.

The SAUU said it had suffered financial loss in the form of subscriptions from members who resigned and had also lost its recognition as a collective bargaining agent.



**FOWL WIND BLOWS** Almost as fitting as Nando's newly redecorated delivery trucks is its press release seconed with phrases like "the world's cheekiest chicken", "sizzling slogans" and "perforating moving media". Hunt Lascais cooked up the slogan (the other "Fowl-wheel drive"), the news release is by Riana Greenbio

# 'Africanisation can wait, productivity is the key factor'

BY BONGANI MADONDO

IT HAS been a long, rocky but fruitful 16-year journey to the throne of the SABC for Rev Hawu Mbatha, the surprise choice for the hotly contested Chief Executive Officer post.

Falking to the humble Mbatha hardly 48 hours after his appointment, City Press discovered his subtle and cool side.

There was no evident excitement or self-glorification for emerging the winner after more than three months of speculation, anticipation and fierce behind-the-scene lobbying for the coveted SABC top post.

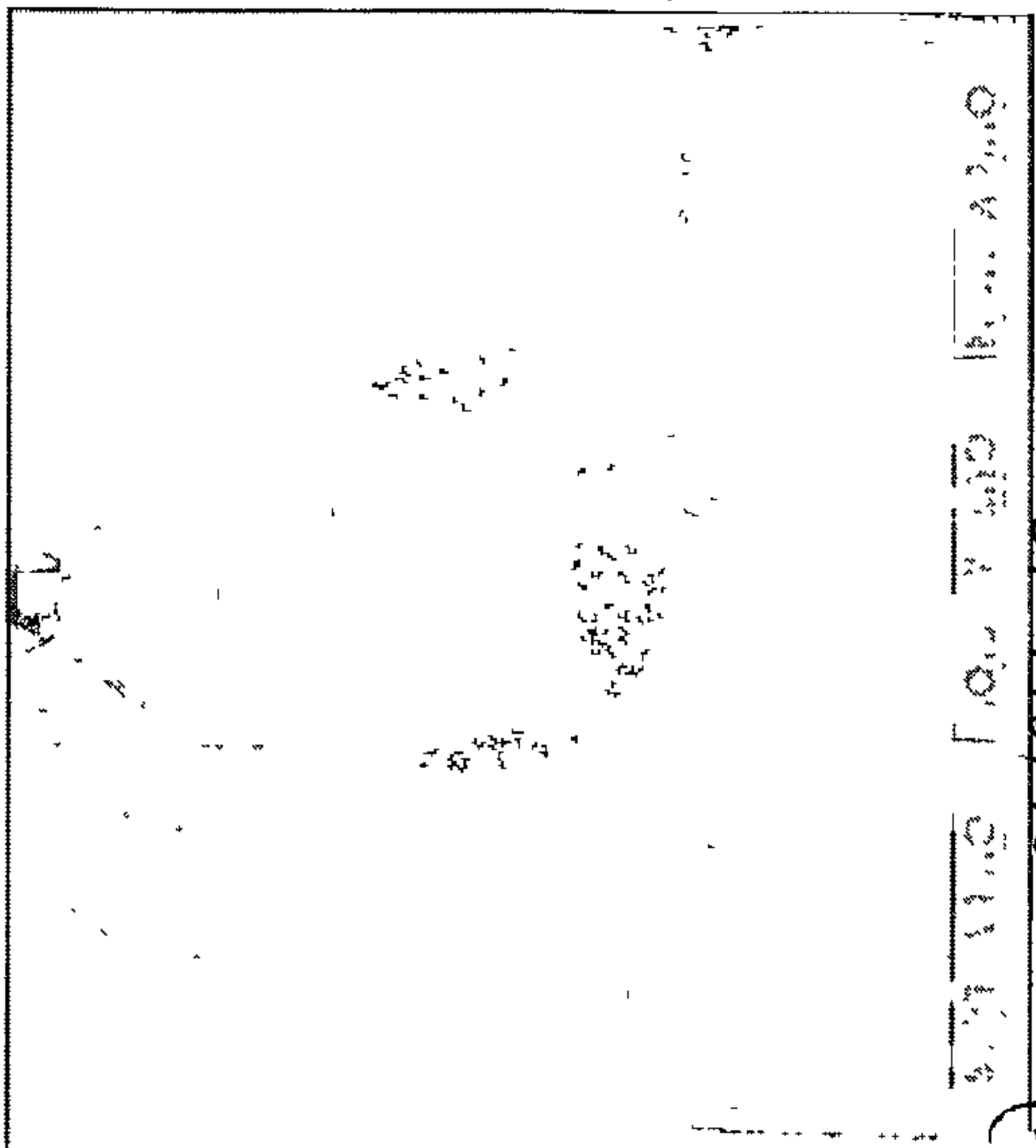
Mbatha dismisses the notion that his appointment was a political compromise as he says he neither belongs to a political party nor any of the inner circles within the SABC.

"It is true, I am not a member of any political party, but I am not a settlement choice. I had a powerful feeling after applying for the job and not the *position*. I was destined to get the job," he says.

"I believe that as a new leader I have responsibilities to carry the SABC to greater heights, that is my immediate goal."

Typical of a priest - he ministers in the United Reformed Church of Southern Africa - Mbatha drags out his answers skilfully dodging the most controversial issues.

He does not seem to be intimidated by the fact that, unlike Sasulu's tenure, his will be an era in



NEW BROOM... CEO-designate Hawu Mbatha ■ Pic: MIKE MZILENI

which the fiercest broadcasting competition ever in South Africa has already begun dismantling the SABC's long held monopoly.

"Competition is healthy and the SABC is fine-tuned to contribute to a healthier competitive environment where only the best,

and not the government protected, will survive.

"The talk that competition will weaken the SABC is misplaced. As competition grows so should the advertising cake, hence we see no reason to panic, but to prepare and be productive," he emphasises.

How does a truly SABC insider like him, who began his job in Durban as a journalist, producer then station manager of the then-Radio Zulu before his appointment as regional head of radio, now feel about being stationed in the top throne?

"Though I still remember the, harshest environment within, where a *darikie* was supposed to 'know his place' within the corporation which once vigorously promoted separate development, I'm looking to the future, with a spring in my step. He says his immediate intention is to help clarify and communicate clearly the SABC's quest to be the *The Pulse of Africa's creative spirit*, the broadcaster's mission and theme on its way to African realisation."

The man from a humble background of Baqulusini, a farm satellite in Vryheid, northern KwaZulu-Natal, feels there is no need to Africanise if there is no productivity and the will to perform beyond expectations.

"The SABC faces competition not from within the country alone but also internationally, especially against the fast-improving broadcasting technology which is shaping the lives of millions of people."

"Only through productivity and performance will blacks conquer the world and not through a baggage of being the most prized "former disenfranchised people," he said, on closing the interview.

# Numsa, Eskom in dispute

CP 7/6/98  
By ZOLILE NQAYI

WHILE Eskom management is earning millions of rands in salaries, it was only prepared to offer lower-paid workers an increase of five percent, the National Union of Metalworkers has charged.

This emerged after last week's first round of wage negotiations ended in stalemate.

Numsa also accused the parastatal of practices harking back to the days of apartheid.

According to Steven Nhlapho, Numsa National Energy sector coordinator, management has consistently refused to provide them with details of their salaries.

The first round of the wage negotiations on Tuesday ended without an agreement after Eskom offered an increase of five percent to the lowest paid workers and six percent for the higher paid grades.

"We at Numsa are demanding a 16 percent increase for the bottom grades and 13 percent for higher grades so as to close the apartheid wage gap. All wage increases should be based on actual rate of pay," Nhlapho said.

According to Nhlapho, labour and management had an agreement in 1994 to narrow the apartheid wage which saw higher grades paid far much more than employees in the bottom grades.

"They are now intentionally reversing the agreement.

"Last year, lower grades were given an increase of about 10

percent and higher grades got nine percent, but this year they are offering higher paid workers a six to eight percent increase as compared to five percent for the lower grades," Nhlapho said.

Numsa is accusing the parastatal of enriching those in management at the expense of lower paid workers who on average earn R31 000 a year

"Whereas they are only offering a meagre five percent increase for the lowest paid grades, they allocate R11 million in salaries and packages for 11 people. These are 10 Executive Directors and a Chief Executive Officer," Nhlapho told City Press.

The next round of wage negotiations is scheduled for next week, but Numsa is sceptical that management will budge from their current offer and an industrial action is inevitable.

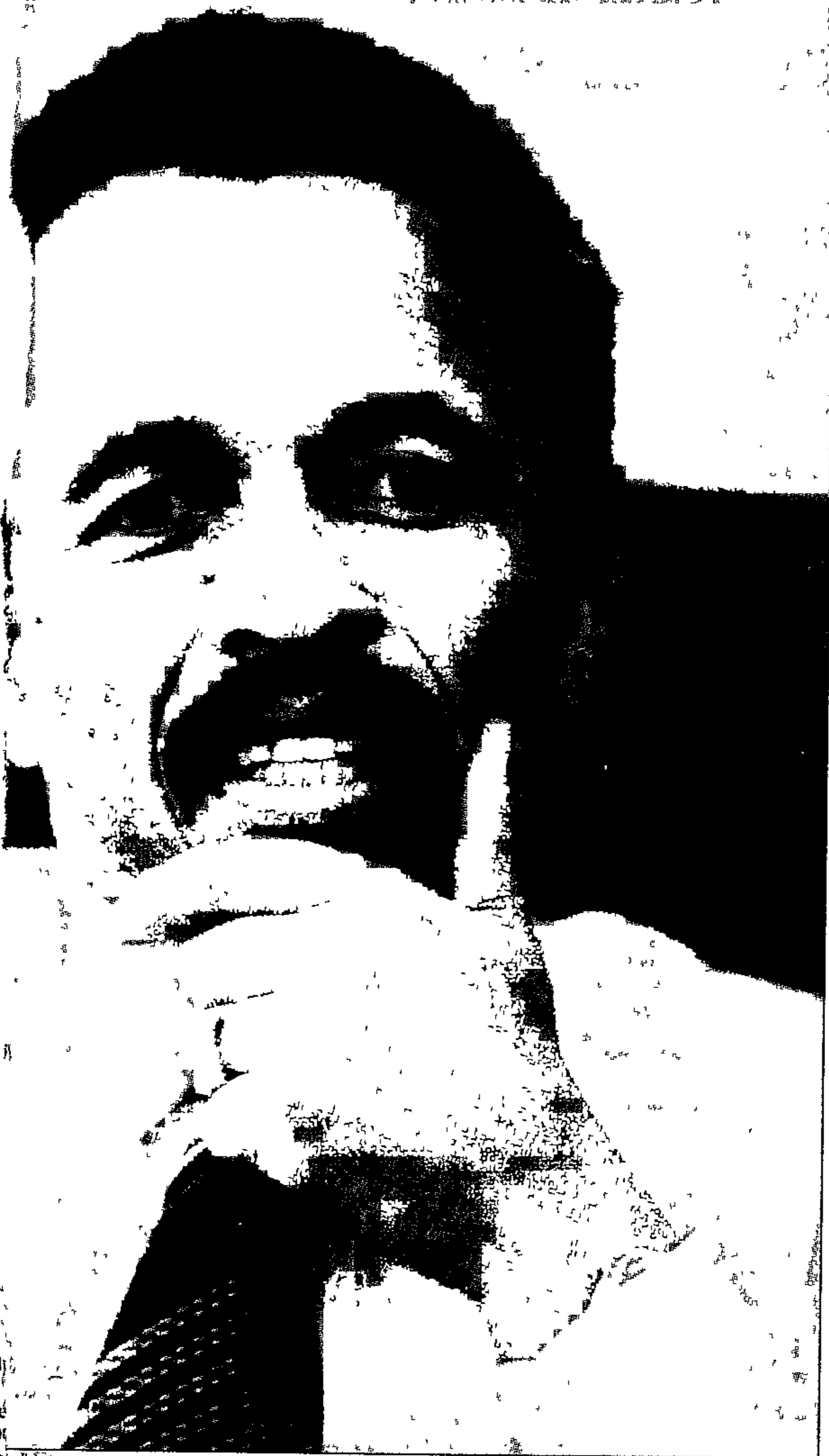
"It is ironic that Eskom, which is a state company and supposed to be championing what the national government is preaching, is determined to take us back to old ages," Nhlapho said.

Numsa is also demanding the establishment of a formal bargaining forum.

"While labour is required to follow certain procedures when doing things, management does not follow any and this is against the provisions of the Labour Relations Act."

Eskom refused to comment on Numsa's charges.

Picture ELIZABETH SEJAKE



Rev Hawu Mbatha takes over an SABC on the verge of fundamental change

# Different rules confront new SABC chief

(260) ST(M) 7/6/98

BROADCASTING

By THABO KOBOKOANE

THE SABC's new chief executive, clergyman Hawu Mbatha, has not yet taken office but he is already confronted with a dramatically changed policy environment at the public broadcaster

On the day Mbatha's appointment was announced, Communications Minister Jay Naidoo released his white paper on broadcasting, raising the prospects of partial SABC privatisation

The paper proposes restructuring the SABC to achieve "tangible internal separation" of the SABC's commercial and public broadcasting sections

The commercial section — one TV channel and four radio stations paying dividends — would be run on commercial lines and could enter into private sector partnerships, leaving Mbatha to run public broadcasting

According to the white paper the separation would be a "precursor to a later, more complete restructuring of the SABC operational activities" This would review the scope and size of SABC commercial activities and investigate possible "privatisation of, or the introduction of private equity to", SABC commercial services

Privatisation would take into account the impact on the SABC's viability, given that the commercial arm generates the bulk of SABC revenues

Mbatha, who takes over in July from Zwelakhe Sisu-

lu, agrees, and says that without restructuring the SABC's financial position will be adversely affected. He supports partial privatisation "My first prize would be for a strategic equity partner within the commercial arms"

After four years at the SABC, Mbatha brings a necessary continuity. He is keenly aware of the SABC's challenges, especially profitability. "The challenge is to be financially viable and completely reduce government funding — except for specific projects"

Mbatha is keen to reduce cross-subsidisation within the SABC

The white paper is shy on specifics, but clear about liberalisation and competition

More radio and TV licences will be issued to promote competition, and the white paper "wishes to see new television services introduced as soon as it is economically feasible"

This, and prospects of selling the SABC's commercial arm, would put an end to the cosy arrangement that to date has characterised the broadcasting industry, with M-Net dominating pay TV and the SABC free-to-air TV

In recognition of the shortage of local broadcasting skills and funding, the paper proposes reviewing the 20% limit on foreign ownership



# RACE ROW OVER

# NEW SABC BOSS

## Govin Reddy may go to Labour Court for being overlooked

CHRIS BARRON

**T**HE deputy chief executive of the SABC, Govin Reddy, has accused the corporation of racism for not appointing him to replace Zwelakhe Sisulu in the top job

He has written to the chairman of the board, Professor Paulus Zulu, demanding an explanation, and said this week that if he was not happy with the response he would take legal action

Reddy, a former political detainee who was in exile for 10 years, lost out to Hawu Mbatha, 46, a relatively unknown priest from Zululand who ran Radio Zulu for the SABC in the days when the corporation was a mouthpiece for the National Party government. Reddy brought Mbatha from obscurity as regional manager of the SABC in Kwazulu Natal to Johannesburg, where he was his boss for several years

Reddy confirmed that he had sent a letter to Zulu, in which he "asked for reasons why I was not appointed". He said if he was not satisfied with the response, he would take the matter to the Labour Court

Asked if he thought the colour of his skin had weighed against him, he replied "On the basis of information available to me, I am unable to see anything else but race as the factor"

As chief director of radio, Reddy, 54, earned praise for bringing about transformation under difficult circumstances and for slashing the approximately R80-million combined losses of SAm and Afrikaans Stereo by more than half in his first year

A former SABC board member, Professor Fatima Meer, said yesterday she was convinced race was the issue in Mbatha's



GOVIN REDDY

appointment "In my opinion, what finally swayed the choice was the fact that the corporation wanted an African to head it," she said

Meer said she had no doubt that the government had played a part in the decision "indirectly"

"The chairman of the board and the head of the SABC (Sisulu) are not people who are not in touch with the minister and deputy president. They are in touch with them. And while the final choice is made by the board, there are these indirect influences"

The SABC was a very powerful instrument and "any government would like to influence its public broadcaster if it could", she said

Meer said Reddy had the right qualifications for the job. He had been a success as head of radio, had carried out transformation effectively and had improved its finances. He had, in effect, been running the SABC since Sisulu decided he was going to leave

She said although she knew Mbatha well and liked him, she could not comment on his abilities to head the corporation. Reddy would have been "an obvious choice in terms of his political record and his administrative abilities. There was only one factor that moved away from the choice of Reddy and that was that he was not an African"

*'In my opinion, what finally swayed the choice was the fact that the corporation wanted an African to head it'*

Meer said there was an understandable need and desire to Africanise the country's major institutions "Personalities suffer in the process, and will continue to suffer. But the process is important and will go on," she said

The Minister of Posts, Telecommunications and Broadcasting, Jay Naidoo, refused to comment on the appointment, saying it had nothing to do with the government and was entirely the business of the SABC board

Supporters of Reddy have accused Zulu of encouraging Mbatha to apply for the job and of pushing his appointment

Zulu has denied this "In no way did I persuade him to apply. I had no word with him prior to his application being received," he said

He rejected Reddy's charge of racism, saying the decision "was made on the basis of merit and merit alone" "It was a unanimous decision by the board, there was not one dissenting voice"

He said he would pass on Reddy's letter to the consultants who had handled the selection process, "so that they can give him an explanation"

While Mbatha denied Zulu had encouraged him to apply for the job, he admitted his decision to apply came after the recruiting agents contacted him

"They told me that colleagues had applied and wondered if I would not like to apply," he said

Mbatha, who started work at the SABC in 1982 as a producer of religious programmes, has worked as the head of regional radio, the chief executive of operations and chief executive of radio. **END**

ST 7/6/98 (960)

**BROADCASTING** *Commercial radio and TV a key to survival*

# SABC gets nod for pay channels plan

CT (MR) 9/6/98

(260)

**SHERILEE BRIDGE**

Johannesburg — The SABC has been given the nod by the government to set up separate operations for public and commercial broadcasting services as a step towards democratising the airwaves

This means the SABC could consider cross-subsidisation, with the commercial service paying for public broadcasting, as a means of survival, said the National Television Association (NTVA)

Commercialised television and radio stations will be exposed to open competition, competing with local and international broadcasters

These commercial channels are expected to support empowerment in broadcasting.

Howard Thomas, the deputy chairman of NTVA, said it made "a lot more sense to separate the operations than run a bastardised service which did not deliver"

The SABC has just reported a R120 million surplus, delivering it into profit after years of floundering figures

More good news for the local R8 billion-a-year entertainment industry is the suggestion that the SABC's commercial station build up to 80 percent within ten years

The fate of Bop TV, the child



**GROUND-BREAKING** Jay Naidoo says the new policy is a watershed in broadcasting history

PHOTO JOHN WOODROOF

of SABC's Bophuthatswanan inheritance, has still to be decided, with media analysts and the media industry betting this would be the first of SABC's channels to be sold off should privatisation be embraced.

The entire future of the industry is being debated, with the broadcasting industry still questioning the extent to which the government will have a

hand in the deregulation of the media

"Last week's white paper on broadcasting has granted the minister of communications excessive powers. One must question if this mirrors the old regime," said Thomas

Jay Naidoo, the minister, said the policy framework was a watershed in the history of broadcasting

# Parliament passes Eskom bill despite labour threats

Linda Ensor and Renée Grawitzky

CAPE TOWN — The Congress of SA Trade Unions (Cosatu's) opposition to the corporatisation of Eskom and its threats of industrial action did little to stop Parliament adopting the Eskom Amendment Bill yesterday.

All parties, except the Freedom Front, which saw it as nationalisation, supported the bill, which cleared up an anomaly in the existing legislation. The passage of the bill could lead to a

showdown between government and labour as Cosatu viewed the incorporation of Eskom under the Companies Act as the first step to privatisation.

The dispute declared against government will be referred to the National Economic, Development and Labour Council (Nedlac) for resolution and if that fails, national protest action will be embarked upon.

Cosatu lashed out at government and Public Enterprises Minister Stella Sigcau for by-passing Nedlac in the drafting of bill and ignoring the existence of the tri-

partite alliance. The passage of the bill could further strain the alliance.

Finance Minister Trevor Manuel was accused of failing to participate in any discussions despite his central role in the process. He allegedly handed instructions to Eskom to pay taxes from January 1999.

Sigcau said the bill settled the question of Eskom's ownership. It vested the ownership of Eskom's reserves and other assets valued at R90bn in the state and removed its exemption from the payment of income tax, stamp duty, levies or fees. She said steps had been taken to en-

sure that Eskom's liability for tax would not disrupt the electrification programme. To those who feared job losses and a rise in electricity prices, Sigcau said the government was a people's government which would strive for the improvement in the conditions of the people.

MPs stressed that there had been wide consultation during public hearings on the bill. However, Democratic Party MP Mike Ellis said there was concern among most stakeholders that no study had been undertaken into the effects on pricing and electrification if Eskom paid tax.

National Union of Mineworkers general secretary Gwede Mantashe warned that the passage of the bill through parliament would usher in a long battle if Eskom became privatised. "There will be blood on the floor," he said.

Sapa reports that Cosatu deputy secretary general Zweluzama Vavi said the union had argued that Eskom should be registered under the Public Enterprises Reporting Act instead of the Company Act. He said that if Nedlac failed to resolve the dispute "we will take action to defend Eskom. The strike is looming."

**ELECTRICITY** Eskom 'is ideal black empowerment vehicle'

(260)  
**Wealth now 'within reach of the people'**

**LYNDA LOXTON**

PARLIAMENTARY CORRESPONDENT

CT (NR) 12/16/98  
Cape Town — The Eskom Amendment Bill was passed by the national assembly yesterday, with Stella Sigcau, the public enterprises minister, emphasising that although Eskom would have to pay tax and dividends under the new act, this would not affect its ability to continue delivering on mass electrification

Sigcau said the government was committed to ensuring the bill would not lead to job losses or higher electricity costs. Instead, she said, it would ensure that Eskom was competitive on domestic and international markets

She said the bill marked a "milestone in the transition of Eskom from a commission to a corporatised entity, vesting the ownership of Eskom's reserves and other assets in the state"

Most MPs backed her, adding that the corporatisation of the utility, with assets worth about R90 billion, could provide an ideal black empowerment vehicle through the National Empowerment Fund

"Power to the people is hollow unless it is accompanied by control, management, economic decision-making and the change of ownership of economic resources," said Mandla Msomi, the chairman of the portfolio committee on public enterprises

"This bill places wealth within the reach of the people."

He rejected Cosatu's claims



*Stella Sigcau hails the new Eskom act* PHOTO JOHN WOODROOF

that the bill should have gone to the Nedlac forum before being considered by parliament

He said his committee had held extensive public hearings on the bill. Any suggestion that legislators did not realise "the profound effect this bill will have on the industrial development of our land (was) spurious"

The only dissenting voice was that of the Freedom Front, with MP Joseph Chiole calling the move outright nationalisation that would place extra financial burdens on the electricity utility, resulting in higher electricity tariffs. This, he said, could have severe implications for marginal gold mines and other large industries

The Democratic Party's Mike Ellis supported the bill but expressed concern that its implementation could be seriously hampered by union action. This, he warned, could cost the nation dearly

**Labour in furore over utility's bill**

**FRANK NXUMALO**

LABOUR EDITOR

Johannesburg — Gwede Mantashe, general secretary of NUM, the miners' union, said yesterday there would "be blood on the floor if the state's intention was to privatise Eskom".

Tabling the Eskom Bill was the "biggest change of heart" from the government so far. It would put electricity prices "beyond the reach of the poor", Cosatu, Numsa and NUM said

Cosatu is in dispute with the government on the issue and will be notifying negotiating forum Nedlac of its intention to embark on a strike

"The state will no longer provide electricity but will regulate or make the laws that govern electricity. This we view as the biggest change of heart from government," said Zwelinzima Vavi, Cosatu deputy general secretary

Cosatu will also recommend that a programme of action be developed by its central committee meeting next week

Mbuyiselo Ngwenda, the Numsa general secretary, said that the government seemed to be saying that by "milking the cow as much as possible" it could pay its debt and "hope the country's problems will be solved"

Labour wanted Eskom's board of directors made accountable to parliament and its reserves and assets to be directly owned by the state

# A WISH LIST THAT FLIES IN THE FACE OF REALITY

The White Paper gives Naidoo a hold on SABC's finances

Those who have busied themselves these past five years and more drawing up principles and regulations for controlling the broadcasting industry refuse to accept it's no less a business than any other, based on simple but unbending economic laws

The basic contradiction of wanting to see public and private investment in it flourish, even as its growth is directed towards serving the mostly rural poor, was plain in 1993's Independent Broadcasting Act. It is no less evident in Communications Minister Jay Naidoo's White Paper on broadcasting policy, released last week.

The White Paper argues that all broadcasters should have to meet social policy ends because the air waves constitute "a valuable natural resource" that belongs to "society at large". All languages should therefore be catered for, and all communities, no matter where they live.

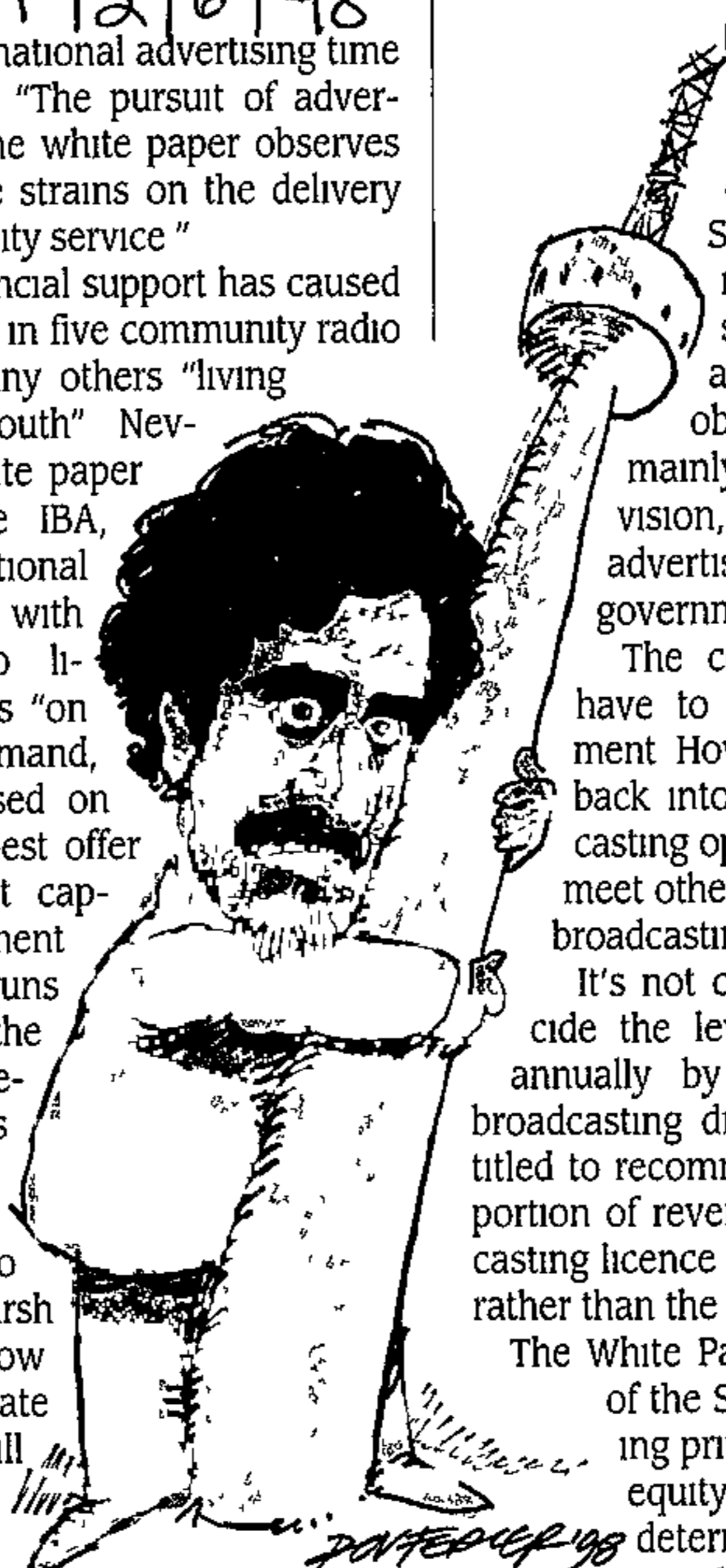
Economically, that's a tall order. The cost of getting broadcast signals to remote areas is daunting. No matter — the White Paper says regulatory strategy must ensure signal distribution is "affordable", a hint that cross-subsidisation should occur between urban and rural areas.

Given SA's diverse society and the rich-poor divide, programmes reflecting specific indigenous cultures are unlikely to offer advertisers large and commercially valuable audiences. That's why commun-

ity radio stations' national advertising time will be restricted. "The pursuit of advertising revenue," the white paper observes primly, "can place strains on the delivery of a truly community service."

Inadequate financial support has caused the demise of one in five community radio stations, with many others "living from hand to mouth". Nevertheless, the white paper laments that the IBA, lacking "a national plan", has dealt with community radio licence applications "on the basis of demand, rather than focused on needs". Its own best offer — "some modest capital" from government.

A tension runs throughout the white paper between what its drafters would like SA's broadcasting industry to be and what harsh realities will allow. For example, private broadcasters will have to flight "predominantly SA content". Too



expensive? Too few skilled people in the industry? Let the IBA "formulate a strategy" based on opening the pay-TV market to more players and licensing regional TV stations.

It remains to be seen how forcefully these ideals will be embodied in a future Broadcasting Act. What does seem certain is that Naidoo will gain control of SABC finances and curb IBA costs, notably by trimming its salary levels.

The White Paper recommends dividing the SABC into public and commercial broadcasting divisions. The first would have a charter spelling out its obligations, and be financed mainly by the SABC's other division, though it would also carry advertising and perhaps receive a government subsidy.

The commercial division would have to pay dividends to government. How much would be ploughed back into the SABC's public broadcasting operation rather than used to meet other social needs would be the broadcasting minister's call.

It's not clear whether he could decide the level of dividends paid out annually by the SABC's commercial broadcasting division. But he will be entitled to recommend to Cabinet what proportion of revenues obtained from broadcasting licence fees should go to the SABC rather than the National Revenue Fund.

The White Paper talks of the possibility of the SABC's commercial arm being privatised or attracting private equity. If it loses its financial self-determination, no investor would touch it. John Collings

through parliament now.

There are still questions about who will pay for city police forces, their ultimate allegiance and training standards.

As Natal University sociology lecturer Monique Marks says, there is a perception that the SA Police Service no longer has an "adequate grip" on crime, which makes the role of municipal police even more vital. Much of the credit for reducing crime on Durban's beachfront is given to the city police.

Internationally, the trend is towards localised policing services. "There is a demand for greater accountability to communities," says Marks.

She says the policing model emerging in the legislative process is based on a combination of Durban City Police and US municipal policing models.

As a result, Durban's Chief Constable Alf Taylor says he is satisfied that there will be no need to restructure his force — which has 1 000 people and an annual budget of about R100m.

But, says Taylor, the budget and manpower must be substantially increased if the service is, as planned, to be expanded beyond Durban's two central local authorities, to include all six metropolitan councils.

Durban is yet to quantify how much it needs to increase its police force's

capacity, but a member of a local authority police planning task team says the implementation is likely to be phased to make it affordable. Funding, he adds, could come from SAPS budgetary savings.

Taylor's force is responsible for local law and order, including the enforcement of local by-laws and traffic control. It does not include detection and investigation — which is handled by the SAPS.

Marks says there is a possibility of rivalries between the SAPS and the city police forces which could undermine the effectiveness of the new forces.

Herb Payne



Hawu Mbatha needs people who will be prepared to take risks

Robert Tshabalala

## SABC

FM 12/6/98

# A LEAN, MEAN PROFIT MACHINE — WITH GOOD PROGRAMMES

But the public broadcaster's new CE must move fast (260)

Spare a thought for Hawu Mbatha, the SA Broadcasting Corp's new CE. His predecessor, Zwelakhe Sisulu, who leaves the SABC to join New Africa Investments Ltd (Nail) at the end of the month, had a tough time turning a bloated apartheid edifice into an efficient public broadcaster. But Mbatha's job could be tougher.

First, he has to win the confidence of the SABC's senior executives. Some of them had applied for the CE position. They must have fancied their chances over the relatively unknown and "junior" Mbatha. Already, SABC deputy CE Govin Reddy has cried racism and may leave the organisation. Other resignations could follow.

Second, he becomes CE at a time when government has recommended that the organisation be split into two — a commercial and a public broadcasting arm — to position itself in a partially deregulated environment.

Communications Minister Jay Naidoo expects the separation to take a year. "This is a practical issue. It has to be managed and implemented by the SABC's board and management. It is realistic to give them time to assess the likely implications. The new arrangement will make for transparent cross-subsidies between commercial

and public broadcasting," says Naidoo.

Mbatha says the logical method of separation will probably involve giving two (of the existing three) channels to public broadcasting. The commercial arm would be left with one channel and an expanded Bop-TV. "We will design a commercial product then slot it on to any channel. It will probably be like a video-on-demand channel with little local content."

He has a reservation about a section of the broadcasting White Paper, which suggests that the surplus from commercial broadcasting should be first transferred to the National Revenue Fund before going back to the public broadcasting arm. "We would prefer any surplus to go to the SABC's reserves."

Apart from this detail, Mbatha relishes the prospect of a clear separation of the SABC's operations. "At the moment, SABC is a hybrid. The business side's potential cannot be fully realised because it is a public asset, we need government approval before we can implement major changes," he says.

"Now we will be able to operate with more certainty and powers to develop the commercial operations. In the marketplace, there will be the same rules for our

commercial arm and other private broadcasters I like that. And the public broadcasting arm will be freer to truly respond to the cultural needs of the country," says Mbatha.

At the SABC — which will report a R100m profit for the 18 months to March after retrenching 1 400 employees — Mbatha would like to instil a new way of doing business. "I hate bureaucracy and red tape. Looking back, I have realised that most of my successes here have been achieved because I broke the rules."

"We need flexible people who are prepared to take risks. The person you find at our door should be able to make a quick decision and not consult a superior first. In the new competitive environment, our sales people should be flexible enough to sell a commercial just before a programme goes on air."

The SABC will also need smarter scheduling of programmes dictated by market research. "Programmes will be researched daily so that we know exactly what people want and can schedule accordingly. My philosophy is that you must know your market and cut your product according to customer needs," says Mbatha.

His approach is refreshing. But one would hope he does not fall into the same trap as his predecessor, who took too long to settle into his position. The SABC cannot afford months of indecision.

A new competitor, e-TV, is waiting in the wings to grab a big slice of the market. "We cannot spend too much time philosophising on what is required. We must seize the opportunity and do what needs to be done," Mbatha says.

Duma Gqubule

## MUNICIPAL POLICE

### BROUGHT BACK FROM THE DEAD

Having survived several attempts to phase them out, the Durban City Police are to be the blueprint for the launch of new municipal police forces throughout SA.

Unlike other municipal police forces, which were absorbed into the SA Police in the Eighties, the Durban City Police remained in place.

The enabling legislation to resuscitate metropolitan police, the Police Service Amendment Bill, is going

ST(BT) 14/6/98

# Eskom reclassification sparks trouble

(260)

ESKOM will apply to the government to be classified as a manufacturer to benefit from tax concessions available to the industry, says CE Allen Morgan

Parliament voted this week to change Eskom's status into that of a company, requiring it to pay taxes and dividends.

The passage of the Eskom Act amendments came despite fierce resistance by the trade unions who view it as a first step towards Eskom's privatisation.

Cosatu has threatened industrial action and declared a dispute with government for not consulting it in agreed negotiation forums. The matter has been referred to Nedlac.

There are widespread fears that taxes and dividends will

## CORPORATISATION

By SVEN LUNSCHÉ

constrain Eskom's ability to deliver cheap electricity as well as continue its electrification programme. Morgan says the new status has "levelled the playing field in terms of competitors and the World Trade Organisation". The WTO could rule SA exports uncompetitive if electricity was found to be subsidised.

Morgan says government understands the overriding economic priorities of cheap electricity and electrified homes. "They are only too aware that we offer competitively priced electricity that makes investment in SA and the region more attractive and our exporters

competitive," he adds.

Morgan says Eskom and government would work out what the tax framework and the dividend cover will be.

While Eskom is likely to pay normal corporate tax rates, Morgan says classification as a manufacturer would enable it to claim significant tax concessions, such as 6-year tax holidays on new investments.

Morgan says government could decide to hold dividend payments until the electrification plan is complete. If they are not withheld, he says, the likely scenario is that Eskom will have to ask for finance from a new electrification fund established with dividends.

Eskom has electrified almost

15 million homes since 1994 — mostly in black urban and rural areas and is well on track to meet its 175-million homes RDP target by 2000, this means that well over 60% of SA households will have electricity by then, compared with 33% in 1992.

The yearly cost of electrifying 250 000 houses is about R135-billion, compared with Eskom's net income of R31-billion — roughly in line with what Eskom would have had to pay in taxes had it been taxed last year.

Eskom's corporatisation is the first step in the complete restructuring of SA's electricity industry. Government proclaimed last week that Eskom would be divided into separate generation and distribution entities.



REDDY

# SABC's Reddy out in the cold in the wake of public remarks

Pule Molebeleli

NEWLY appointed SABCO broadcasting strategy CE Govin Reddy was sacked yesterday by the corporation's board following his failure to "clarify certain" issues relating to his public pronouncements after he failed to clinch the group chief executive post.

The SABCO board said it had reaffirmed Rev Hawu Mbatha as the new group CE as it believed he was the best candidate for the position.

Mbatha replaces outgoing SABCO

group CE Zwelakhe Sisulu and attended his first board meeting as an executive member yesterday.

The board said it believed that his "vast and varied experience" in broadcasting would be a great asset to the corporation. "Both the management and editorial integrity of the corporation would be safeguarded under Rev Mbatha."

The board announced that it had also been presented with Reddy's contract as the new broadcasting strategy CE — a compromise position reached

(26)

21/7/98

after Sisulu intervened following Reddy's displeasure about losing the group CE position to Mbatha.

After discussions with Reddy the board decided not to ratify his appointment," the brief statement said without elaborating.

Reddy was not available for comment. It is believed that the contract was not renewed as a result of Reddy's intransigence at the board meeting.

The sacking came despite an apology by Reddy to the board for his comments in the media which had "caused

harm" to the corporation.

Reddy has been involved in a dispute with the board since its decision to appoint Mbatha to the SABCO's top post. He wrote a letter to board chairman Paulus Zulu requesting an explanation for the decision as he believed he was the best candidate for the job.

However, Reddy, who was promoted to deputy chief executive last year after it became known that Sisulu was leaving, later decided to rescind his decision to question the board's decision after a lengthy meeting with Sisulu.





Making a Punt ... it was business as usual at Punt radio station's Midrand headquarters yesterday for staffers Annie Malan and Peet Bothma, despite the uncertain future.

# Radio staff go unpaid in bid to keep their station on the air

Star 2/7/98 (260)

Staff try to come to the rescue after Afrikaans broadcaster runs into trouble

By **EDDIE JAYIYA**

**A**t least 170 employees of the Afrikaans talk radio station Punt, which went on air only eight months ago, will work without pay this month in an attempt to save the station from closure.

Staff will make the sacrifice while management and creditors try to agree on how the station can settle its debts.

The fate of the station, which has about 50 000 listeners and broadcasts on 1332 AM

in Gauteng and 729 AM in the Western Cape, hung in the balance as negotiations between the directors and management over its financial obligations continued yesterday.

Punt media and publicity manager Daleen van Wyk said staff had agreed to make a sacrifice in a bid to save the station.

"We will not be paid at the end of this month. We have told the board that we would negotiate payments with creditors.

"We want to save the station

and will do our best to keep this unique product."

Van Wyk added she believed the board would have handled the matter differently.

"We were taken aback by the board's announcement, and we felt the staff should have been consulted."

She said listeners had promised to help meet the July salaries for 170 employees, including part-time workers.

"We received support from our listeners and serious cash-injection proposals were made,"

she said, adding there were plans to rationalise programmes.

Board chairman André Coetsee said senior management and the staff had been given permission to talk to the creditors.

"We have made it clear to them that the station is technically insolvent," he said.

"They can make arrangements with the creditors regarding payments.

"If they fail to reach an agreement, then we will apply for liquidation."

# 'Broken trust' leaves Reddy out in cold

(260) Star 2/7/98  
BY RAPHAEL BANDA

The SABC board yesterday overturned the appointment of Govin Reddy as chief executive responsible for broadcasting strategy.

Spokesman Enoch Sithole said the board had decided there had been "broken trust" between itself and the corporation's deputy chief executive Reddy, who accused it of racism last month after failing to win the position of chief executive.

Reddy maintained that he was more qualified for the position than radio head Hawu Mbatha, who takes over as chief executive in September.

After negotiations with outgoing chief executive Zwelakhe Sisulu and members of the board, Reddy settled for a newly created post of chief executive for broadcasting strategy.

Yesterday, as Mbatha took his seat as the SABC board's *ex-officio* member, the board

## SABC board overturns appointment

was presented with the contract to appoint Reddy to the new position but could not confirm the appointment.

Sithole said the matter had been discussed with Reddy before the decision was taken.

Reddy, however, said last night he had not been informed of the development.

"I have been taken by surprise," he said.

Sithole said the board would give full reasons for its decision at a later stage.

"The board was unanimous in its decision not to ratify the appointment. It looked into the whole matter and felt that there was broken trust between it and Mr Reddy," said Sithole.

Reddy said he would wait until he was informed officially before deciding on his next move.

Sithole said there would be consultations today within the SABC, involving legal advisers, on the next step in the saga.

# SABC overturns

## Reddy position

(960) # CT 2/7/98  
RAPHAEL BANDA

JOHANNESBURG The SABC board yesterday overturned the appointment of Govin Reddy as chief executive responsible for broadcasting strategy.

Spokesperson Enoch Sithole said the board had decided there was "broken trust" between itself and the corporation's deputy chief executive Reddy, who accused the board of racism last month after failing to secure the position of chief executive.

Reddy maintained that he was more qualified for the position than radio head Hawu Mbatha, who takes over as chief executive in September.

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Yesterday, as Mbatha took his seat as the SABC board's ex-officio member, the

board was presented with the contract appointment of Reddy to the new position, but could not confirm the appointment. Sithole said the matter had been discussed with Reddy before the decision was taken.

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"I have been taken by surprise," he said.

Sithole said the board would give full reasons for its decision at a later stage.

"The board was unanimous in its decision not to ratify the appointment. The board looked into the whole matter and felt that there was a problem of broken trust between the board and Mr Reddy," Sithole said.

Reddy said that he would wait until he had been informed officially before deciding on his next move.

Sithole said there would be consultations today within the SABC, involving legal advisers, on the next step in the saga.



**TAKEN BY SURPRISE:**  
Govin Reddy

## Reddy faces chop at SABC today

(260)  
GILL LORD

TELEVISION REPORTER

ARG 2/7/98

The SABC is expected to dismiss executive Govin Reddy, at the centre of a succession row, as early as today.

The corporation's official line is that it is still in consultation with its lawyers, but highly placed sources expect a letter to be delivered to Mr Reddy today.

The sources believe alleged insubordination is likely to be given as the reason.

An angry confrontation yesterday between Mr Reddy and the SABC board is believed to have been the final straw in a relationship which has been fraught since the appointment of radio head Hawu Mbatha to the position of SABC chief executive. Mr Reddy, then deputy chief executive, accused the corporation of racism.

The post of chief executive of broadcasting strategy was created for Mr Reddy. But matters came to a head again yesterday at a board meeting, which overturned the appointment. It is believed that board members were dissatisfied with Mr Reddy's handling of the matter, and required a full public apology from him.

# SABC sacked Reddy after spat with board

Pule Molebeledi

21/7/98

(160)

THE SA Broadcasting Corporation (SABC) yesterday confirmed that it had sacked its newly appointed broadcasting strategy CE Govin Reddy following his fallout with the corporation's board on Wednesday.

Spokesman Enoch Sithole said Reddy was given a letter of dismissal on Wednesday night after the board meeting.

Sithole said the corporation had also received a letter from Reddy's lawyers indicating that he would pursue the matter.

Reddy's letter was addressed to board chairman Paulus Zulu and said that he would not accept his dismissal. Reddy would not comment but said his lawyers were handling the matter.

He denied, however, that he was considering taking the SABC to the Labour Court.

"I have never said that," Reddy said.

Reddy said he briefed his lawyers on Wednesday after receiving his dismissal letter.

Wednesday's board meeting refused to ratify Reddy's contract as the new broadcasting strategy CE.

This followed comments Reddy made to the media after he failed to get the group chief executive position, which went to the Rev Hawu Mbatha.

Meanwhile, sources in the corporation's human resources department said that they were instructed to prepare all that was due to Reddy and to retrieve SABC equipment from him. This included items such as a television set, a computer and a fax machine which are given to executives.

Reddy, who had been with the SABC for four years and was rising very rapidly within the corporation, is believed to have earned between R400 000 and R500 000 a year.

Reddy's fall from grace came after he questioned Mbatha's appointment.

Made group deputy CE after it became known that group CE Zwelakhe Sisulu was leaving, Reddy alleged that he was overlooked for the promotion due to his colour.

# Reddy to take SABC to court over dismissal

'I never accused them of being racist'

SHARDA NAIDOO

Govin Reddy, the former deputy chief executive of the SABC, is to sue the broadcasting giant after its board decided to sack him yesterday

In an interview last night, Mr Reddy confirmed that he was challenging his dismissal in a law suit

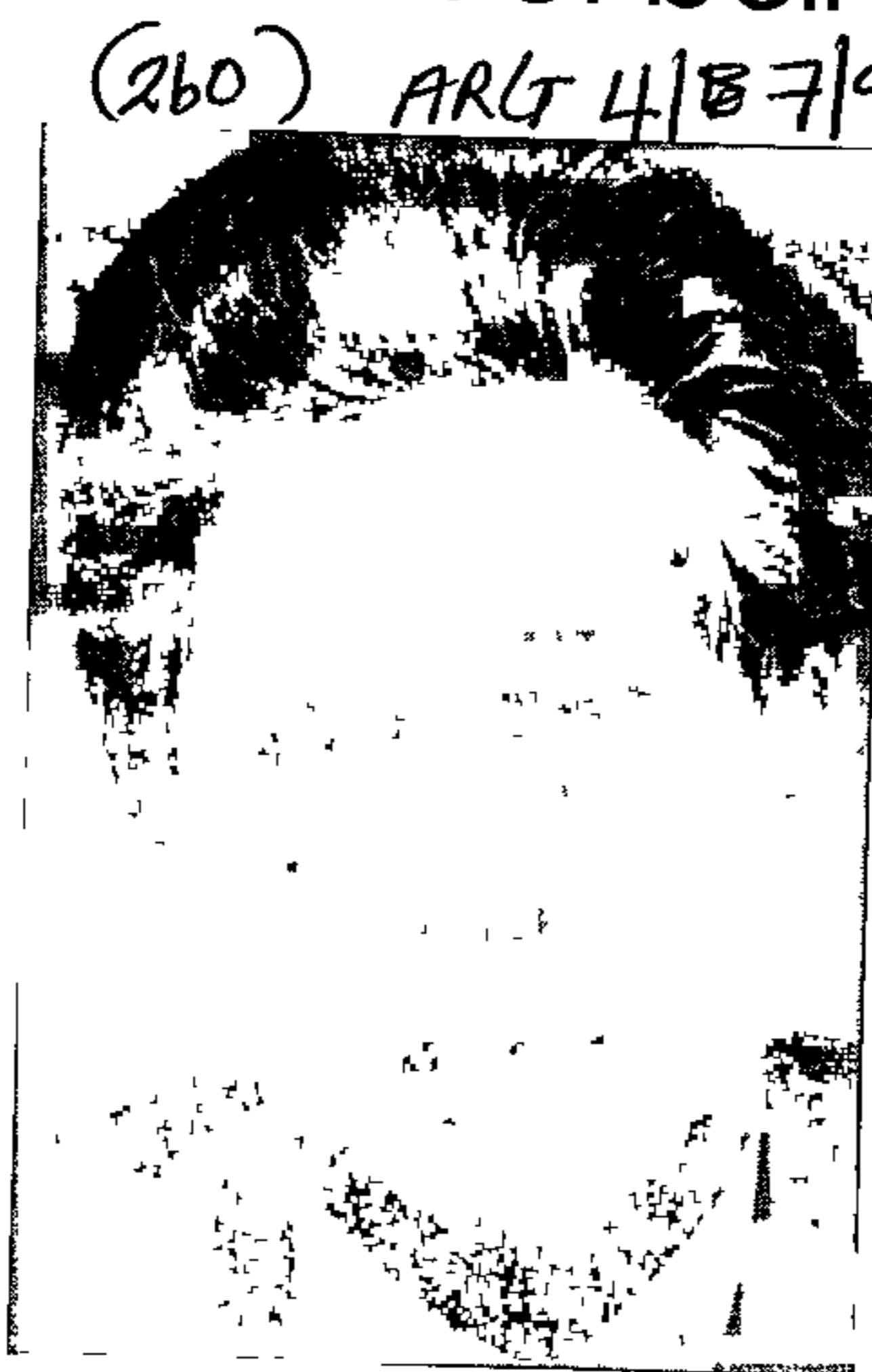
"My dismissal is outrageous. I have a strong case against them as I never accused them of being racist and I did not question the integrity of the board

"What I did say was that race was a factor in their decision of the appointment (of the new chief executive)," said Mr Reddy

As the Durban-born journalist bade farewell to years of experience in the broadcasting field, he said he did not have any plans for the future

"My main priority now is to prepare for the case," he added

The axing comes after the SABC's board rejected Mr Reddy's "apology and his proffered explanation for his misconduct" after he had publicly criticised and questioned the appointment of the corporation's new chief executive, the SABC's Marj Murray said yesterday



GOVIN REDDY: 'dismissal is outrageous'

"After apologising for harm caused to the corporation by his accusations, Mr Reddy had discussions with outgoing group chief

executive Zwelakhe Sisulu and the chairman of the board, Professor Paulus Zulu, and, as a compromise, he was offered the post of chief executive of broadcasting strategy. The SABC board had to approve the appointment as a matter of procedure," Ms Murray said

But after discussing with Mr Reddy the reasons for his accusations against the corporation, the board decided it was not comfortable with his explanation for a number of undisclosed reasons, Ms Murray said.

Professor Zulu said the trust between Reddy and the corporation had been broken. "He questioned the same ethics that he abides to," Professor Zulu said

The controversy erupted when Mr Reddy accused the SABC of racism after he was bypassed in the race to replace Mr Sisulu. The Reverend Hawu Mbatha was appointed instead

Mr Reddy's career at the SABC was dogged with controversy when he became head of radio during its transformation in 1994

Before he joined the SABC, he was actively involved in the political struggle, which disrupted his life and separated him from those close to him when he went into exile in Zimbabwe in 1981.

request for a further 30 days' observation as an inmate of  
International Johannesburg  
Reddy says dismissal is outrageous, and plans to sue SABC

By SHARDA NAIDOO (260)

Star 4/7/98

Govin Reddy, the controversial former SABC deputy group chief executive, is to sue the broadcasting giant. He confirmed last night that he was challenging his dismissal in a law suit.

"My dismissal is outrageous. I have a strong case against them as I never accused them of being racist and I did not question the integrity of the board. What I

did say was that race was a factor in their decision on the appointment."

SABC spokeswoman Marj Murray yesterday said the axing came after the board rejected Reddy's apology and explanation after criticising and questioning the appointment of the new chief executive.

After apologising, Reddy had discussions with group chief executive Zwelakhe Sisulu and chairman of the board Professor Paulus Zulu. As a compromise he was

offered the post of chief executive of broadcasting strategy

The board had to approve the appointment, Murray said. But after discussing with Reddy the reasons for his accusations, the board decided it was not comfortable with his explanation.

Zulu said the trust between Reddy and the corporation had been broken. "He questioned the same ethics that he abides by," said Zulu.

(13)

# Why SABC board fired Reddy

CHRIS BARRON (260)

5/7/98

GOVIN REDDY was dismissed by the SABC board because he repeated his accusations of racism against it for not appointing him as group chief executive, said board chairman Professor Paulus Zulu.

Zulu said Reddy had gone back on an earlier public retraction he made after he was offered a new post by outgoing chief executive Zwelakhe Sisulu and Zulu himself.

The board called Reddy in on Wednesday to explain himself before deciding whether to ratify his new appointment.

Instead of apologising for his outburst when a subordinate, the Rev. Hawu Mbatha, got the top job, he began by saying, "I am the aggrieved party, and went back to his original position. He refused to apologise," Zulu said.

Asked if the board had not left itself open to financially damaging legal action by summarily dismissing Reddy, he said, "We would not have dismissed him without first getting legal advice."

Reddy denied Zulu's account of the meeting. "I sketched the background of the dispute, then reiterated my retraction. The meeting ended with my retraction."

But a source close to the board said Reddy was "stroppy and out of hand" and "quite insulting" about Zulu and Sisulu.

"The board felt he had done the unpardonable by breaking a gag clause in the contract of employees. But it had not made a decision when it called him in."

A senior source said that, after Reddy was offered the new post of chief executive of broadcasting strategy, a demotion from his position as deputy chief executive, he approached Zulu and Sisulu with his own proposal — an appointment as "some kind of international consultant." His behaviour was considered "presumptuous" and the proposal was rejected. Reddy denied making the proposal. He said he was outraged by his dismissal and he was preparing a legal case against the SABC.





**LEGAL ACTION:** Govin Reddy

# Reddy demands job back

CT 8/7/98 (200)

**RAPHAEL BANDA**

**SACKED** SABC deputy chief executive Govin Reddy has demanded his immediate reinstatement and fired the first shot in a looming legal battle with the public broadcaster

Reddy said yesterday that his lawyers had handed a letter to board chairperson Paulus Zulu on Monday, demanding reinstatement as deputy chief executive or confirmation of his new position as chief executive (broadcasting strategy), "on the basis of unfair

dismissal and breach of contract"

Reddy said he had given the corporation until the end of today and said he would take legal action if the demand was not granted

SABC spokesperson Marj Murray confirmed the corporation had received a letter from Reddy which was being studied by their lawyers. She said Reddy's contract with the corporation as deputy chief executive extended until the year 2000

The SABC board last week invoked its powers and vetoed the appointment of Reddy as chief

executive, responsible for broadcasting strategy

Reddy claims that his contract as deputy was not cancelled with the new offer and vowed yesterday to take on the SABC "until I win"

An insider recently told the *Star* that Reddy had wanted a payout of not less than R2,5 million to leave the corporation

Murray said one of the issues the lawyers for the two sides were set to thrash out was what should be paid to Reddy in the wake of the cancellation of his appointment.

# New Competition Bill could curtail parastatals

**ANTHONY NORTON & LISA THORNTON**

The new Competition Bill, published for comment in May 1998, is aimed at anti-competitive practices, abuse of dominant positions and mergers and acquisitions. It will replace the Maintenance and Promotion of Competition Act of 1979, which is widely regarded as ineffectual in regulating and enforcing competition policy in South Africa.

The question we wish to address is whether the provisions of the proposed legislation are applicable to parastatals, such as Telkom, Eskom and Denel, and, if so, the extent to which the bill will impact on their activities.

The provisions of the bill apply to all economic activity in South Africa (save for two exceptions which are germane to the parastatals), and no distinction is drawn between public and private enterprises.

Perhaps the most important aspect of the bill with regard to parastatals, are Sections 6 to 9, which pertain to "abuse of a dominant position".

Section 6 provides that firms with a turnover less than a threshold deter-

mined by the minister every year, will not be subject to the provisions detailing abuse of a dominant position.

It is a good assumption that the parastatals will exceed the threshold.

Section 7 sets out the criteria for determining if a firm that exceeds the threshold is dominant. It provides that a firm is dominant in a market if it either has at least 35 percent of the market and cannot demonstrate that it does not have market power, or has less than 35 percent of that market but has market power.

Market power is defined in the bill as the power of a firm to control prices, exclude competition or behave, to an appreciable extent, independently of its competitors and customers.

It is another good assumption that the parastatals will be considered dominant under the criteria.

If our assumptions are correct, the various prohibitions contained in Section 8 of the bill will be applicable to parastatals. These prohibitions include excessive pricing to the detriment of consumers, refusing to give a competitor access to an essential facility when

(260) it is economically feasible to do so, and engaging in an exclusionary act.

An exclusionary act includes requiring a supplier or customer not to deal with a competitor, as well as buying up a scarce supply of intermediate goods required by a competitor.

Although it is clear that the parastatals will be subject to the Competition Bill, what is not so clear is the overlapping jurisdiction with regulators, such as the South African Telecommunications Regulatory Authority with regard to Telkom and the Electricity Regulator vis-a-vis Eskom.

The question of overlapping jurisdiction will need to be resolved, as will the extent to which the statutory authority, and statutory monopoly in some cases, of certain parastatals exempts them from provisions of the Competition Bill.

Section 45(1)(b) of the bill is of crucial importance to private sector competitors and to consumers. It provides that a person prejudiced by a prohibited practice and having a substantial legal interest in obtaining relief from the prohibition can file a complaint

with the Competition Inspectorate. The Competition Inspectorate would then be obliged to launch an investigation of the alleged prohibited practice.

If the inspectorate decides a prohibited practice has been established, it must refer the matter to the Competition Tribunal, which has the authority to order a firm to do something or refrain from doing something. It can also order administrative fines. Damages can be claimed in either magistrates or high courts.

In conclusion, the proposed competition legislation could offer the private sector and the public some form of redress against abuses of dominance by parastatals.

It may also be the catalyst for moving forward the privatisation of those entities, which many would contend is long overdue.

Business Report and Hofmeyr, Herbert, Ghuwala & Cluer are hosting a conference on the new competition law on July 10 in Sandton, Johannesburg. For booking details contact Senya Dudgeon on (011) 286 1205.

(260) et 8/7/98

# demands

# Eskom faces nationwide protest over wage

(A60)

15/7/98

Reneé Grawitzky

ESKOM is facing countrywide protest action today aimed at putting pressure on the company to revise its wage offer as negotiations resume.

The action is intended to kick-start a national campaign against the Eskom Amendment Bill which starts on Monday.

At the same time the National Union of Mineworkers (NUM) said talks with Anglo American Platinum mines (Amplats) deallocked after it tabled a 3% opening offer in response to a 15% union demand.

The union said tension was mounting at the mines after it accused members of

the Mouthpeace Workers' Union of preventing NUM officials from addressing a meeting to give feedback on the negotiation process.

The National Union of Metalworkers of SA (Numsa) said it would participate in the action against Eskom today even though there had been no proper consultation with the NUM.

The NUM said today's action was intended to put pressure on the company to accede to labour's demand for an increase of 13% for the lowest-paid to 10% for the higher-paid workers.

Eskom refused to comment on the talks and the planned action but said it

would comment after the resumption of negotiations today. Eskom has offered an increase of 8% to 5,5%.

The NUM will start its demonstrations against the Eskom Amendment Bill on Monday while a joint march with Numsa will be held on Wednesday.

Labour indicated that this action could culminate in a national stayaway, but no final decision had as yet been taken.

NUM deputy general secretary Archie Palane said the union had rejected a 3% offer after the company wanted to deduct 4% which was part of an overall increase granted in terms of last year's agreement. Palane said workers received an 11% in-

crease.

Amplats said the agreement provided 7% for wages and 4% linked to productivity improvements if workers worked an additional six days a year.

An Amplats spokesman said the agreement provided that the 4% would be offset from the new settlement.

Amplats said it had written to the union urging it to continue negotiations. At the same time the company claimed a union insistence that Amplats table an offer of at least 6% before it revised its demand was bad faith bargaining.

Amplats' confirmed an incident occurred at Pula hostel in Rustenburg sec-

tion when a group of NUM officials were prevented by a small group of Mouthpeace members from addressing unionists.

Security stopped a conflict. The matter would be taken up with the union and members could face disciplinary action, Amplats said.

Meanwhile, the strike by SA Clothing and Textile Workers' Union (Sactwu) in the footwear sector has been suspended after the National Union of Leatherworkers signed an accord providing for a 9% package deal. Talks were under way late last night to resolve the 10-day-old strike in the fabric knitting sector.

# Riot at Eskom headquarters during pay talks

BY TEFU MOTHIBELI

Workers at Eskom's headquarters in Megawatt Park went on the rampage last night, burning part of the main building and destroying several cars.

The 3 000 members of the National Union of Mineworkers, who had been protesting in support of their wage demands most of the day, also shattered windows of buildings.

The employees, who were bused in from Mpumalanga, North West and some parts of Gauteng, arrived at the offices to voice their dissatisfaction about the management's salary increase offer.

They protested on the company's lawns while their leaders were busy negotiating.

At about 5pm things turned violent as workers tried to storm the building and clashed

with police and company security officers.

A police spokesperson confirmed the damage but said no injuries had been reported.

Unconfirmed reports said one worker was rushed to hospital after he was hit by a police vehicle, but police denied this.

At around 7pm, union representatives tried to disperse their members but were booed by their members.

The toyi-toying and singing workers said they were going to sleep outside the offices until their demands were met.

A union representative said the violence started when the workers became impatient with the length of time the negotiations were taking.

Eskom's human resources executive director Bongani Khumalo said they were "greatly disappointed" with the

workers' violent action because they were not officially told of the rejection of the offer.

"We hope that the union leadership will get their members to act responsibly and that it is not necessary for us to get the police to assist us to disperse them," said Khumalo.

## Buildings and cars damaged

He added that negotiations to try to find a solution to the impasse would continue today.

Heavily armed police officers kept a close eye on the situation.

Khumalo said the action was "bizarre" because the Eskom negotiating team was still

waiting for an official response on the final offer from the five trade unions, including the NUM.

The company was offering a 12% increase on the minimum salary scale with a guaranteed increase of at least 8% on basic salaries of lower-level grades. In middle management grades, 11% was offered on the minimum salary scale with a guaranteed rise of at least 8%.

NUM spokesman George Molebatsi said the NUM members had lost patience because negotiations had been dragging on since May.

There were also protests yesterday in the Northern Cape, Western Cape and southern KwaZulu Natal.

The NUM has the most affiliated workers at Eskom out of the five unions representing the company's 40 000 employees.

260  
FAN 16/7/98

# NUM must take responsibility for Eskom rampage, say ministers

Reneé Grawitzky

THREE cabinet ministers demanded yesterday that the National Union of Mineworkers (NUM) — whose members were involved in burning down a building at Eskom's head office on Wednesday — should take responsibility for their actions.

Public Enterprises Minister Stella Sigcau and Minerals and Energy Minister Penuell Maduna launched a scathing attack against those involved, saying government would not tolerate

anarchy and criminal acts. They warned that government would not allow anyone to abuse hard-won rights.

More than 3 000 NUM members went on the rampage at Eskom's head office in Johannesburg to put pressure on management to improve a wage offer of between 8% and 12%, as negotiations were continuing. The action was also seen to be linked to the Eskom Amendment Bill which labour opposed as it believed it was a first step to the privatisation of the parastatal.

When people can trash property and get away with it, Maduna said government would use this incident to send a clear message to criminals that such action would not be tolerated. They said those involved should be criminally charged.

The NUM said it did not condone acts of violence by its members. NUM general secretary Gwede Mantashe said workers went on a rampage and such action could not be condoned. Despite such sentiments, attitudes between the union and management appear to be hardening as the union walked out of a meeting yesterday afternoon. The union said Eskom had suspended negotiations and wanted to use the opportunity to give "us a clear message". Mantashe said "we refused to be subjected to this".

Eskom said it had no option but to seek "justice and compensation" while disciplinary action would be taken against those responsible. Mantashe said the "issue now is not the payment of compensation but to find a solution to the crisis". He said

*(Signature)*  
this was an incident in an 11-year-old relationship and "we need to find innovative ways of finding a solution".

Labour Minister Tito Mboweni appealed to the union to take serious disciplinary measures against those involved while the NUM leadership should take responsibility for its members' actions. Safety and Security Minister Sydney Mufamadi would also be approached to determine whether police responded too late.

# SABC may have broken law by axing Reddy on the spot

(260)  
JACQUIE GOLDING-DUFFY  
NATIONAL MEDIA EDITOR

The SABC may have contravened the Labour Regulations Act when it cut off the salary of its former deputy group chief executive Govin Reddy the day he was dismissed.

Mr Reddy received the written dismissal at his home in Parkview, Johannesburg, on July 1 at 7.30pm. The dismissal followed a meeting earlier that day between Mr Reddy and the SABC board regarding, among other things, the appointment of Rev Hawu Mbatha to the post of group chief executive.

It is understood that the talks also covered Mr Reddy's claims of racism levelled at the broadcaster and the board.

Mr Reddy was bypassed in the appointment of a successor to the then-outgoing group chief executive Zwelakhe Sisulu.

The meeting is understood to have been less than amicable. When Mr Reddy was dismissed, an alternative job offer made by

Mr Sisulu was withdrawn.

The SABC this week confirmed that it dismissed Mr Reddy on July 1 and had paid him until July 1. Although it had not received any papers from Mr Reddy's legal advisers, it said it was "ready" for any legal action.

Commenting on the salary cut-off date, Cheadle Thompson & Haysom labour lawyer Anton Steenkamp said "normally one can expect at least one month's notice pay, outstanding leave pay and other outstanding benefits like pension contributions".

However, in some instances, according to the Labour Relations Act, an employee can be "summarily dismissed".

"Strictly the employee is then not entitled to notice pay but only if the dismissal was fair."

If the dismissal was for disciplinary reasons, Mr Steenkamp says the employer is obliged to notify the employee of the allegations. Then the employee should be given a reasonable time to respond.

Once the employer has made a

decision, written notification with reasons must be furnished to the employee.

Mr Reddy has filed papers with the Council for Conciliation, Mediation and Arbitration (CCMA), which will decide whether the dismissal was fair.

Mr Reddy decided to pursue his case through the CCMA after the SABC failed to respond to a letter from his lawyers, demanding his immediate reinstatement to his old post or the ratification of the new post - chief executive of broadcasting strategy - offered by Mr Sisulu. Mr Reddy gave the corporation an ultimatum to respond.

The SABC refused to accede to his demands and, after deliberations by the board, the offer was withdrawn and he was dismissed, as "trust between the two parties were irreversibly broken", it said.

The SABC has confirmed that Mr Reddy's contract as deputy group chief executive only expires in 2000. Mr Reddy argues his contract as deputy was not cancelled with the new offer.

ARC 18/7/98

# NUM critics 'misdirected'

BY ZOLILE NOAYI

THE stalemate in wage negotiations at parastatal Eskom is no closer to a resolution than it was at the beginning of last week.

Last week's violent action by members of the National Union of Mineworkers (NUM), which resulted in the gutting of property at Eskom's head offices at Megawatt Park, seems to have widened the gap between union and management attitudes.

NUM has accused Eskom of suspending negotiations and using the outbreak of violence as an excuse not to negotiate.

"I want to make it clear that we did not walk out of negotiations. On Thursday Eskom told us they have a message to convey and we walked out because we were not there for a lecture about our members but wage negotiations," George Molebatsi, NUM's spokesman said.

Molebatsi said the criticism of the union for not controlling its members was misdirected as it did not attempt to solve the problem, but to apportion blame.

The union and its members came under fire from Tito Mboweni (former labour minister and South African Reserve Bank governor-designate), Ministers Stella Sigcau (Public Enterprises) and Penuell Maduna (Mineral and Energy).

Mboweni appealed to NUM to take corrective action against its members.

He expressed concern that NUM did not follow proper procedures for solving disputes as laid down in the Labour Relations Act.

Molebatsi said that union representatives did not control anyone.

"If workers decide to march they do so. It has always been like that in the ANC, PAC and other movements. Workers have always used the power of their numbers."

NUM had called for reason.

"Instead of looking for scapegoats to denounce we ought to be looking for a way to resolve the impasse," Molebatsi said.

The protest action which turned violent followed after eight regions of NUM embarked on a national strike and marched to Eskom offices where representatives were locked in

wage negotiations.

The decision to strike was taken after Eskom had made a final wage increase offer of 8%.

The union is demanding a 13% salary increase across-the-board for the lowest-paid workers and 10% for the range of higher-paid workers to management level.

Meanwhile, Eskom has indicated that it may take action against both the NUM and individuals who destroyed property.

According to Peter Adams of Eskom's communications department, "action will definitely be taken against individuals involved and possibly the union if there are grounds to take such action."

"We have good video recordings of perpetrators of last week's violence," said Adams.

However, he indicated that Eskom hoped that the wage increments negotiations would be resumed soon.

"We have a number of teams working on the cost of the damages to property; we also have another team looking at ensuring that the wage negotiations with NUM continues."

2/19/71 98

# BUSINESS REPORT BROADCASTING WHITE PAPER REVIEW

Editorial Board  
Advisory Panel

*The white paper aims to ensure equal access to all broadcasting assets and to cater to the country's diverse needs*

## Meeting the needs of all South Africans

(EJ) 22/7/98

(AB)

The Independent Broadcasting Act 153 (IBA Act) of 1993 commenced on March 30 1994 and South Africa adopted, for the first time in its history a democratic broadcasting dispensation

The IBA Act did not provide for a clear policy framework which would take into account the diverse needs of the South African society or the changes in broadcasting technology

A technical task team was appointed on August 25 last year to formulate the broadcasting policy framework

There was wide public consultation through a green paper process and a colloquium involving all major stakeholders in the broadcasting industry as well as international experts

After the colloquium, responses to the green paper and meetings with the stakeholders, the

white paper was drafted, again discussed with stakeholders and finally formulated as the formal white paper to reflect the broadcasting policy for South Africa

"A primary object of this white paper on broadcasting policy is to ensure that the South African system is imbued with the important public interest values of access, diversity, equality, independence and unity as well as fundamental human rights as contained in the Constitution," says Jay Naidoo, the post, telecommunications and broadcasting minister

"The white paper also seeks to ensure that the frequency spectrum, which is a valuable natural resource, remains an asset that belongs to society at large, and that frequencies are allotted such that broadcasting is available to all and that it caters for the needs of the total population

"I would like to thank the many people who gave so much of their time to contribute to the formulation of this important and historical document for they have given invaluable service to their country and laid the foundation for broadcasting in the future South Africa"

The white paper contains a set of policy objectives and principles which underline the first policy framework for broadcasting in South Africa

- It maintains that
  - Broadcasting can make an inestimable contribution towards the social, political and economic development of South Africa
  - Broadcasting can disseminate information, provide education and create empowerment
  - Broadcasting can promote democracy and nationbuilding which will enhance the development process

- It maintains that
  - An increase in South African content in the broadcasting system, in both programming and the production process, will increase the total broadcasting production industry to the benefit of the whole economy
  - There must be minimum news and actuality programme delivery required of all broadcasters; the appropriate amounts should be determined for each sector in turn

- Public interest must be protected and reflected in access and diversity within the framework of national unity, equality and independence
  - The policy framework must cater for meaningful involvement of the historically disadvantaged groups in the broadcasting sector through tangible ownership and control
  - Clear, integrated human resource development programmes with performance indicators and monitoring standards must be laid down
  - Broadcasting policy must promote free and fair competition so that the South African broadcasting system can be competitive in the global society
  - The new broadcasting policy framework must define intermediate and long-term policy ends and allocate roles and assignment of tasks



MAN WITH A VISION Jay Naidoo, post, telecommunications and broadcasting minister



# Orbicom

## LIGHT YEARS AHEAD IN SIGNAL DISTRIBUTION

Broadcasting is integral to the lives of millions of people, whether it is for entertainment, information or education reasons. Broadcasting constitutes a vital element in the merging video, audio, data and computer technologies and in particular, the signal distribution roles in these areas will no longer be exclusive as the trend to digital transmission accelerates.

Orbicom is a signal distribution company and is a subsidiary of MIH. It undertakes broadcast signal distribution for MultiChoice, the biggest pay-TV operator in Africa. Orbicom offers signal distribution services both satellite and terrestrial, to the broadcasting television industry internationally, and is a key player in pay-TV in South Africa, Africa, and other key markets. Orbicom specialises in the satellite arena of direct-to-home (DTH) television, terrestrial re-broadcast transmitting stations, MMDS and encryption technology for pay-TV applications.

### INSIGHTS

Integral to pay-TV is niche and targeted television - or "narrow-casting". Orbicom has clients, such as companies that need to communicate with their staff on a national basis, and operators who want to reach a smaller but defined target market.

Aif Karrim, Chief Executive Officer of Orbicom, says: "There is a growing trend world-wide towards niche-market pay-TV channels." The diverse cultures and interests in South Africa offer a number of opportunities for target television in agreements with pay-TV operations external to the Group, such as Deukom, a multi-channel German-language service, and ZEE TV, the world's largest South Asian entertainment channel. Orbicom has provided the transmissions, which bring these services to subscribers.

Since its inception, Orbicom has worked beyond the borders of South Africa. Besides its significant presence in African countries, it has undertaken successful projects in the Middle East, a number of Mediterranean countries and more recently Thailand in the Far East.

"The experience Orbicom gained in developing similar systems in South Africa, as well as the rest of the African continent, is invaluable in ensuring efficient execution of any project," comments Karrim.

### THE FUTURE

The merging video, audio and data technologies which digital techniques have facilitated, will be fully exploited by Orbicom, with efficiency and service being the primary thrusts. Light-touch regulation will be the key to allowing the private sector to ply its much needed and rightful role, especially in the African context.

Karrim concludes: "This is a cut-throat business and we believe that the only way to survive is to be open to new technologies, to investigate them and to adopt them, where appropriate. More often than not we need to be innovative in our adaption of these technologies which requires knowledge of our markets as well as our trade."

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# Orbicom



## New communication vision for SA is set in motion

ET (PK) 22/7/98

The history of broadcasting in South Africa, has since inception, been characterised by the politicisation of the broadcasting system. Broad-casting was used to trench an oppressive political system that kept a large section of the population out of South Africa's public life.

With the inauguration of a new democratic political system in the early 1990's a process was set into motion to re-regulate the broadcasting system, introduce new players and place the regulation of the broadcasting system into the hands of an independent broadcasting authority.

The Independent Broadcasting Authority (IBA) Act of 1993 put in place a new framework for the growth and regulation of broadcasting in South Africa. It was created to reform and regulate the whole broadcasting sector. South Africa now has a much more developed broadcasting sector with a number of private radio stations offering commercial services and a larger number of community radio stations. The first privately-owned free-to-air television service was recently licensed by the IBA.

The appointment of a new South African Broadcasting Corporation (SABC) Board in 1994 was also aimed at freeing the SABC from political control, although the Broadcasting Act of 1976, which created the SABC as a statutory corporation, has not been amended. These reforms

### The IBA Act was created to reform and regulate the broadcasting sector

□ lack of empowerment for the historically disadvantaged  
□ The broadcasting policy process aims to set up a broadcasting system based on universal access, diversity within a framework of national unity, democratisation of the airwaves, nationbuilding, education and the strengthening of the moral fibre of society.

This policy process is underpinned by the constitutional principles of freedom of expression, equality of all languages and multiculturalism. The new broadcasting policy seeks to establish a three-tier system for the broadcasting industry, namely:  
□ policy formulation and development by the government  
□ licensing and regulation by the IBA  
□ service provision by broadcasters

## Fresh set of objectives for public broadcasting

(260)

The white paper outlines policy initiatives that are required to reposition public broadcasting services in South Africa, in the light of the increasing entry of new broadcasting players and delivery platforms into the market.

The aim of South African Broadcasting Act was to consolidate and amend certain laws relating to the South African Broadcasting Corporation (SABC) and the control of broadcasting in South Africa, to authorise the SABC to issue certain licences.

The objectives of the corporation are:  
□ To carry on a broadcasting service in South Africa,  
□ At the request of the minister and subject to conditions that he may determine, to broadcast programmes for reception in a country or territory outside South Africa,  
□ To transmit programmes by means of cables or wires for the reception by members of the public or of any category of persons in a particular area or at a particular place;

□ To transmit programmes by any category of persons in a particular area or at a particular place.  
A statutory charter for governing the public broadcaster, the SABC, is recommended. A hybrid model of generating funds, which includes both public coffers and the private sector, is recommended for the SABC to enable the corporation to withstand

competition in the market. Parliament will enact a statutory charter for the SABC which will relate to public broadcasting and not to the commercial arm of the SABC.

The public broadcasting arm's principal objectives are:  
□ An obligation to be a comprehensive broadcaster, offering services to the whole country

□ Obligations to be innovative and to offer programming of a high standard

□ Enriching the cultural heritage of South Africa through support of the arts

□ A responsibility to contribute, through its programming, to a sense of national identity

□ A responsibility to inform, educate and entertain

□ A responsibility to reflect South Africa's cultural diversity within the framework of national unity

□ An obligation to report news and current affairs fairly, impartially and in a balanced fashion

To achieve this, the government will restructure the SABC to achieve tangible internal separation of commercial from public broadcast activities

It is expected that one television channel and four radio stations, presently operated by the SABC, will qualify as commercial services. The former BOP Broadcasting shall be reorganised under the SABC as a separate for-profit business unit with a programming line-up of the existing satellite service

### The SABC will be restructured to separate commercial and public activities

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# BROADCASTING WHITE PAPER

*More comprehensive classification will mean tighter control of licences*

## New definition of broadcasting

ET (M) 22/9/98 (260)

The white paper seeks to adopt a more comprehensive definition of broadcasting and broadcasting services, as the IBA Act definition is inadequate. As a result DSTV operates without an IBA licence and is exempted from obligations imposed by the IBA on other broadcasters.

A new definition of broadcasting needs to be in line with international practices and technological developments. All broadcasting services such as distribution, satellite and terrestrial are to be licensed and regulated by the IBA.

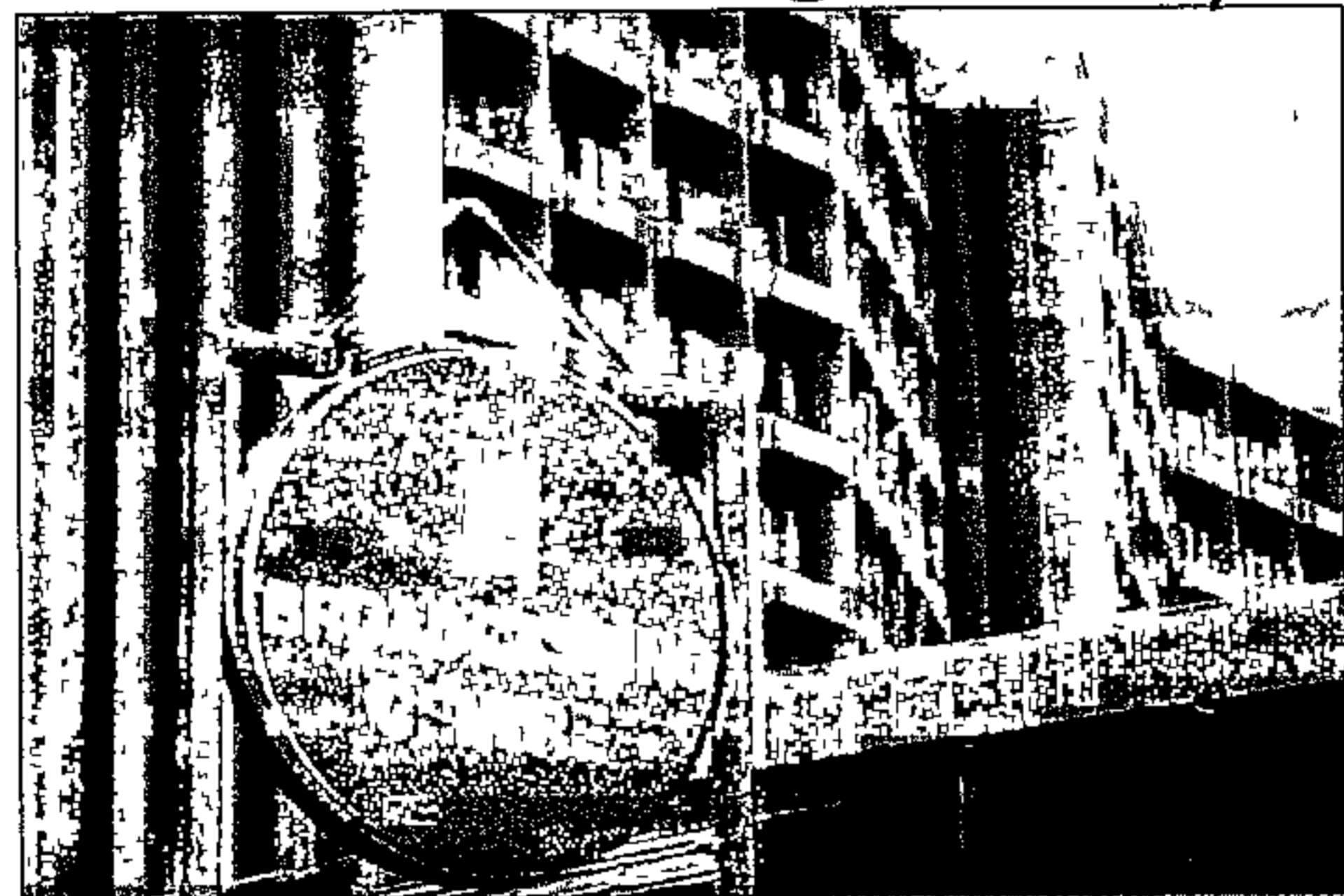
Public service broadcasting will be classified in the following licence categories:

- Free-to-air terrestrial radio broadcasting service
- Free-to-air terrestrial television broadcasting service
- Free-to-air satellite radio and television broadcasting service

Community broadcasting will be licensed in the free-to-air terrestrial radio broadcasting service.

Private broadcasters will be licensed in the following categories:

- Free-to-air terrestrial radio broadcasting service
- Terrestrial television broadcasting service



*The South African Broadcasting Corporation, in which all services will be licensed and regulated by the IBA*

PHOTO: T. LEMON

- Satellite radio and television service
  - Direct-to-home delivery service
  - Local delivery service
- Mandatory public obligations will be imposed on all distribution services.

Community broadcasting has been introduced to give access to needy areas with little resources, skill, expertise and funding. The IBA has granted 85 community radio licences and, to date, 67 of these are on air.

However, the majority of these community stations are based in urban areas and the

least developed parts of the country have the least number of community radio stations.

The IBA Act has two types of community licences. One is defined as a community of interest and the other is geographically founded. Community broadcasting must represent all the people in the community in terms of ownership, control and decision-making.

Community broadcasting must provide a distinct service dealing with community issues that are normally not addressed by other broadcasting services in the particular region. Communi-

ty broadcasters will be expected to draw their revenues from advertising, sponsorships, grants and donations from their respective communities. They will have no restrictions to accessing local advertising, but national advertising will be restricted through IBA regulations.

Whilst community radio has steadily expanded over the past three years, community television has not yet been introduced to this sector. The IBA will be asked to investigate the viability and impact of community television.

Private investment in broadcasting differs from ordinary business activity. Broadcasting involves the transmission of values and attitudes, and therefore the regulation of private broadcasting has to balance investment on the one hand, and the role, duties and responsibilities of broadcasters on the other.

Policy calls for the imposition of specific broadcasting licence conditions of private broadcasters. They must make a contribution either through programming or funding educational and information programmes as well as the production of South African programme material. They must contribute towards the promotion of all South Africa's languages and cultures.

# WHITE PAPER REVIEW

**WHITE PAPER** *Amendments aim to improve authority's accountability to the public*

## Tighter restrictions imposed on IBA

(260) ET (BR) 22/7/98

The white paper makes reference to amendments by parliament to the Independent Broadcasting Authority (IBA) Act so that, among other things

- Responsibility for achievement of the objects of the act is better defined

- Parliament will reserve powers of appointment in relation to the IBA

- The concept of two co-chairpersons of the IBA will be abolished in favour of a single chairperson

- The power of the IBA to remunerate employees at levels considered as competitive in the open employment market will be curtailed. The IBA will be required to offer salaries consistent with public sector standards

- The IBA will be funded directly by the government and not be allowed to retain funds obtained from any other source

- No statutory authority should be permitted to profit from fines it might impose

- Surplus funds will not be allowed to accumulate in the IBA

- The IBA's annual report obligations will be broadened; in particular the IBA will be required to report on operational matters as well as financial matters

The perception that the IBA is not accountable for its activities regarding the implementation of public policy is widespread and of concern. The publishing of a long plan, a regulatory strategy and

a licensing schedule at least at the beginning of every two years will help the public understand the processes of the IBA and, more importantly, link these to the achievement of policy objectives.

The principal role of the regulator includes:

- Administration of the statutory scheme for granting and renewing broadcasting licenses

- Management of the broadcasting services frequency bands and other parts of the radio-frequency spectrum delegated by the parliament and the minister to broadcasting purposes

- Design and implementation of regulatory policies and licence conditions for various categories of broadcasting service

The IBA's functions include:

- Frequency allocation planning

- Granting and renewing of broadcast licenses

- Maintenance of a register of licensees which should be available to the public at all times

- Monitoring the operation of the IBA Act

- Monitoring technological developments and service trends in broadcasting

- Dealing with complaints about broadcasters' observance of community standards in programming and advertising

- Dealing with radio frequency spectrum engineering characteristics

- Making regulations to give effect to broadcasting policy

# Limiting cross-media control

ET (BAR) 22/7/98 (260)

The white paper makes specific mention of cross-media control. At present there are no formal regulations in place so intended legislation will empower the IBA to regulate the investment by print media owners in electronic media.

According to the white paper, it is in the public interest that cross-media control should be limited to ensure that there is an equitable share of control across all print and electronic media in South Africa.

The principle of deemed control will apply. This means that a person shall be regarded as being in control of, or being in a position to exercise control over a company if he holds shares exceeding 15 percent or has other financial interests therein equal to at least 15 percent of its net assets.

Cross-media limitations are based on the various categories of newspapers according to frequency of publication, geographical extent of relationship as well as any matter relevant to the existing and future control of any such newspaper.

The IBA will be asked to investigate the limitations on cross-media control of private broadcasting services as regards the cross-ownership between radio, television and print media.

Special incentives will be created to promote the degree of ownership and control of radio and television services by persons from historically disadvantaged groups.

**Incentives will promote control of services by people from disadvantaged groups**

Private broadcasters are expected to fulfil significant public policy goals. To ensure that the broadcasting system meets the needs of South Africa, it is imperative that effective ownership and control of the broadcasting system remains in the hands of South African citizens. However, in order to meet their obligations, private broadcasters need access to adequate amounts of capital. An appropriate balance must be met between these priorities.

The government is keen to increase investment opportunities in the South African broadcasting system so that South Africa can pay its rightful role in the global markets. The increase in investment opportunities will

flow from the investments by both South African companies and foreign companies that partner South Africans in new undertakings.

The level of ownership of private radio and television stations permitted for a foreigner is 20 percent. The government believes this ceiling should be raised to facilitate an increase in investment. The government will request the IBA to undertake an investigation of this matter and report on what the appropriate new level of foreign ownership should be.

This investigation should determine any mechanisms that should be put in place to ensure an appropriate balance between the issues mentioned above. In addition, the IBA should report on whether the same requirements are appropriate to all classes of licence.

Finally the IBA should report on the criteria to be used to determine where effective control is held and to ensure that it is held by South Africans.

Once the government has received this report, it will draft a proposal dealing with the appropriate level of foreign ownership. It will publish this proposal in the Government Gazette, requesting public comment.

## Radio set to boost local content

Radio is the most cost effective way to provide services. The expansion of the radio sector must therefore receive priority. This expansion should ensure the diversity of services, programme content and ownership to all South Africans.

The government will ask the portfolio committees on communications and on arts and culture to undertake a review of the sound recording industry in South Africa.

Following the review, the government may ask the IBA to review whether the current levels of South African music are appropriate.

It will be a policy position that the South African broadcasting system should display a predominantly South African content. The IBA is to draw up a plan for local content carriage in which South African broadcasters will have to reach a predominant local content in all genres within ten years.

A South African Broadcasting Production Agency will be established to support and promote local content production in radio and television.

# Eskom opposes planned unbundling

LYNDA LOXTON

Cape Town — Eskom, the state-owned electricity utility, yesterday strongly opposed the planned unbundling of its generation units to increase competition in the electricity sector

Reuel Khoza, the chairman, and Allen Morgan, the chief executive, told the portfolio committee on minerals and energy that unnecessary unbundling would weaken Eskom's balance sheet, damage its credit rating with international institutions

CT(BR) 23/7/98 (260)  
and affect its ability to be a driving force in the planned African renaissance.

Khoza criticised the energy white paper released earlier this year by the minerals and energy department for dwelling on detailed operational strategies to achieve cheaper electricity rather than focusing on the kinds of policies the government wanted in place

"Eskom is currently performing near optimum in respect of our financial and technical performance, as well as acting as

a catalyst for economic development," said Khoza.

"As such, any policy should not compromise this performance but rather enhance it. The assets of Eskom must be retained intact."

Khoza urged the government to "be circumspect by avoiding fragmentation of generation in the name of unbundling".

Morgan said he was not opposed to the phased introduction of greater competition, but was against breaking down Eskom's strengths.

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# 8 000 protesters to march on Union Buildings today

*260*  
*South African* *24/12/98*  
By Mziwakhe Hlangani

MORE than 8 000 mine and motor industry workers will march on the Union Buildings in Pretoria, today to protest against the Eskom Amendment Bill which incorporates the public utility into the Companies Act of 1973

National Union of Metalworkers of South Africa (Numsa) spokesman Mr Dumisa Ntuli said yesterday the demonstration had been jointly organised by Numsa and the National Union of Mineworkers (NUM)

He said the Bill would lead to the

privatisation of Eskom and thus weaken the Government's hold on the parastatal since the Companies Act is meant to govern privately-owned companies and not state-owned enterprises

Ntuli said the privatisation of Eskom had been the subject of negotiations between the union and Eskom management in terms of the National Framework Agreement and there was no agreement on the incorporation of Eskom into the Companies Act

Numsa believed that the incorporation of Eskom into the Companies Act would have a detrimental impact on the

social and economic lives of poverty-stricken regions countrywide

It said the price of electricity would go up beyond the reach of the poor, meaning that services would be available only to those who would afford

"This is really a change of heart on the Government, which has promised to electrify 1,75 million houses by the year 2000

"We feel the Government is reneging on its responsibility to provide services to the disadvantaged communities," added Stephen Nhlapo, Eskom national sector coordinator

# NEWS

*NUM, Numsa march in Pretoria today*

## Eskom protest at Union Buildings

THABO LESHILE

Johannesburg — The week-long protest by the National Union of Mineworkers (NUM) and the National Union of Metalworkers of South Africa (Numsa) against the privatisation of Eskom is to culminate in a march by thousands of union members at the Union Buildings in Pretoria today.

NUM and Numsa, the country's biggest trade unions, said thousands of their supporters would protest at the seat of the government in a bid to stop the state from corporatising Eskom.

The two unions, supported by the Congress of South African Trade Unions, their federation, said turning the utility into a private company would jeopardise its mass electrification obligations in terms of the reconstruction and development programme (RDP).

The Eskom Amendment Bill, which requires Eskom to pay dividends and taxes to the government, was passed by the parliamentary committee last month, paving the way for its passage to law.

"When Eskom becomes a private company with shareholders, under

the Companies Act of 1973, it will be a step towards its privatisation," said George Molebatsi, NUM's spokesman.

"Eskom is number one in terms of RDP delivery. Its ownership should stay in the hands of the state. A private company does not work for the upliftment of the community," Molebatsi added.

Stella Sigcau, the minister of public enterprises, denies the mass electrification programme is in danger because of the change to Eskom's status.

Since Monday, the two unions have been holding lunchtime demonstrations and handing out memorandums of their complaints at the offices of the ministries of public enterprises and of minerals and energy.

Dumisa Ntuli, Numsa's spokesman, said labour also opposed changes envisaged in the government's white paper on energy to turn Eskom into two companies, for transmission and generation.

Eskom's management also opposes the planned unbundling of its generation units to increase competition in the sector. This week, the utility said the move would weaken its balance sheet and hurt its international credit rating and ability to contribute to the development of the continent.

ET/MR/24/7/98

185

# IBA overspends once again

(260) CT (MR) 29/7/98

NCABA HLOPHE

Johannesburg — The office of the auditor-general yesterday qualified its report on the Independent Broadcasting Authority (IBA), which hit financial problems once again with an over-expenditure of more than R6,5 million in the year to March 1997

Ratha Nayager, the provincial auditor-general, said the lack of financial management and control measures had again been evident this year

The IBA's expenditure for the year amounted to slightly more than R44 million while it only generated about R37 million

"Evidence could also not be produced that the IBA's estimated income and expenditure budget for the 1996-97 year had been approved in terms of the IBA

Act," Nayager said. The IBA had also incurred more than R220 000 in interest payments, due to late payments to creditors and value added tax and overdraft charges, he said.

He said the R208 million embezzled by the IBA's former councillors on personal entertainment expenses had still not been resolved

Dr Bul Lombard, the IBA's new chief executive officer, said the report reflected on the previous councillors and chief executive officer

He said the IBA had embarked on a restructuring programme to address the problems as the government had cut the IBA budget from R40 million to R31 million.

Nayager said the IBA had also not recovered R115 000 which had

been fraudulently withdrawn from its account

Fixed assets of R4 million were written off due to differences between accounting records and the fixed assets register

"The continuing high level of staff turnover and low staff morale is of serious concern to this office as it will inevitably affect the activities of the IBA," Nayager said

However, he expressed confidence in the IBA's internal financial management and control measures, which are expected to bear fruit next year

"The IBA had embarked on a programme of corrective measures which included the suspension and ultimate sacking of the chief executive officer and has also appointed an audit firm to assist with the programme," he said.



# Brew over breakfast TV

MTG 31/7 - 6/8/98 (760)

Angella Johnson  
and Ferial Haffajee



Home brew: Zwelakhe Sisulu with Urban Brew director Barney Cohen

**U**rban Brew, the production company acquired by Zwelakhe Sisulu after his departure from the SABC, seems set to win a R10-million bid to make a breakfast programme for the corporation

The television industry was abuzz this week with rumours that the coveted contract, which has kept independent producers on tenterhooks, had been unofficially granted

Urban Brew is now 50% owned by investment giant New Africa Investment Limited (Nail), where Sisulu was appointed executive director after resigning his position as chief executive of the SABC earlier this year

The SABC's television head, Molefe Mokgatle, angrily contested the rumours this week "This is one of the SABC's most important and expensive contracts. There will be accusations and counter-accusations"

Mokgatle said he had heard speculation that three different bidders had won, but insisted no decision had been made. The four finalists — rumoured to be Urban Brew, Times Media Limited Television, the Breakfast Club and Penguin — will be called to the SABC once more next week for final interviews

Urban Brew's "favoured nation" status has long raised eyebrows in television circles. The high number of contracts it wins from the SABC was questioned at an executive meeting earlier this year. Ironically, Sisulu had considered an investigation into the production house's virtual monopoly when he was SABC chief executive

The company is estimated to have received more than R40-million of work from the SABC over recent years, at a time when other programme-makers have struggled to get contracts

One producer, who asked not to be named for fear of victimisation, said "They seem to have an inside track when it comes to getting work there. It would be very unsettling if they get this plum slot"

Barney Cohen, a director of Urban Brew,

denied his company was being favourably treated "Look, there are winners and losers in life. The bottom line is we make good programmes and those who don't regularly complain that we have some special in," he said

Cohen added that in the five years Sisulu was head of the SABC, "not once did he lobby in our favour or did I do any business with him personally"

Mokgatle said he did not think there would be a conflict of interest if Sisulu's company won because there are rapid changes in the broadcasting industry. Many independent production houses are being snapped up by big business

Cohen said the secret of their success was business savvy "You have to constantly submit ideas. For every nine we put in, maybe one

gets accepted. You never know what the commissioning editor will go for, and in any case some of the work aired was commissioned by overseas companies"

Patti Putter, of the Independent Producers' Association, agreed there had been serious debate throughout the industry about certain companies being awarded lucrative contracts by the SABC

"I think it comes down to the issue of the commissioning procedures. If it was more open and transparent, people would know what criteria were being used to decide the winner. At present there appear to be no proper structures"

The entire commissioning process seems to be cloaked in secrecy. As one broadcast-watcher put it: "It seems it's not who you know but who owns you that counts"

Barney Cohen, a director of Urban Brew,

denied his company was being favourably treated

gets accepted. You never know what the commissioning editor will go for, and in any case some of the work aired was commissioned by overseas companies"

# SABC to announce surplus of more than

# R100m

(260) PD 6/8/98

Janet Parker

THE SA Broadcasting Corporation (SABC) expected to announce a surplus of more than R100m for its financial year to March 31, from its previous year's deficit of R60m.

Spokesman Enoch Sithole attributed the improved results — approved by the board yesterday — to a decrease in costs following the corporation's restructuring and an increase in revenue received from

advertising and television licence fees. The results were a realisation of the goals the corporation had set itself during its restructuring last year to realise savings and show a profit.

The surplus would be ploughed back into the corporation, most of it to increase its production of local content programming. Across the SABC's three television channels its quota of local content programming was about 50%. However, owing to the increased com-

petition with Midi Television's channel, e.tv, due to start broadcasting in October, the corporation would have to find its niche. Although competitors M-Net and Midi relied quite heavily on foreign programming, the SABC would use its local programming niche as its "cornerstone for success". Cash reserves would also be set aside to fight the competition on the marketing front.

Sapa reports that at a farewell party at the SABC yesterday, outgoing group CE

Zweleke Sisulu said he was happy to leave the SABC talking of profit margins and not losses. "We no longer have an identification crisis... The SABC is poised to enter the next century, proud to hold its own with the best in the world."

Incoming group CE Hawu Mbattha declared his intention to continue Sisulu's work. "We are determined to let the voiceless majority have a voice through the SABC," he said. Mbattha announced the appointment of

Phil Molefe as the corporation's editor-in-chief of Television News. Molefe is expected to take office on October 1.

TV News editor-in-chief Allister Sparks will, from October, be on a special assignment "to put the SABC on a correct footing as far as competition is concerned in Africa and the world."

Molefe said TV News "needs to position itself appropriately" to meet future challenges, the biggest of which was to "produce even better quality programmes".

# Rumblings at IBA over new chief executive's salary

By JACKIE CAMERON

Independent Broadcasting Authority commissioners have once again angered their staff — who face retrenchment — by allegedly paying its new chief executive officer a monthly fee of at least R43 000.

The IBA has been racked by controversy in connection with its financial dealings. Last month, the *Saturday Star* reported that millions of rands were haemorrhaging out of the organisation in the form of fees paid to accounting firm Deloitte & Touche.

Deloitte & Touche was taken on initially to investigate fraud of about R300 000 last year, but ended up assisting the IBA with running its financial department. So far, it has rung up a bill of more than R3-million.

This week we obtained documents which reveal that the IBA's new chief executive officer charged R38 000, plus VAT of R5 320, for "management services and consultation" in July. The recent appointment of Dr B U Lombard drew sharp criticism from staff, who accused IBA chairperson Felheng Sekha of racism for appointing an Afrikaner to this strategic position.

Lombard denied this week that he was charging R43 000 for his services, but refused to divulge any details about his salary. He admitted he had a close corporation, called Bulmas, through which he channels his fees. Lombard said he did not believe his salary, paid for by taxpayers, had "anything to do with you or your readers".

He said the IBA "no longer has a relation-

ship" with the *Saturday Star*, before slamming down his telephone.

Sekha could not be reached for comment this week, despite numerous attempts. Lombard, who heads a staff of fewer than 120, earns a salary package in the same league as Police Commissioner George Fivaz, who is responsible for about 120 000 employees.

Mandy Jean Woods, a spokesperson for the Ministry of Posts, Telecommunications and Broadcasting, said Lombard's salary was an internal IBA matter, and that how the IBA spent its R31.5-million budget was "its business".

When asked whether her ministry thought it appropriate that Lombard should earn a salary comparable to that taken home by Fivaz, Woods said, "He (Fivaz) is not in the

business of television licences, which are worth billions of rands to the country."

Last month, Sekha told the *Saturday Star* that Deloitte & Touche was "expensive" but said she feared that more money would disappear from state coffers if its services were withdrawn. "There is no way that I want to account, by myself, to Parliament for more money disappearing."

She said she could not woo "proper professionals" into working for the IBA and that top black professionals were not prepared to associate themselves with her organisation.

She felt tempted to throw in the towel because she was fed up with "employees who have an attitude of entitlement" and accuse her of racism because she supports white employees who are prepared to work hard.

Star 8/8/98

(260)

# IBA looks for an extra R5m after major budget surgery

BROADCASTING

By SHERILEE BRIDGE

THE Independent Broadcasting Authority (IBA) has been forced to slash its budget by 30% immediately, and may fail to deliver on its mandate as a result

Its R12-million budget cut to R31-million has meant that the IBA has been forced to fast-track a restructuring process that will see about 25% of its staff retrenched

Further retrenchments are expected when the IBA begins its planned process of merging with the South African Telecommunications Regulatory Authority (Satra) later this year

The IBA's new chief executive officer, Bul Lombard, said the regulatory body was undergoing major surgery

But after the new budget is in place next month, the authority will have no money left to cover some of its mandated duties, the costs of the restructuring or its merger with Satra

Lombard said the IBA had applied to government for a supplement to the budget. About R5-million was desperately needed if the body was not to be crippled by the changes, said Lombard

Among his major concerns were the IBA's monitoring of radio and television coverage of the elections and also its granting of four-year community radio licences



BUL LOMBARD

Community radio stations were previously awarded only one-year licences. Now there were 234 applications which had not been attended to for six months.

Budget cuts meant that IBA projects, such as the awarding of these licences could be delayed by up to three years, said Lombard

All IBA provincial offices would be closed. "The IBA has inherited quite some baggage," he said

"We have acknowledged the exorbitant expenditure of the previ-

ous councillors due to very poor management, but we have already started replacing this legacy with a new approach based on professional management principles," Lombard said

The IBA's new CEO was brought in to facilitate the authority's transition. He comes armed with a doctorate in business administration from the University of Utah in the US and a career record that includes smoothing the commercialisation and privatisation of Alexcor and Aventura

"Only one councillor remains on the brand-new council, and all staff spending has been stopped or limited," he said. "Credit cards have been taken away and cellphone, travel and hotel allowances reduced substantially

"Outstanding debtors are very small, and while it is true that we are going through difficult times, we are not in a crisis," he said

The authority is now bracing itself for its second restructuring process, which will come about in its full merger with Satra, expected to be completed by the end of March next year

The two regulatory authorities will share core services, including their legal, communications, human resources and administration functions when the IBA moves from its Rosebank offices to Satra's accommodation in Sandton before the end of the year

(260) ST (PT) 9/8/98

# Sisulu leaves a healthy SABC

(260) Sowetan 11/8/98

By Sharon Chetty

**Z**WELAKHE Sisulu describes his term of office as South African Broadcasting Corporation (SABC) chief executive in one line "I can say that it was a mission accomplished"

After four years at the SABC, three of which he was chief executive officer, he left last month with the corporation having made a surplus of more than R100 million, a mere 18 months after it had a R60 million deficit

He is also confident that he has left behind a "professional, lean organisation"

"I left knowing that the SABC was financially healthy that there was no need for it to go to government with a begging bowl"

And while the sound financial state of the SABC is something to boast about, he is equally proud that while he was at the helm, the state broadcaster was changed from being a conservative, narrow-focused entity into one that caters for a large segment of the population in several local languages

"When we started (making the changes), it was inconceivable that African languages could be there alongside Afrikaans. We had to stand firm and made sure that we did it," Sisulu says

He prefers not to reveal what he regards as the highs or lows of his tenure. Instead, he describes them in periods first "cynicism" from the majority of staff when he and other executives were appointed

"They never believed that these political heavies were going to do anything"

Sisulu, like the late Ameen Akhalwaya and then editor-in-chief of TV news Joe Thlooe, was as well known for political activism as for journalism

Then there was "euphoria" as things started changing, and finally things got "difficult"

"Having done good things, like introducing more languages, we had to make a choice of whether or not to continue because we just didn't have the funds, or to go in reverse

"We decided that we had to keep going - it was quite hard to do"

Staff retrenchments were among the steps taken to ensure that the business was made more viable

"Sometimes people don't understand just how difficult things were. We were expected to deliver new perspectives, but with an old paradigm (a lot of staff)," he says

He chose a three-year post instead of five because he maintains that one has "premium performance on short-term contracts", and he also believes that had he been given five years in which to do it, the transformation of the SABC would have taken longer

Despite the still unresolved dispute between his former deputy, Govin Reddy, and the SABC - which Sisulu describes as "a matter between him and the board" - he says the management team he left behind is perfectly capable of meeting the challenges into the next century

Reddy has claimed that he did not appointed succeed Sisulu because of racial discrimination and has questioned the competence of the new incumbent, the Reverend Hawu Mbatha

In his new position as the chairman of the media and IT division at New Africa Investments Limited (Nail), Sisulu will look at expanding the company's interests and shareholding in the different media

"The convergence of technology will happen swiftly. Our idea is to use high technology to be able to take information to people in far-flung areas," he says

Technology, he believes, will eventually redefine social norms and it must be seen as a way through which marginalised people in South Africa can be reached

He also believes the market for television is far from saturated, and points out that research has shown that once a family has access to electricity (even if it is in an informal settlement), a television is among the first purchases

The potential for satellite broadcasting, still a relatively small market in this country, is also untapped

Nail is looking "at a number of things", he says. A new Sunday newspaper is on the cards for next year and other projects include book publishing, which will not be confined to the lucrative textbook market but will include literature because, he says, "there are still significant pockets (of people) with a reading culture"

A television production house is on the cards and they are expected to announce a major partnership deal within the next few weeks

"We are looking at going global. We want our partners and our markets to be in the rest of Africa, in Europe and even the United States"

"In Africa we are mere consumers. It is time we started creating from here. In



**Zwelakhe Sisulu says technology must be seen as a way through which marginalised people in South Africa can be reached.**

this global village, we too should be able to see ourselves on screen," he says

He cites the example of the story of the *Lion King*, an African tale that only became internationally famous when converted to the big screen by the Walt Disney corporation

"We should not just complain about there being too many American products on our screen. Instead, we should be able to take our own stories and make them into productions that can be sold to the rest of the world"

While the SABC helped to stimulate the production industry when it

started outsourcing its material, and the new TV station e-TV is expected to be a boon for producers, Sisulu believes that more thought must also be given to the long term

"These are still the first generation of independent producers"

He also believes that by its nature, media requires more synergism and, through "good planning and a vision", it will eventually result in better educated and more discerning audiences

"We can't quantify how long it will take - but we must have the vision to start now"

# New Eskom appointments will oversee restructuring exercise

Robyn Chalmers

ESKOM is to appoint two deputy chief executives as part of an overall restructuring exercise which will see the number of portfolios at the electricity utility shrink from 10 to seven.

Eskom CE Allen Morgan said yesterday the aim was to have a black businessman heading the organisation within the next few years. A decision on the new CE will be made

by Public Enterprises Minister Stella Sigcau, who is liaising with Eskom chairman Reuel Khoza on the issue. A number of candidates holding high-level positions in local organisations and within Eskom are understood to have applied for the positions. An announcement is likely before the end of this month.

Morgan said the idea was to appoint two deputy chief executives, one of whom would become his successor. This would happen after the successor was fully in-

troduced into the business and knowledge transfer had taken place.

He said Eskom was undergoing a transformation exercise and, in accordance with instructions from government, the number of portfolios was being reduced. This involved downsizing the existing 10 management board portfolios to seven along with a separate corporate affairs and company secretariat portfolio.

This separate portfolio would help prepare Eskom to meet the demands of the

PB 25/8/98

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draft Eskom Amendment Bill in terms of which it would become a limited liability company paying taxes and dividends.

The services portfolio, which dealt with business services such as catering, properties and information management, among others, would be repacked into other portfolios. Catering, for example, would be decentralised and fall under individual power stations. The portfolio overseeing new business development would be collapsed into the marketing

and communication portfolio and renamed marketing and new business.

Government has repeatedly allayed labour fears of Eskom being privatised in the short term, although Khoza has previously said that some form of privatisation was inevitable in the longer term. This was most likely to take the form of unbundling, with competition being introduced first to the electricity distribution industry, which is long overdue for extensive restructuring.

# IBA fights for its freedom against merger with Satra

(260) ET (PR) 27/8/98

NCABA HLOPHE

Johannesburg — Felling Sekha, the chairman of the Independent Broadcasting Authority (IBA), criticised flaws in the White Paper on Broadcasting which could compromise the IBA's independence and destabilise the broadcasting industry

Speaking at a broadcasting conference on Monday, Sekha said the IBA was concerned that the proposed merger with the South African Telecommunications Regulatory Authority (Satra) would infringe its independence

"The authority therefore calls for its independence, as outlined in the constitution, to be reflected in government's broadcasting policy," she said

She said the IBA was "a creature of statute", as it received special protection in the constitution

and the Bill of Rights

Sekha said claims by the white paper that the two merged authorities would enjoy the same independent statutory framework failed to reflect the independence required by the IBA under the constitution.

"The authority also believes that given the present state of flux in the broadcasting sector, it is prudent to wait at least three years until the broadcasting environment and market stabilises before imposing any radical structural changes on the SABC," she said

She slammed the white paper's proposal to reorganise Bop TV under the SABC and carry on with Astrasat and free-to-air broadcasts in Gauteng

Such an arrangement would have a negative impact on Midi TV, the new private free-to-air licence, she said.

She said the white paper identified that Gauteng already had many such services

"The IBA therefore proposes that Bop TV not be allowed to broadcast free-to-air into the whole of Gauteng until there is a full inquiry on the subject of regional television for South Africa," she said.

Sekha also welcomed the government's proposal for an inquiry to sort out the problems regarding the definition of community stations

Community stations were divided either by geography or community of interest. The white paper proposed that only geographic stations be allowed

Joseph Mjwara, the senior general manager for broadcasting policy, said that neither the white paper nor the bill posed any threat to the independence of the IBA

# Satra fund may be in trouble before it gets off the ground

Robyn Chalmers

BD 28/8/98

(260)

A NEW telecommunications fund proposed by the SA Telecommunications Regulatory Authority (Satra), to which international institutions have pledged more than R1bn, may have hit snags before getting off the ground.

Satra chairman Nape Maepa said this week there had been significant interest in the proposed fund from international investors. Fund proceeds would be used to finance rural cellular services in line with the decision to award two additional cellular licences.

However, telecommunications ministry spokesman Mandy Lee Wood said the fund had not been discussed fully with government.

"It is important to note that financing telecommunications infrastructure is not part of Satra's role. Satra is a regulator."

The additional licences are earmarked for black economic empowerment companies and the aim is to pen-

etrate underserved areas. It is estimated the successful bidders will have to spend between R6bn and R10bn each on building their networks.

Operators will have to provide affordable cellular services to the poor in the face of the significant capital outlay required for infrastructure.

Woods said it was obvious the financial well-being of new entrants to the cellular market was important but it was just one issue that had to be dealt with in negotiations with bidders.

For example, the issue of universal service is raised. While Telkom carries the major universal service obligations in telecommunications, we will have to balance attracting investors with development goals," she said.

Maepa said the new fund could go a long way to assisting with infrastructure finance, and institutions had indicated they were keen to enter the market. "One of the reasons they wish

Continued on Page 2

## Satra

(260)

BD 28/8/98

Continued from Page 1

to move into SA, is because we do not manufacture cellular telephone equipment, so there is a big gap in the market," he said.

Maepa said the fund would consist of a private sector investment side which would be run by professional money managers with fiduciary responsibilities to investors. It would also have a public sector trust — or social

— side which would be used to meet universal service obligations and fund other telecoms development projects.

It would be formed along the lines of a unit trust, mutual fund or other investment vehicle, he said.

The difference came because a small portion of the annual profit would be diverted to the social side to benefit historically disadvantaged areas.

Satra has called for comments on the proposed fund, and Maepa said the initial response was "extremely positive". It had the potential to have a "huge economic impact" on SA.

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# Radio bill 'fails to define community'

BD 31/8/98

(260)

Vuyo Mvoko

CAPE TOWN — Community broadcasting comes under the spotlight in Parliament this week, following the communications portfolio committee's raising of several pertinent questions regarding the sector in the draft broadcasting bill.

The bill, currently being scrutinised by the committee, does not define "community", committee members complained on Friday.

Communications department senior general manager Joe Mjwara said the term "community" was, from a legal point of view, "open-ended"

The bill emphasises the developmental role the sector should play in uplifting communities in SA

The committee heard on Friday that interest groups — among them religious, linguistic and academic lobbies — were busy fighting it out and excluding each other in bids to get scarce frequencies

"We are dealing with a finite resource," Mjwara said. He said although there were still scores of interest groups queuing for licences, almost all of them had been taken up in the urban areas, where there was the most demand.

Most of SA's 300-odd frequencies available for the sector were, however, in the rural areas and could not be transferred

The problem was exacerbated, Mjwara said, by people looking narrowly at issues that could bring communities together. The diversity that existed was not being catered for

A few had been sharing frequencies, but that too had now become "a dog fight", Mjwara said.

The Freedom Front's Petrus Groenewald argued that in purely numerical terms, for instance, it could be "impossible" for Afrikaners to get a voice. They could be sacrificed for the sake of the majority

"This is lack of political vision. You'll have a big fight on your hands if you don't provide for minority communities," said the Democratic Party's Dene Smuts

Louis Green of the African Christian Democratic Party said fear had mounted among Christian broadcasters that they could be the losers

Mjwara said "there is no intention to close anything. We are focusing on all interests"

The committee continues today to consider the bill, but will focus specifically on the sector tomorrow

# CSIR's external income slip R4,9m below budget

ROY COKAYNE

CT (DOR) 1/9/98

(260)

Pretoria — External income earned by the Council for Scientific and Industrial Research (CSIR) fell R4,9 million, or 0,7 percent, below budget in the 1997-98 financial year, said Geoff Garrett, the president.

He said the shortfall was mainly a result of the lower achievement of sales in the national safety and security sector.

But the net margin, an important measure for sustainability in the longer term, was maintained despite the shortfall in external income, Garrett said in the CSIR's latest annual report.

Total income for the year was R688,7 million, compared to R652,3 million in 1996-97.

The goal had been to grow external income by 6,3 percent to R693,7 million, with a net margin of R14,6 million or 2,1 percent of external income, he said.

A margin of R7,3 million against a budget of R14,6 million (R68,6 million) was achieved after board-approved provisions were made for assets transferred to the department of environment affairs and the writing-off of goodwill that emanated from the Chamber of Mines Research Organisation merger in 1993.

Garrett said the lower achievement of sales in the national safety and security sector was caused by the late and severe cuts to the CSIR's defence force contracts, together with a reduc-

tion in investment for research in the mining industry, which was associated with the turbulence in that sector over the past year.

He said the CSIR was moving towards earning 60 percent of its turnover from non-parliamentary grant sources.

"Achieving sustainable real growth in our external contract income, at acceptable levels of sustainable performance, continues to be a crucial requirement. Similarly, maintaining an appropriate level of parliamentary grant for investment in capacity and competence will be essential."

Garrett said the CSIR's foreign income had grown beyond budget to R32,2 million, a rise of 15,3 percent (R28,8 million).

Foreign income accounted for 9,5 percent (8,6 percent) of external income in the year.

Garrett said significant strides had been taken in cementing some key alliances, especially with the US, Germany, India, Sweden, Finland and Denmark.

Over the next few years, the CSIR would be transformed from a Gauteng-centred organisation with some provincial offices into a fully representative organisation in all nine provinces.

The plan to move into the provinces was approved in December 1996. Increased provincial activities led to 26,9 percent (19,2 percent) of income coming from outside Gauteng in 1997-98.

# Christians up in arms over new Bill

*Sowetan 2/9/98 (260)*

**By Pamela Dube**  
Political Reporter

MORE than 20 000 Christians are expected to march to Parliament this morning in protest against the Broadcasting Bill currently before the portfolio committee on communications

Briefing the committee yesterday Reverend John Thomas, a trustee of Cape Community FM, said they were going ahead with the march despite having reached agreement with the ministry on the definition of "community of interest"

The station would also be

handing in over 20 000 letters of protest, with an additional 40 000 letters from the listeners of Radio Tygerberg

At issue is Schedule 1, subsection 2(a) of the Bill which Christians argue excludes any form of "community of interest radio stations"

The proposed legislation speaks of granting licences on a geographical basis

Thomas said the parties agreed that the clauses could be altered to cater for all stations

Communications department senior general manager Mr Joe Mjwara insisted yesterday that there was no need for a march as "we have

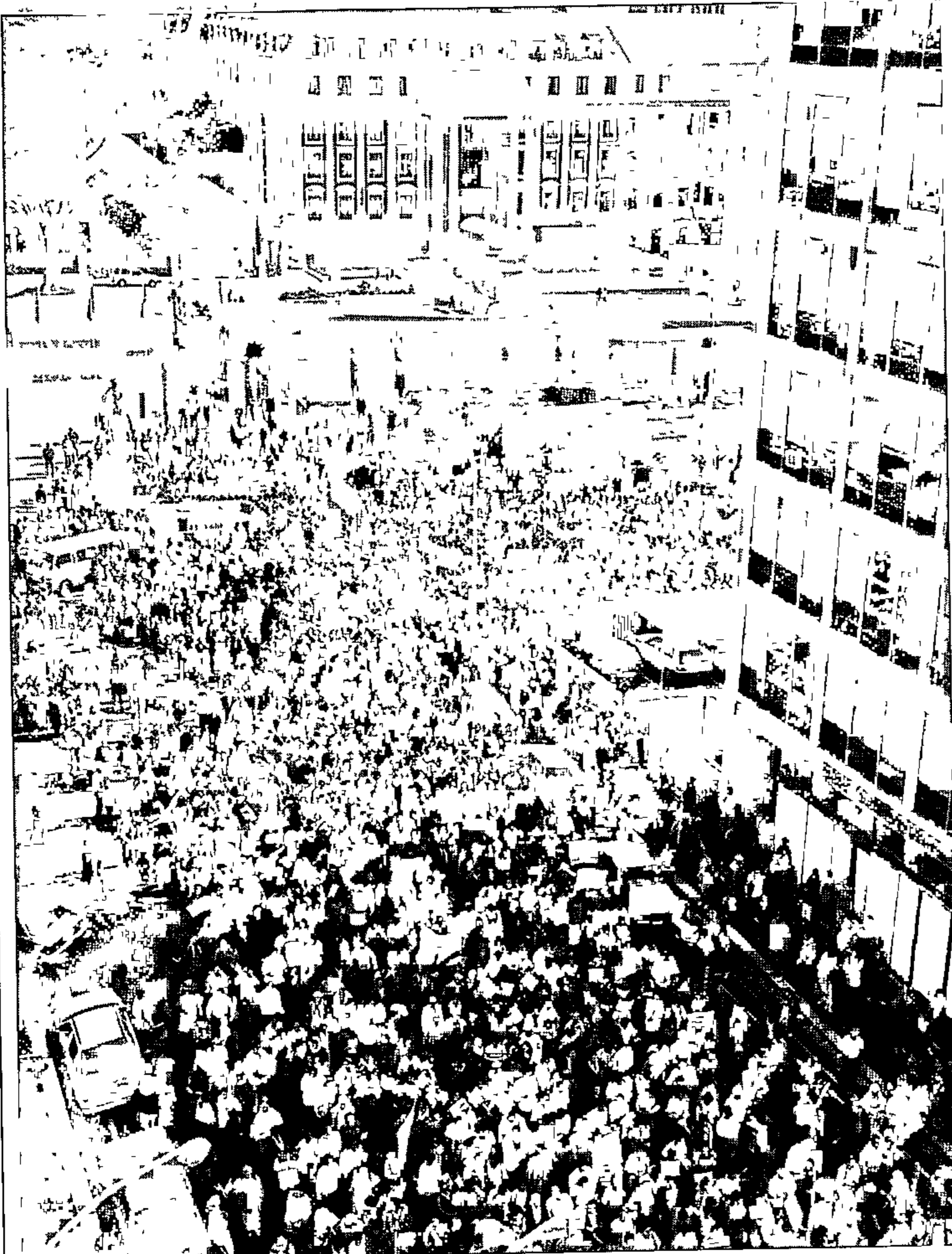
agreed to the changes proposed"

Mjwara however could not specify what had been agreed on, except to say the agreement concerned community of interest issues pushed for by the Christian radio stations

Thomas said they could not call off the march as Mjwara had failed to submit the proposals to the parliamentary portfolio committee for consideration

"Mr Mjwara could have stopped the march

"But we can't go out and tell our angry listeners that we have been promised something verbally," Thomas told *Sowetan*



**DON'T CLOSE US:** About 20 000 listeners of community radio stations marched to Parliament yesterday to protest against a proposed bill they claim will lead to the closure of the stations

PICTURE: ALAN TAYLOR

## ET 3/9/98 Protest over airwaves bill

THE Concerned Broadcasters Forum led a march of over 20 000 community radio station listeners to Parliament yesterday to protest against the proposed Broadcast Bill they believe will lead to the closure of special interest radio stations

A memorandum was handed to the chairperson of the portfolio committee on broadcasting, Sam Moeti, at the gates to Parliament

Moeti reassured the forum that the government had no intention of closing down stations. Any misrepresentation that is being claimed will be investigated. "The final bill will make everyone happy"

Cape Community Radio Station manager Avril Thomas said the march was to object against section 29 of the bill, which excludes particularly religious stations. "We want to be reassured that our existence won't be tampered with"

The conflict has been generated by the bill's definition of community radio. Until now, the Independent Broadcasting Authority has issued community radio licences to geographical communities and interest groups, including religious and cultural organisations. However, the bill narrows this definition to "geographical area" only

After talks between the Department of Telecommunications and community broadcasters, agreement was reached on an amendment which now says that stations who "meet any need of the community" and serve a particular area should be eligible for licences

Telecommunications Minister Jay Naidoo said yesterday "This government initiated community broadcasting. We would like to see community services rolling out to serve all communities" — Staff Writer, Parliamentary Bureau

# Bill's revenue curbs 'may nip community radio

Vuyo Mvoko

CAPE TOWN — The community radio sector would be nipped in the bud if the Broadcasting Bill's suggested limits on advertising revenue were imposed, Parliament was told yesterday.

The National Assembly's communications portfolio committee is holding public hearings on the bill, which seeks to regulate the entire broadcasting industry.

The bill suggests, with regard to the funding of community radio, that limits may be imposed

on the advertising revenue of the sector. The Independent Broadcasting Authority (IBA) would have to hold an inquiry into the matter.

Joe Mgwara, the communications department's senior manager for broadcasting, said stakeholders should note that only a limit, and not a total ban, was being suggested.

Mgwara said it was important for the community radio sector to be differentiated from commercial radio. This could help untap local and provincial advertising revenue streams.

The National Community Radio Forum ar-

gued that local advertising revenue was "unevenly distributed according to the concentration of economic activity".

Rural community stations would be hardest hit because of "the fact that local economies may not be matured enough to sustain them," forum representative JP Louw said.

"We would support a regulatory system that will allow the IBA to monitor the editorial independence of the broadcaster from the advertising influence, and the mechanisms to monitor the use of the operational surplus by the

broadcasters," said Louw. He said the forum was "opposed in the strongest possible manner" to the suggested limitations.

Radio Pretoria — which said it was the station for "the Boere-Afrikanervolk", serving a community which wanted to realise its "right of self-determination" — said curtailing revenue streams for community broadcasters was "detrimental to say the least," and the station "outrightly rejected" the provision.

The Trinity Broadcasting Network said advertising should be left to "the market forces"

"Restrictions could have far reaching adverse effects on this source of revenue in a viable community broadcasting sector," the network said.

Another point of extensive debate was whether "community of interest" or geographic location should be the basis for the existence of a community station. The views were divergent on the matter.

The hearings continue today, with advertising agencies, Mulhchoice and the Freedom of Expression Institute to make submissions.

# in the bud,

(216) 819198

# Broadcasting bill will 'kill' new industry

Vuyo Mvoko

CAPE TOWN The "heavy-handed" regulatory framework envisaged in the Broadcasting Amendment Bill and the "unacceptably broad" powers the bill wants to grant the minister, would kill the broadcasting industry and its R770m contribution to the Gross Domestic Product (GDP), the parliamentary communications committee heard.

The assertions were made by satellite operator Multichoice and the Freedom of Expression Institute during hearings on the bill yesterday.

The bill is set to repeal the Broadcasting Act of 1976 and is intended to regulate, for the first time, broadcasting in SA.

Institute representative Jane Duncan said: "The dual effect of the minister being able to issue policy directives and regulations, coupled with the unqualified way in which these powers are drafted, results in the minister being given powers of unacceptably wide scope."

She argued that the minister's powers, as envisaged in the bill, were inconsistent with the international norm.

Statutory provisions of countries that had similar powers and from which the new legislation had been drawn, like Australia,

New Zealand and Canada, gave their respective ministers or delegated officials powers to issue policy directives "of a broad and general nature".

Duncan charged that the bill "confused" the powers of policy of the minister with those of the regulator, the Independent Broadcasting Authority (IBA).

Jock Anderson, Multichoice representative and Orbicom MD, suggested that government should abandon the "heavy-handed" regulations it wanted to impose and, instead, provide "a growth strategy to encourage and nurture" the fledgling community broadcast industry.

(also)

Anderson said a recent study had shown that the industry added R770m to the GDP, created 1 310 direct permanent jobs and 5 000 indirect jobs, in related industries, stimulated an additional upstream production of R760m, and produced downstream consumption amounting to R460m.

The bill appeared to require multiple layers of licensing and bureaucratic interventions which Anderson said were "not efficient".

Anderson said the bill would slow down innovation, and drive the industry's local entrepreneurs and expertise offshore.

The hearings continue today.

BD 919198

## POLITICS

# Muslims, Christians unite to oppose radio bill

Vuyo Mvoko

CAPE TOWN — Muslims joined Christians yesterday in arguing that the Broadcasting Amendment Bill currently before Parliament would effectively annihilate religious radio stations.

"At a practical level it will happen, despite assurances from the minister," Radio Islam spokesman Yusuf Dockrat told Parliament's communications committee.

The bill, on which the committee is now holding public hearings, calls for programming provided by a community broadcasting service to reflect the needs of all the people in the community and to

be geographically founded.

The Independent Broadcasting Authority Act at present caters for two types of community licences — one defined as a community of interest and the other as geographically founded.

Dockrat said the amendment would force stations to "flirt with (community) needs at a shallow level where they will achieve none".

He said it should be borne in mind that in the past minority religions like Islam were denied rights and this was not worth repeating under the new dispensation.

The government had previously indicated that it wanted religion to contribute

significantly to the reappraisal of SA society's moral fibre, Dockrat said, yet it simultaneously wanted to push through legislation that would work against religious broadcasters.

Last week, Cape Town-based Christian community stations marched to Parliament in protest against the perceived threat of the bill, prompting a call for an explanation of the issue in Parliament yesterday.

Posts, Telecommunications and Broadcasting Minister Jay Naidoo responded to the demand by reiterating his position that the bill did not intend to exclude religious stations.

Naidoo emphasised that the amendment ultimately sought to include rather than exclude, saying those who insisted otherwise wanted to paint a bad picture of Government and wanted exemption from the bill.

"The reality is that we have to assign a national resource — the frequency spectrum, which is finite — and we have to share these frequencies in a way that benefits everyone."

The leader of the African National Congress study group in the communication portfolio committee, Nat Kekana, accused the National Party "and other prophets of doom" of "misleading and

twisting the contents of the bill".

"There is no intention to discriminate against anyone. Please judge us on our deeds, not the false prophecies of parties appealing to your vote in the 1999 elections," he said, facing the public gallery.

Democratic Party MP Dene Smuts said the bill was "half-baked" and had not been thought through properly. While she felt the government did not expressly intend to discriminate against religious or cultural groups, this was the effect.

"We think the true intention is probably a political plot," Smuts said. Public hearings on the bill will continue today.

# Telkom and Sentech want status quo kept

Vuyo Mvoko

(260)

CAPE TOWN — Two parastatals involved in the broadcasting industry — telephone operator Telkom and signal distributor Sentech — appealed yesterday for continued government protection of their respective turfs

BD 16/9/98

The two made submissions to the national assembly's communications portfolio committee on the Broadcasting Amendment Bill. The draft bill provides for the regulatory authority to determine and propose to the minister the terms, licence conditions, obligations and a tariff structure to govern the signal distribution sector after it has been opened up to competition by 2000.

Telkom regulatory affairs executive Gabriele Celli said the company had noted the bill intended to make provision for technological developments such as the convergence of broadcasting, telecommunications and multimedia.

He said the distinction between telecommunications and broadcasting should be retained as the area still required "much study and investigation".

Celli also called for a clear delineation between broadcasting and signal distribution licences, saying "serious disputes" might arise with regard to legislative intention if this was not done.

Sentech supported government, arguing that the convergence of broadcasting and information technology activities after the establishment of digital technology would provide new opportunities for communications.

However, Sentech disagreed with government with regard to its own sphere of operation.

Government has previously hinted at the strong possibility of it privatising Sentech and bringing in a strategic equity partner.

Sentech MD Neel Smuts said the predetermined time frame of 2000 was not feasible considering the time the company needed to reposition itself.



**MEDIA** *MultiChoice and Sentech will transmit radio and TV*

# SABC signs deal to expand broadcast service to Africa

*Shaw 24/9/98 (260)*

**NCABA HLOPHE**

Johannesburg — The SABC, the state broadcaster, said yesterday it had concluded an agreement with MultiChoice and Sentech to boost the expansion of its broadcasting service to the rest of the continent

Enoch Sithole, SABC's spokesman, said the two signal distributors would transmit SABC's existing radio and television channels and two new pay-channels to most African countries.

He said SABC aimed to earn revenues of R430 million in the first five years of the agreement, to subsidise its public broadcasting mandate.

This revenue was expected to rise to R1,1 billion in 10 years.

Sithole said in terms of the deal, Sentech would upgrade and

expand its current analogue system to distribute SABC's three television stations and 13 radio stations in digital form

"Consumers in possession of analogue Astrasat receivers will be subsidised to migrate to digital receivers," he said.

"Details of the process will be announced in due course"

Sithole said the SABC had abandoned Astrasat after it lost over R100 million over the three years since its launch and had surrendered it to Sentech to do the distribution.

"This is a major strategic shift after we realised that our strength is in programme creation and not in distribution," Sithole said.

Neel Smuts, the managing director of Sentech, said the service's expansion was expected

to cost R3 million, as it involved expanding the digital compressing equipment

MultiChoice, which distributes DSTV satellite television, will be responsible for the distribution of the two new stations

The first station, to be launched before the end of the year, will be a 24-hour pay service which will specialise in African news.

Allister Sparks, the outgoing SABC TV news editor-in-chief, will head the new channel

"This will be a pay station that will operate through MultiChoice's platform," Sithole said. "SABC will be paid R20 million for the programmes by MultiChoice."

The second pay-channel, to be known as the Best of Africa, will be an entertainment channel featuring films, documentaries and music from the African continent.

Hawu Mbatha, SABC's newly appointed chief, said the move into the continent made a good start to his new appointment. "We're on our way," he said.

**The SABC aims to earn revenues of R430m in the first five years of the deal.**

# Broadcasting bill is unconstitutional

BY CLIVE SAWYER  
Parliamentary Bureau

Cape Town.— The Broadcasting bill has drawn a broadside of objections from three minority parties which claim it is unconstitutional

In a joint statement released to coincide with yesterday's portfolio committee on communication's discussion of the bill, Dene Smuts of the DP and Suzanne Vos of the IFP said two senior counsel regarded the bill as unconstitutional

A section of the bill giving the Minister for Posts, Telecommunications and Broadcasting power of regulation violated a section of the constitution which said broadcasting should be regulated by an independent authority

Counsel believed that giv-

ing the minister power to issue policy directives also violated the constitution and compromised the independence of the Independent Broadcasting Authority

Smuts and Vos said the broadcasting sector should be free from the kind of government interference that bedevilled democracy in the old South Africa.

Daryl Swanepoel, NP spokesperson on communications and broadcasting, said the NP was concerned whether the legislation was constitutional, particularly because it imposed limits on free speech

Earlier this week, chief state law adviser Enver Daniels told the committee he considered the bill to be constitutional. But in view of the many objections, this should be reviewed, he said

Star 22/10/98 (260)

# IBA councillors threaten to resign over salary dispute

BY RAPHAEL BANDA

Star 6/11/98

(260)

Independent Broadcasting Authority councillors have threatened to resign en masse next week over a salary dispute with Minister of Posts, Telecommunications and Broadcasting Jay Naidoo.

IBA chairperson Felling Sekha said yesterday that councillor Pietie Lotriet had written to Naidoo on Wednesday to say he was resigning over the matter, which the IBA claimed has been unresolved for two years.

At the centre of the dispute is the contention by the ministry that IBA councillors have been paying themselves "illegal" salaries. But councillors argue that they have never received either conditions of employment or letters of appointment stipulating remuneration packages.

In early September, Naidoo ordered that the IBA implement a new salary package which would cut their pay from R328 000 a year to R317 000.

Also in contention is a R5 000 non-pensionable allowance.

Sekha said Naidoo wrote a letter last month advising councillors to draft their own contracts, and this had infuriated councillors.

Lotriet said he had told Naidoo he was stepping down to protect his integrity and name. He stressed that he was not quitting in protest at the salary cut: "I have been accused in Parliament and in the press that I had been paying myself an illegal salary. These accusations compromised my integrity."

Lotriet was referring to the recent auditor-general's report which showed councillors were paying themselves "illegal" salaries.

Sekha said councillors were angry and "it's a very real possibility" that all seven would quit the IBA: "I would not be surprised if that happened in the next week." She added she would not renew her contract when it expires in March.

Naidoo's spokesperson said yesterday the minister would hold a meeting next week with the IBA and the Department of Finance in a bid to reach a settlement.

# IBA prepares for merger with Satra

Broadcasters concerned that their independence will be compromised (26) Nov 26/11/98

By Raphael Banda

The past four years have been an uphill battle for the Independent Broadcasting Authority. But the broadcasting watchdog's greatest challenge may still lie ahead as it prepares to merge with the South African Telecommunications Regulatory Authority (Satra).

Broadcasters are concerned that the independence of the IBA will be compromised when it merges with Satra - an independent body which regulates telecommunications - at March-end in terms of a 1997 cabinet decision.

The industry is unanimous in its acknowledgement of the IBA's job, a development which may see chairperson Felling Sekha staying on after her contract expires in March. Observers say none of the other six IBA councillors have indicated they will renew contracts.

Acknowledging the work of the IBA council, Glynn O'Leary, chairperson of the National Television and Video Association, noted they had to establish the IBA from scratch. Apart from infrastructure, the authority was also tasked with formulating policy and then faced demands to get into the process of issuing radio and television licences.

"Against that background, a lot has been achieved," O'Leary said.

This assessment is shared by Posts, Telecommunications and Broadcasting Minister Jay Naidoo, who is effusive in his praise of the IBA which has presided over



Chairperson ... Felling Sekha may have contract renewed.

broadcasting transformation and made place for the "diversity of our cultural heritage" in the electronic media.

The IBA, observers say, began its task to level the playing field without "rules on the ground". And this, they say, impinged on its work. The requirement in the IBA Act that it holds full hearings for licence applications as well as other bureaucratic procedures also slowed the process.

As a result of the lengthy process and a trimming of its 1998/99 budget by R12-million to R31-million, the broadcasting watchdog is now saddled with more than 230 applications for community radio stations.

The IBA says it will start processing these applications from January next year when it will start granting four-year licences to community radio stations.

The authority has, in the past four years, approved 100 temporary licences for community radio stations, li-

censed six private radio stations which had been part of the SABC, licensed eight new commercial broadcasters and licensed the first free-to-air television channel e.tv.

Seventy-two community stations remain on air, the others having folded under the weight of management problems, and financial constraints.

Privatisation of radio stations pumped R500-million into government coffers.

Former IBA councillor John Matlison said no other part of government had moved so fast on privatisation. Despite the achievements, stakeholders argue that the IBA had been mired in internal problems that had taken a heavy toll on its ability to deliver licences on time.

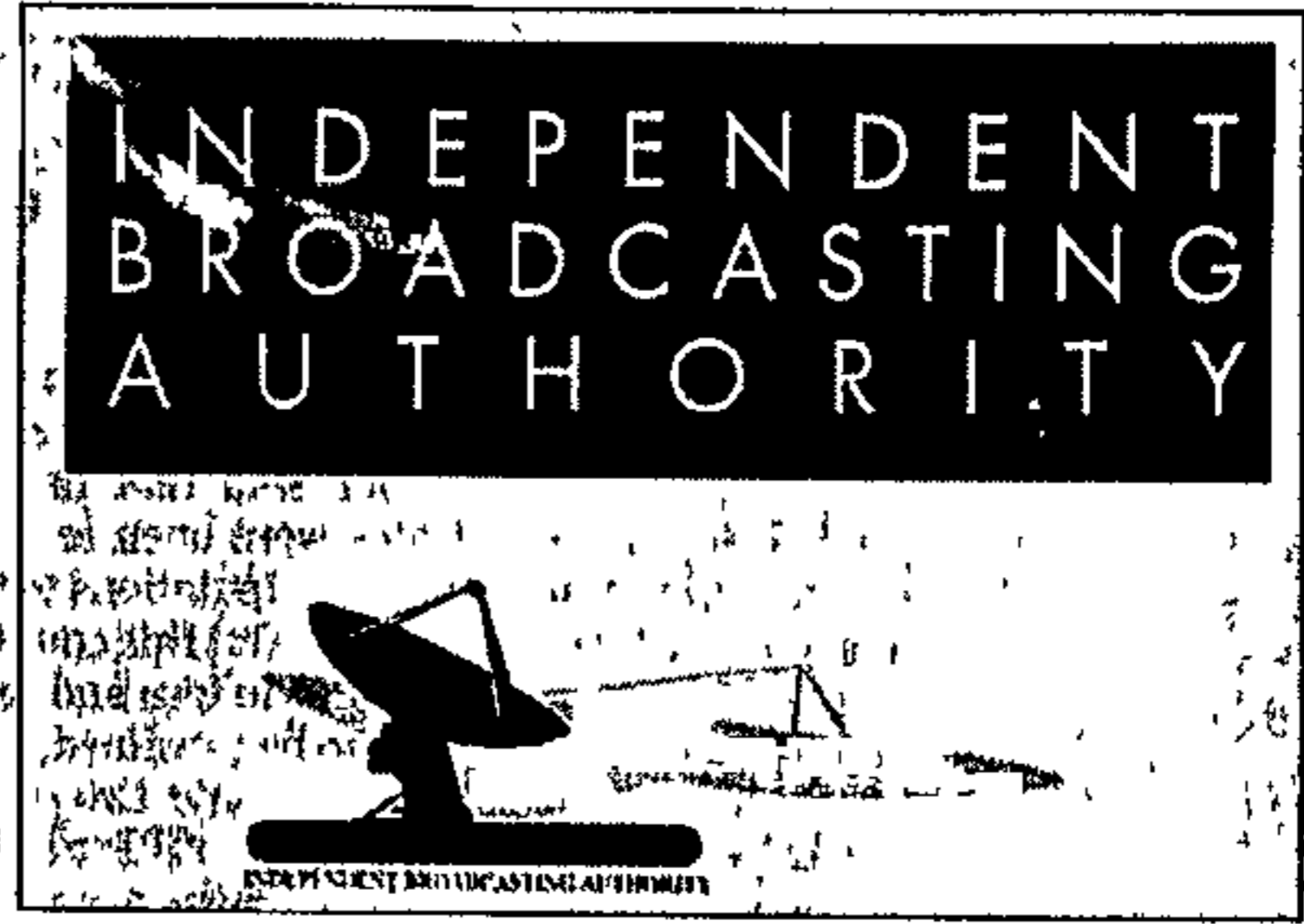
"There was a lot of turnover in staff and councillors," O'Leary said, referring to financial mismanagement that had embroiled councillors and led to mass resignations. Controversy raged further when some of the councillors were hired by the telecommunications ministry.

"The tremendous work (of the IBA) has been clouded by problems in the administrative authority," noted Naidoo, who added that the organisation turned a corner in the past year.

"I think they were thrown in the deep end," he added.

Naidoo said recently that he had doused a long-standing dispute over councillors' salaries.

Problems within the IBA have raised concerns within community radio stations that delays in granting licences have affected continu-



ity and morale of those stations not yet on air.

One of the major actions by the IBA has been the granting - albeit in controversial circumstances - of the first free-to-air licence to Midi TV.

But Naidoo and industry observers say it has been a giant step in opening up airwaves.

The IBA has flinched from coming down hard on e.tv, which is 80% owned by black empowerment companies.

But it has warned, too, that e.tv has to comply with licence conditions.

The IBA's greatest challenge will surface when it merges with Satra.

Both organisations are funded by the Government and report to Parliament and the president.

The two organisations will have separate licensing and monitoring departments and will not share policymaking functions. But they will share support departments including finance, administration, legal and human resources, and communications.

Some industry representa-

tives believe the merger should bring with it benefits for the IBA, arguing that sharing of resources will be a cost-saving measure. The merger will reduce the number of IBA councillors from seven to four.

In terms of the Broadcasting Amendment Act the minister will control the IBA's budget.

Laura Pollecutt, executive director of the Freedom of Expression Institute, says the IBA has to defend its independence "vigorously" in the new entity.

Edward Bird of the Media Monitoring Project fears that the merger will "sacrifice" concerns over local content to concerns of commercial issues.

He said frequencies now used for radio broadcasting may well be allocated to telecommunications networks "which is more profitable for the country and broadcasting".

"It makes sense technologically for the two to merge. In terms of content it's a different story."

# Eskom, unions clash over pensions

By Mzwakhe Hlangani  
Labour Reporter

A BITTER wrangle over the transformation and administration of the R11 billion Eskom pension fund has led to the disbanding of the trustees board by the National Union of Metalworkers of South Africa

Numsa and the the National Union of Mineworkers, which represented about about 39 000 fund members, broke up the board meeting, criticising the management's lack of vision and strategy on governance in defiance of the new Pensions Act

The board's normal activities have been reportedly suspended and the

Financial Services Board will establish a special committee to oversee the affairs of the fund in the interim, union spokesman Mr Paul Biyase said yesterday

Issues of conflict revolved around management's refusal to respect the right of the labour component to choose its own representative to the board, refusal to allow labour representative participation and that management took decisions without consensus

Biyase said employers took decisions without consulting workers and they allegedly undermined the input from the trade unions representatives. They continued to act as if the

labour force was just a skeleton structure without representation.

Eskom Pension and Provident Fund chairman Mr George Lindeque confirmed that Numsa had declared a dispute with the board of trustees of the fund

Lindeque said in a statement the allegations regarding the maladministration of the board had been referred by Numsa to the Financial Services Board for resolution.

The board of trustees meeting yesterday could not resolve the conflict and representatives of the NUM and Numsa left the meeting, while the board decided to continue the meeting, Lindeque said

*Sewetlan 2/12/98*

PS - GOVT. STATE ENTERPRISE  
1999

# Bills sent back to Parliament

## Slap in the face for Zuma, Naidoo and Erwin as Mandela sends tobacco, broadcasting and liquor legislation back to drawing board

Wynndham Hartley

CAPE TOWN — President Nelson Mandela has referred the tobacco, broadcasting and liquor bills back to Parliament to have their constitutionality examined.

Mandela has rejected only one other piece of legislation, the Remuneration of Public Office Bearers Bill, during the course of his presidency.

Legal advice to the president was that all three bills, approved by Parliament late last year, were vulnerable to constitutional challenge and should be modified before he could sign them into law.

Mandela said his decision to send the bills back was not taken lightly. The legislation should be on the firmest consti-

BD 22/1/99

tutional foundation

His action is a slap in the face for Health Minister Nkosazana Zuma, Broadcast Minister Jay Naidoo and Trade and Industry Minister Alec Erwin. It means that the legislation is likely to be enacted only after the election.

All three bills passed through Parliament after considerable protest in both public hearings and the relevant constitutional courts. All three were threatened with Constitutional Court challenges.

The advice to the president that the Liquor Bill was framed unconstitutionally indicates it is in the deepest trouble. The bill attempts to legislate in the area of liquor licensing, an exclusive provincial competence. Central government is con-

stitutionally allowed to interfere in the exclusive powers of the provinces only for reasons of national security, economic unity, or to prevent a province from violating the rights of another.

This is first time legislation has been rejected by the president because it tampered with the powers of the provinces.

Mandela was also advised that if a nation-wide system of licensing was implemented and later found unconstitutional, it would cause confusion and uncertainty in the liquor industry as the legality of the licences would be in question.

Western Cape Business Promotion Minister Henrie Bestler, who petitioned Mandela to reject the Liquor Bill, welcomed the decision. He said he had

warned Parliament that it usurped provincial powers.

Mandela said the Broadcasting Bill's purpose was not unconstitutional, but some of its provisions violated the constitutionally guaranteed independence of the Independent Broadcast Authority.

Inkatha Freedom Party MP Suzanne Vos, who with Democratic Party MP Denise Smuts petitioned the president on the Broadcasting Bill, said yesterday that the bill in its present form was not good law and should be redrafted.

The Freedom of Commercial Speech Trust, which was poised to launch a constitutional challenge to the Tobacco Products Control Amendment Bill, said its objections did not centre on the bill's

restrictions on smoking but its ban on certain kinds of advertising. It applauded Mandela's decision.

Mandela's advisers found that the intention to ban tobacco advertising was not unconstitutional, but where the legislation impinged on fundamental rights it should not be "overly broad". The prohibition of "organised activities" financed with tobacco money was so wide it could infringe on the freedom of association. The clause which could allow prohibition of smoking in private dwellings was also considered too broad.

The bill's return has been welcomed by DP health spokesman Mike Ellis and his counterpart in the New National Party, Kobus Gous.

# IBA's draft election policy raises concerns

By Claire Keeton  
Feature Writer

ST month the Independent Broadcasting Authority released guidelines for election coverage which will put broadcast media and put them at a disadvantage in relation to the print media.

While the IBA is more than willing to accommodate responses from the public and amend the guidelines - even that they were only a draft and not final policy - this controversy underlines the need for caution when regulating human rights issues such as freedom of expression.

We want fair and responsible coverage, but there is a very heavy chance of self-censorship (with these guidelines), said Freedom of Expression Institution executive director Laura Pollicutt. "We would not encourage it."

The IBA Draft Guidelines and Regulations for Broadcasters in their Coverage of the 1999 Elections were published in December and the authority has received 15 responses from broadcasters, political parties and the public. One of the sections which raised concern among broadcasters was that of the coverage of party activity in the final 48 hours before the election.

There should be no coverage of parties' activities in the final 48 hours before the balloting com-

mentes or on the day of the election," the guidelines state.

In the final 48 hours, stations should avoid coverage of items which are inherently controversial between parties."

National Community Radio Forum manager Simphwe Mdlalose said this could impact negatively on the way radio stations covered the election. National Association of Broadcasters chairman Anton Harber also warned that it could interfere with normal news judgment.

"There could be a ridiculous situation where something controversial happens and it's a problem for broadcasters to cover it, but not newspapers," he said.

The South African Broadcasting Corporation expanded on this issue in their representation "Firstly, the Electoral Act does not prevent parties from campaigning in the last 48 hours, barring political activities only on voting day itself.

"It seems unreasonable to prevent broadcasters from covering their activities, particularly since no such provision will affect the print media.

"Secondly, such a provision would diminish the constitutionally guaranteed right to freedom of expression."

And finally, the SABC said, barring the coverage of controversy between parties was too vague. "If a scandal breaks, can the SABC ignore it

because it will be controversial?"

Moreover, if broadcasters were forced to limit their coverage while print were not, it would be unfair not only to them but also to rural South Africans. Most only have access to radio and television.

But IBA senior researcher Pfanani Lishivha said there has been a misconception around this issue. "Our intention was not a total blackout for broadcasters in the last 48 hours," he said.

"The problem could have been the way this was expressed in the draft, and in the final policy we will make sure this is rephrased."

His position was confirmed by an official statement from the IBA on Friday. "This is a discussion document (it) is therefore not as yet the IBA policy on how broadcasters should cover the upcoming elections."

The authority emphasised though that it had "not retracted" the discussion paper, which was conceptualised by its election staff team and approved by all the IBA councillors.

The IBA's willingness to revise its policy is a positive move, but the publication of a paper with such flawed sections highlights the need for precision when regulating the media.

The paper provides guidelines on three main areas: party election broadcasts, political advertising, and editorial matters.

In developing the guidelines for



National Association of Broadcasters chairman Anton Harber says the IBA's guidelines for election coverage could interfere with normal news judgment.

"editorial matters", the authority "drew heavily on precedents" set by the Independent Media Commission (IMC) for the 1994 elections.

Yet the IMC guidelines had no sweeping section to block party coverage in the last 48 hours. "The IMC guidelines which these are based on were logical and clear," said SABC radio news head Franz Kruger.

Another section which has raised concerns at the SABC is the question of accommodating all parties during current affairs programmes, in the interests of fairness.

"This is an entirely impractical suggestion which would lead to clumsy and cumbersome programmes," the SABC said.

"The SABC wishes to draw the IBA's attention to the IMC guidelines, which says that broadcasters aren't expected to distort their news values by giving the same weight to small

one-person parties as they do to serious contenders."

Another problematic section concerns the coverage of traditional leaders and civil servants. Pollicutt said the guidelines should not single out traditional leaders.

They state: "During the election period, the actions and statements of traditional leaders should be treated with more than usual caution. No action or statement by any civil servant should benefit any political party."

There were clearly historical reasons for these guidelines arising from the 1994 elections, when the apartheid government still had a pervasive influence on broadcasting.

But Harber said, "It is different now. The civil service is in different hands. These restrictions would interfere with normal news judgment. The test now is how the IBA responds to the criticisms in its final guidelines."



BD 28/1/99

# Heath must look at IBA — Baqwa

David Greybe (260)

CAPE TOWN — Public Protector Selby Baqwa recommended yesterday that the Heath special investigating unit probe the alleged abuse of public funds by former councillors of the Independent Broadcasting Authority (IBA).

If necessary, the unit should use its special powers to recover any "improper or unlawful expenditure", Baqwa said. He criticised "all levels" of government and state organs for their failure to address "chaos in financial administration".

Baqwa recommended that Parliament develop "appropriate measures" to ensure the proper training of officials to minimise the risk of abuse of financial systems and "to improve the efficiency of financial administration in general".

Baqwa's recommendations are contained in a special report on the affairs of the IBA and are expected to be tabled in Parliament next month.

Parliament's public accounts committee asked Baqwa to investigate the affairs of the IBA, specifically with regard to possible criminal prosecution relating to abuse of public funds. The request was made after the auditor-general highlighted shortcomings in the IBA's financial management in a special report in May 1997.

Five IBA councillors, including co-chairmen Peter de Klerk and Sebileto Makone-Matabane, resigned in the wake of the auditor-general's report. Later IBA CEO Harris Gxaweni resigned.

Advocate Stoffel Fourie, senior investigator for the public protector, said yesterday the investigation had not disclosed sufficient evidence to support criminal charges against any of the former councillors. However, there was sufficient evidence to initiate civil litigation and therefore the recommendation that the Heath unit be called in.

Baqwa said: "Outstanding debts by former councillors on what appear to be unauthorised expenditure on IBA credit cards could not be recovered by the IBA."

President Nelson Mandela must issue a proclamation if the Heath unit is to investigate the former IBA councillors.

Baqwa also found that the delay in the merger of the IBA and the SA Telecommunications Regulatory Authority and a lack of proper funding were "causing several problems". He recommended that the National Assembly move to ensure the speedy merger of the two.

# NEWS

*COMPETITION Possible restrictive practices in broadcasting and pharmaceuticals to be heard*

# Production houses bring case against SABC

*(Ald) of (AR) 9/1/79*

## ROY COKAYNE

Pretoria — The Competition Board has announced it is investigating possible restrictive practices by the SABC over its insistence that local production houses producing material for its programmes use SABC facilities.

Announcements in the Government Gazette show the board is also investigating possible restrictive practices in the pharmaceutical industry.

Pharmaceutical manufacturers contracted with International Health Care Distributors (IHD) have refused to deal directly on a non-discriminatory basis with pharmaceutical wholesale distributors or other customers in the private sector of the market.

According to one notice, the SABC investigation followed a complaint to the board by the Association of Facility Owners. It said the gist of the complaint was that the SABC, the dominant broadcaster in the country and operated in terms of a licence issued by the Independent Broadcasting Authority (IBA), insisted its studios at Henley be used by production houses producing programme material for use by the broadcaster.

"It is alleged that as a result of this policy, independent facility houses are unable to compete on a level, non-discriminatory basis, for the business," the notice said. "Since such facility houses are unable to broadcast material, because of the restrictive nature of the licensing, the practice is alleged to limit the growth of the industry outside the SABC while threatening the survival of many smaller players," it said.

In regard to IHD, a second notice said Competition Board investigation would also determine whether the proposed contractual arrangements between pharmaceutical manufacturers and Synergistic Alliance Investments (SAI) constituted a restrictive practice.

In terms of these contractual arrangements, pharmaceutical manufacturers would not deal directly on a non-discriminatory basis with pharmaceutical wholesale distributors or any other customers in the private sector on the market once SAI was established.

According to the notice, a number of pharmaceutical manufacturers had contracted with IHD whereby IHD would perform a distribution function on an exclusive basis.

It said other pharmaceutical manufacturers had indicated they would also be contracting with SAI to perform a similar function on their behalf.

"The complainant, a large pharmaceutical wholesaler, has presented evidence to the board suggesting the practice restricts competition at wholesale distribution level," the notice said.

# Eskom splits to gear up for privatisation

New subsidiary will be formed to head utility's expansion drive in Africa

Linda Ensor

CAPE TOWN — Eskom is to be split in two to lay the foundations for privatisation.

A new subsidiary, Eskom Enterprises, will take over the state-owned power utility's unregulated businesses, which compete inside and outside SA.

The regulated power generation, transmission and distribution businesses will remain with the parastatal.

Public Enterprises Minister Stella Sigcau said yesterday that splitting Eskom would sharpen the market focus of both companies and enable Eskom to broaden its activities throughout Africa

Sigcau said Eskom Enterprises, with about 8 000 employees, would be headed by Eskom's former technology executive director, Jan de Beer. Eskom Enterprises would take over Eskom's huge maintenance operation, Rotek, which is active elsewhere in Africa. It would also incorporate its technology, research, marketing, information technology and security services and supply them to Eskom on an arms-length basis.

Sigcau said Eskom Enterprises would be responsible for managing and developing all Eskom subsidiaries. It would also be responsible for developing markets in the rest of Africa where Eskom could

sell its expertise as a power utility.

"The primary objective of Eskom Enterprises will be to maximise the value from the existing nonregulated subsidiaries and develop viable new business, initially related to the power industry, in Africa and ultimately around the world," Sigcau said.

The separation would free noncore businesses from the constraints of regulation and create the flexibility to downscale, commercialise or privatise them.

Eskom said the ring-fencing of the different operations would end cross-subsidisation and allow their profitability to be determined. In the past all the utilities' accounts were consolidated.

She said streamlining the regulated business, which would keep finance and human resources in-house, would ensure that it focused on providing "an affordable, available and reliable power supply for domestic customers, and a low-cost, high-quality power supply for industrial and commercial customers".

The changes were similar to those being made by all major utilities in the world and represented "the first step in preparing Eskom to compete effectively in international markets while defending against competitors in the SA market".

Meanwhile, Eskom Electricity Council

chairman Reuel Khoza confirmed that the candidates to succeed Eskom CEO Allen Morgan had been selected and appointed deputy CEOs. They were Bongani Khumalo, who would head restructuring and transformation, and Thulani Gcabashe, responsible for Eskom Enterprises.

Dolly Mokgatle, formerly Eskom executive director of corporate affairs, is to be executive director of transmission, and Solly Moloko, formerly senior GM (transmission) becomes executive director of human resources. Nsizwa Molepo and Judith Mhlauli are to head the services and marketing groups respectively, and Steve Lennon, as acting head of technology, will oversee transfer of resources to Eskom Enterprises. He will also have the responsibility of restructuring technology functions that remain with the regulated business. Other senior executives of Eskom Enterprises will be Sam Mosikili (formerly executive director of marketing and communications), Vusi Ngubeni (formerly executive director of services) and Uganda-based MD of Eskom Enterprises (Africa), Duncan Mbonzana.

Among the six nonexecutive directors will be Joe Hlongwane, Dawid Mostert and Douglas Ramaphosa.

Plans for Aventura, Safcol: Page 3



# Unions to fight Eskom privatisation

Reneé Grawitzky

ORGANISED labour warned yesterday that it would challenge any moves by government to privatise state-owned power utility Eskom

This follows an announcement by Public Enterprises Minister Stella Sigcau yesterday that Eskom would be split into two separate operations as part of its restructuring

The split is intended to lay the foundation for the utility's eventual privatisation

Unions appeared divided yesterday on whether they had been consulted by government over this

The National Union of Metalwork-

ers of SA (Numsa) claimed Sigcau reneged on a previous commitment to refer the final plan to Eskom's restructuring and transformation committee

However, the National Union of Mineworkers (NUM) has contradicted Numsa

NUM general secretary Gwede Mantashe said the plan for Eskom's restructuring was almost in line with labour's position

The NUM agreed with government's view that Eskom should become a leaner structure concentrating on international markets

The union was, however, concerned about whether the plan

would lead to the wholesale privatisation of the utility

Mantashe warned that this would not be acceptable and that labour would fight retrenchments

"Our understanding is that restructuring should not result in retrenchments but that an expansion into Africa should lead to job creation opportunities"

He said job cuts would fly in the face of the commitments given by business and government at last year's presidential job summit

Numsa said labour had not been given the opportunity to comment on the restructuring plan before it was discussed in Parliament

DD 18/2/99

(260)

( ) ( )

# Eskom to make inroads into Africa

DD 19/2/99

(260) (26)

Robyn Chalmers

ESKOM is to launch an investment drive into Africa for the first time, kicking off with bids for the upcoming privatisation of Senegal Electricity and the Ugandan Electricity Board

Eskom will use Eskom Enterprises, to be set up as a subsidiary housing all unregulated activities, as its vehicle to develop markets in the rest of Africa and take equity stakes in privatised utilities

Eskom will establish a presence in Africa with Duncan Mboonyana heading up

gan said yesterday the businesses would remain within Eskom but would be separated, in line with requirements of the National Electricity Regulator

Eskom Enterprises, to be chaired by Thulani Gcabashe with Jan de Beer as MD, will become a wholly owned subsidiary of the utility. It will house noncore services such as marketing, information technology, security, telecommunications, aircraft catering and Rotek Industrial

Morgan said Eskom Enterprise would explore synergies with other parastatals, such as Transnet and Denel, possibly to set up joint ventures, for example on information technology

"It is possible that strategic equity partners could be introduced to these joint ventures," he said

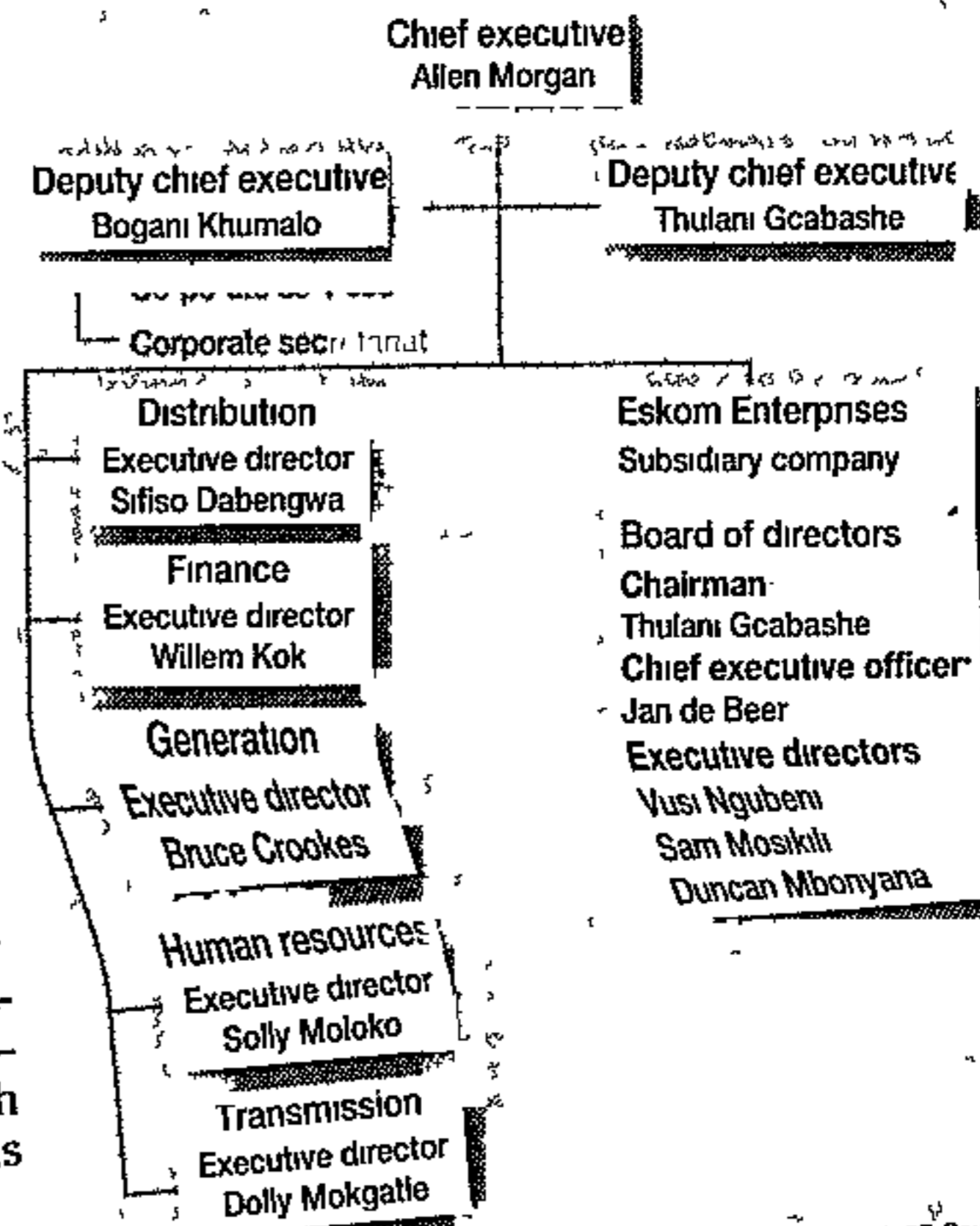
However, he said this was

the extent of any privatisation that would take place at Eskom and the electricity utility itself was not up for privatisation or unbundling

Public Enterprises Minister Stella Sigcau said this week government wished to use Eskom to deliver new electricity connections and provide impetus to the African Renaissance rather than privatise the parastatal

The energy white paper proposes that competition be introduced into the electricity sector, focused initially on distribution but broadening later to generation and transmission. The new Eskom board would have five portfolios — distribution, finance, generation, human resources and transmission — from the previous 10, which would allow greater focus and efficiency

## Eskom's new management structure



KUBEN DAVID SOURCE

Bottom line: Page 2

ESKOM

# A QUESTION OF POWER

Sigcau may be right not to privatise Eskom, but she should

The government has finally put its money where its transformation mouth is in arguably the most complex business under its command — Eskom — and set up a trio of black managers to assume command of the R1400bn/year company when its experienced white CEO, Allen Morgan, retires in about 18 months. It may not have done the potential successors any favours though.

The utility's two new deputy CEOs and leading candidates to replace Morgan, an electrical engineer, have no formal electrical training or engineering qualifications. One used to head Eskom's human resources department and has a journalism degree. The other is a former GM of Eskom's customer service, with a degree in urban and regional planning. The new head of the national electricity grid, meanwhile, is a tax lawyer who used to head Eskom's corporate affairs division.

The appointments were made as Public Enterprises Minister Stella Sigcau made known government's decision to abandon privatisation plans for the utility. That decision is not a bad thing, as it removes long-standing uncertainty over Eskom's future and because privatisation might have led to an increase in Eskom tariffs.

But continued government control of Eskom leaves open the door for political decision-making — such as the latest appointments — which may turn out to be ill-judged and even compromise the efficiency of the utility which produces 98% of SA's power and roughly half that of the whole continent.

The White Paper on energy, published last year, envisaged gradually introducing competition into the now-regulated parastatal's functions of power generation, transmission and distribution. It would start with distribution and move later into transmission and generation.

Now the plan for privatisation has been discarded. The three basic functions will neither be privatised or unbundled but will continue to be carried out by the present utility.

Unregulated activities will be carried out through a wholly owned subsidiary — to be designated Eskom Enterprises (EE) —

PM 26/2/99

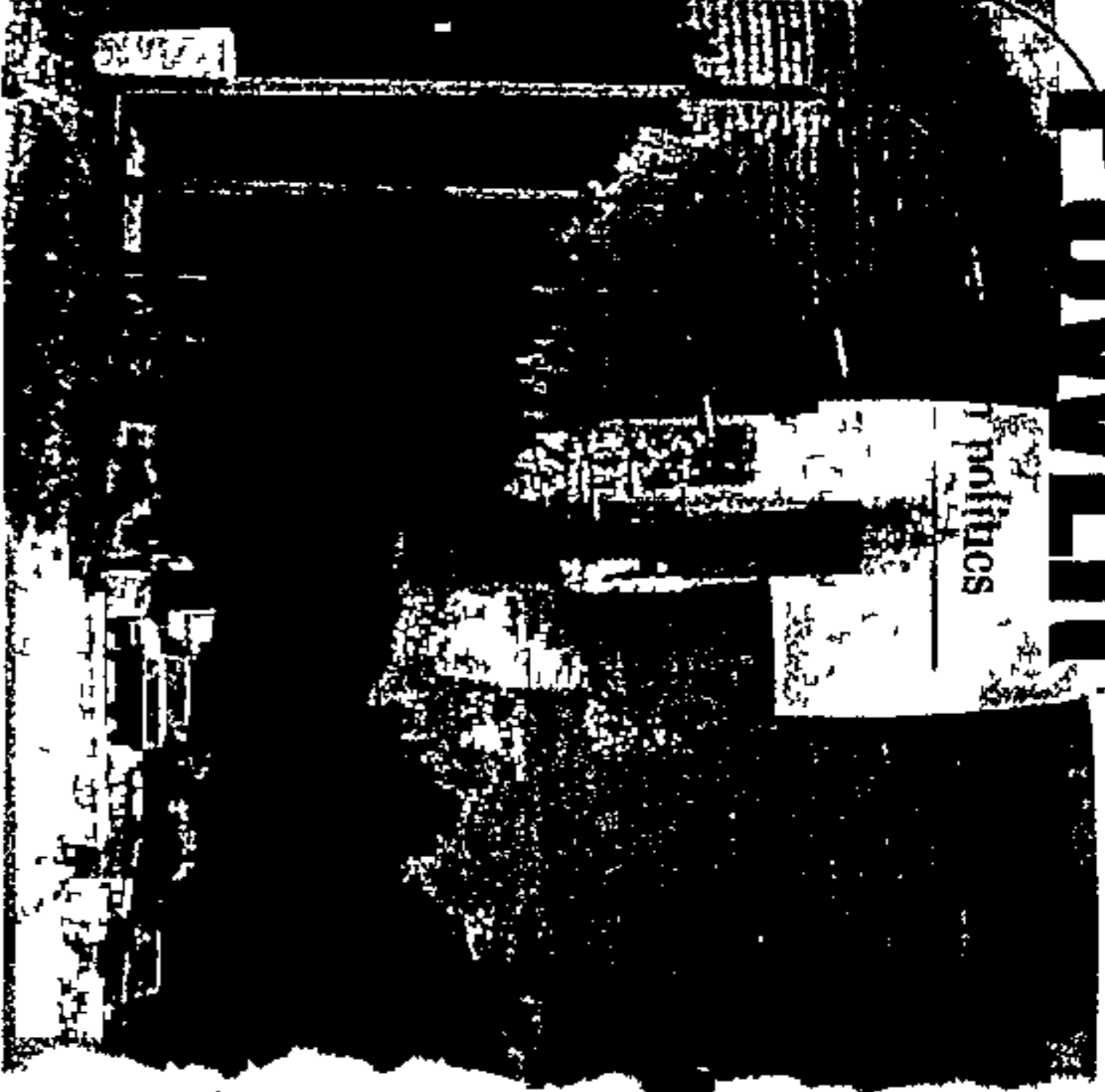
from the mainstream of functions Morgan has explained that this shuffle gives effect to a requirement of the National Electricity Regulator (NER). It opens the door to various constructive initiatives. It will also enable accurate measures to be made of the individual activities, by putting an end to cross-subsidisation and achieving transparency.

Eskom will also set up a subsidiary, Eskom Africa, with head office in Uganda, which will explore ways for the utility to develop a continental presence. It will bid for the forthcoming privatisation of Senegal Electricity and the Uganda Electricity Board. EE will concurrently aim to develop electricity markets in Africa.

Within Eskom, the number of portfolios will be reduced from 10 to five — generation, transmission, distribution, finance and human resources.

The first and obvious question is why government has abandoned its previous zeal for privatisation. Eskom's net assets — calculated at current values — now exceed R100bn by a significant margin. So the lure of even a partial privatisation is great, both in terms of the inflow to government's own coffers and — if the sale were to foreign interests — to the forex reserves too.

The major snag about privatisation is that Eskom would then have had to be turned into a conventional company that would have had to pay tax and service share capital with dividends. This would



Missing the towers for the trees Africa's electricity giant must be run on technical, not political, correctness

have raised electricity tariffs, reversing their downward, anti-inflationary trend (see charts).

It's no exaggeration to describe today's Eskom — public corporation though it is — as a world-class power utility. In important respects it leads or is near the top of the field. Even measured against a weak rand, SA's power costs are among the lowest in the world.

In terms of capacity and output too, Eskom shows up well against other national utilities abroad. At the end of 1997, it stood fourth in capacity and fifth in output compared with other leading utilities. (The US power industry, by far the largest, is not included in the table because it is fragmented into hundreds of utilities and generators. Russia and China, though excluded from the table, are known also to be larger than Eskom.)

Then there is the important issue of reliability of supply, where Eskom also enjoys a remarkable position (see charts). But there is a more subtle point about Eskom: a world leader in the combustion of low-grade, high ash coal to produce cheap power. SA's mainly coal-fired elec-



Arnold Prout

tricity is an effective economic mechanism for turning an otherwise unseizable substance lying in the ground into a major input for the production of a range of metals. These include marketable intermediates which are intensely marketable internationally. These now include such electricity-intensive products as aluminium and stainless steel.

And, as every schoolboy knows, the SA economy runs on electricity with the exception of transport fuels and industrial gas. Eskom, therefore, is truly the apex of the inverted pyramid which supports everything else.

Eskom's finances are now exceptionally sound, with a debt-equity ratio of 0.86:1 at end-1998. Finances were strained for many years by the vast programme of investment in huge coal-fired power stations. Admittedly, the programme was based on over-optimistic projections of power demand, and the resulting surplus of capacity is even now continuing to be absorbed by growth in demand. But there's one thing worse than a surplus of electric power and that's a shortage.

Eskom's outstanding track record in meeting its obligation to government to electrify homes is well on target. From 1994 to date, 1.44m homes have been electrified.

But now that privatisation is effectively off the table, affirmative action has become the issue of contention. Black advancement has been an avowed policy at Eskom for some years and so far, the programme appears to be working, the number of blacks employed in senior technical and managerial positions continues to grow by leaps and bounds, suggesting that training and selection programmes are identifying and absorbing high-quality black recruits.

However, the recent debacle at the National Electricity Regulator (NER) is a powerful warning signal of how an incautious empowerment programme can go disastrously wrong. The NER experience is likely to place Eskom's new senior black managers under that much more pressure to succeed.

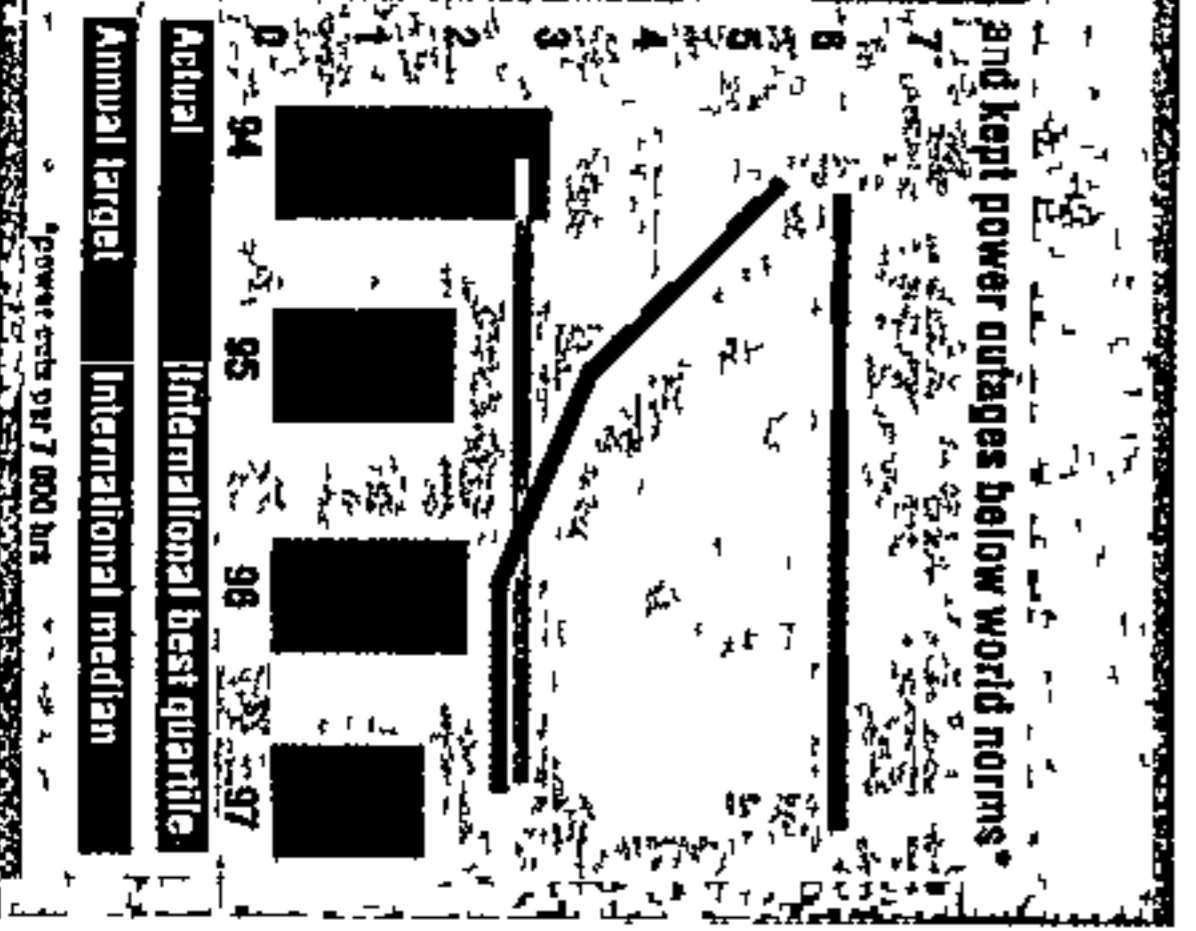
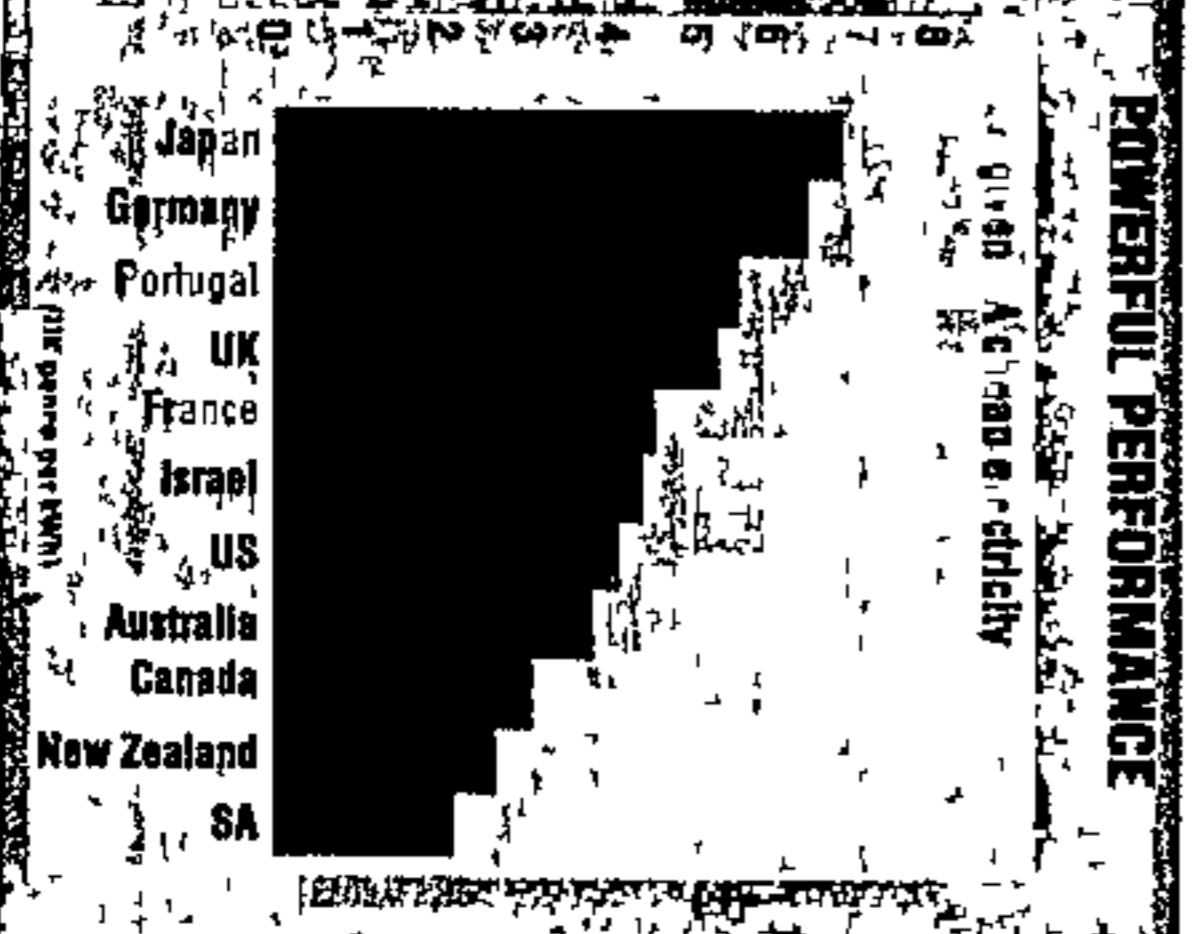
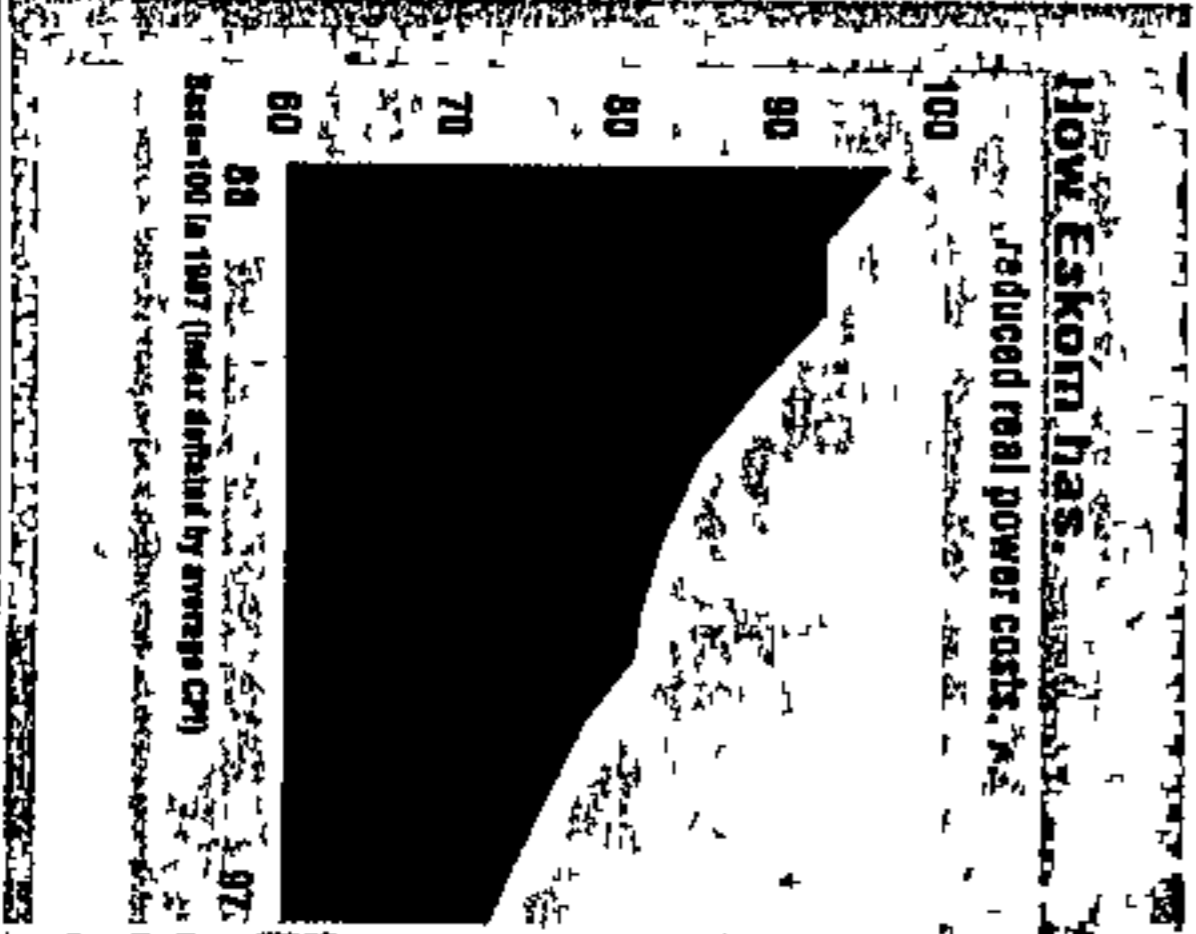
Electricity Council chairman Reneel Khoza has acknowledged that Morgan's successor at Eskom will be chosen from the two new deputy CEOs. This may happen next year when, as is understood, Morgan's contract expires.

The two deputies are Bongani Khumalo who will head restructuring and transformation, and Thulam Gcabashe who will head Eskom Enterprises.

Dolly Mokoale, former executive director of corporate affairs, will be director of transmission, in other words the national grid.

All three are long serving Eskom managers and have undergone extensive training. An mentoring Khumalo joined Eskom in 1991 with a master's degree and diploma in journalism and communication. He became executive director for human resources in 1994 and is credited with transforming the group's demographic mix without compromising its service record. Gcabashe joined Eskom in 1993 with a master's degree in urban and regional planning and became senior GM for customer service in the distribution division. He has also run Eskom's international operations out of London.

Mokoale, who joined Eskom in 1991, was executive director for corporate affairs. Her qualifications comprise a BProc an LLB and a Higher Diploma in Tax Law from Wits.



# No jobs to be lost in IBA and Satra merger

Preliminary report by Canadian expert has been accepted

(260) Star 3/3/99

By RAPHAEL BANDA

No jobs will be lost in the merger of the Independent Broadcasting Authority (IBA) and the SA Telecommunications Regulatory Authority (Satra), an IBA official said this week.

A preliminary report drawn up by Canadian expert Allan Darling, who facilitated the merger of two similar organisations in his country, has been accepted by the councils of the IBA and Satra.

The two organisations have already submitted their proposals for the enabling Act to the Department of Communications.

IBA spokesperson Pekwane Mashilwane said on Monday that the proposals by Darling, who has since returned to Canada, would fast-track the merger.

"He clarified terms of refer-

ence. He managed to define the nature of the new entity. No one will lose his job, instead people with expertise will be needed," he said.

Satra chairperson Nape Maepa said the Canadian, who was funded by the Canadian International Development Agency, was finalising his recommendations and is expected to present them to Broadcasting and Telecommunications Minister Jay Naidoo this week.

The merger has been held up because of lack of clarity on whether the IBA will maintain its independence, a concern of the broadcasting industry which feared government interference.

Mashilwane said before Darling made his recommendations "we didn't know who will sit where, what the council will be. That's why the process couldn't get off the ground.

"We had no terms. Now we

have something to work on. Now we can talk about the structure of the new entity."

Darling had proposed legislative, organisational and implementation options for the merger.

Support functions including human resources and communications will be merged, but policy matters will be handled quite independently.

Darling arrived in the country in January after a team of IBA and Satra visited Canada at the recommendation of the Canadian Embassy here.

Earlier this year, Public Protector Selby Baqwa, in a special report, recommended that the National Assembly take "appropriate steps" to ensure the merger was expedited and that sufficient funds were allocated to the IBA "to give effect to its responsibilities in terms of the merger, without jeopardising its normal functions."

# Unions criticise Eskom for pension privatisation plan

By Mzwakhe Hlangani  
Labour Reporter

ESKOM'S reported privatisation plans for its R13 billion pension and provident fund came under disparaging criticism from the majority of representative labour unions at the weekend

The privatisation reports of the fund's asset management emerged when the National Union of Metalworkers of SA, National Union of Mineworkers and the Mineworkers Union National had submitted a proposal for a 60-percent majority representation of the union's board of trustees, equally split among the three unions

Numsa spokesman Mr Paul Biyase further charged that the Eskom management had unilaterally decided to split the management pension fund assets between in-service members and pensioners, without consultation

"What is extremely provocative is that management is parading the privatisation announcement as a pension fund board decision, disinforming workers and the public

"All the unions are disgusted and

260  
Sowetan 29/3/99  
furious about this situation," he said

The company dismissed the allegations as "unfounded and offensive" It launched a counter-attack, saying the unions' statements showed "a blatant conflict of interests and were irresponsible"

Eskom corporate spokesman Mr Peter Adams warned that the unions' allegations were compromising the welfare and future security of the other members of the fund when all trustee decisions on privatisation plans were made with due consideration for every opinion

"As an employer Eskom has a duty to ensure board members live up to their responsibilities and the fund will always find the best ways to manage its assets and investments for the benefit of its members," Adams said

In another development Biyase claimed a number of high-profile white employees of the privatised pension fund asset management were resigning en masse to join a newly established private company that will take over the outsourced management operations of the pension fund.



# SABC run by a cabal, allege senior staffers

By MAPULA SIBANDA

**A** RESHUFFLE of SABC editorial top brass - including the appointment of yet another news chief - has sparked intrigue and insecurity in the newsrooms at Auckland Park

This week the SABC announced that its Senior General Manager of Audience Services, Enoch Sithole, would be Chief Executive Officer for SABC news

Observers see the changes as not so much a battle for the soul of the SABC newsroom, but for the independence of the newsroom from political interference

The appointment places Sithole, a former frontman for the corporation's management, above Phil Molefe, the journalist who was previously appointed to head radio and television news

Sources said Sithole was regarded as a "management figure" and there was concern in the newsroom that he lacked journalistic experience

They said Sithole's appointment reflected management disillusionment with Molefe's performance

Senior journalists said the appointment of Sithole and other new appointments were unsettling at a time when election coverage was hotting up

Some were surprised the posi-

tion had not gone to rising star Snuki Zikalala, who is number three after Molefe in the hierarchy

Zikalala is charged with the merger of radio and television news coverage and slots

Sithole's appointment follows the departure of several key television news executives

These include most recently, the resignation of Chief Assignments Editor, Gary Alfonso, for Times Media Limited's Summit Television and that of Molefe's close associate, Acting Political Editor Ivor Powell, for the Mail & Guardian newspaper.

Journalist Zola Yeye was called on to fill Alfonso's shoes but is now said to be unhappy that Southern African correspondent Chris Bishop has been placed in a position effectively over-seeing him

However, Yeye refused to comment.

Two other recent appointments have also created controversy

Print journalist Prakash Nardoo has been appointed political editor and Joyce Kekana, whose CV includes speechwriting for president Nelson Mandela, is now the copy editor charged with supervising all broadcast copy

Some senior staffers are unhappy that these jobs did not go

to staffers with more extensive broadcast experience

One senior journalist said the appointments were of concern because they effectively strengthened management at the expense of journalistic integrity

"There is a very strong move to centralise power in the SABC, and these new structures have resulted in power being concentrated in a few hands. This is viewed as the reverse of the old order of controlling the corporation we had fought so hard to get rid of, and many journalists feel the major thing which will be compromised will be the respect of journalism at SABC," said another senior journalist

The journalist said it was clear that SABC news was increasingly being controlled by a small cabal aligned with the ANC, and that staffers were worried the corporation would be open to political interference

"We have lost many good people over the past year who obviously do not agree with these changes, and many more will follow," said the journalist

Other senior journalists contacted by City Press said the moves have caused tension and turmoil in the newsrooms but refused to comment

# CSIR restructures, adds business units

ET (PR) 15/4/99 (50) (260)  
ROY COKAYNE

Pretoria - Restructuring of the CSIR's activities in the fields of materials, manufacturing and defence had recently been completed, Namane Magau, the CSIR's executive vice-president of human resources, said yesterday

She said the process had resulted in retrenchment of about 50 staff members

Magau said two new business units - manufacturing and materials technology, and defence technology - had been set up

The activities in both units had been realigned to market needs, which in turn had resulted in refocusing of competencies and the scaling down of certain areas of expertise.

Magau said the restructuring process was undertaken in response to the review of science, engineering and technology institutions in South Africa initiated by the arts, culture, science and technology department

"The recommendation of the review panel were subsequently adopted by Cabinet and pointed to the need for the CSIR to consolidate its manufacturing, materials and defence activities in line with international trends

"Market feedback has also underscored the necessity of this proposed change," she said.

Magau added that retrenched staff would be assisted to find employment

The CSIR has recently established Bio/Chemtek, a new operating division, after the re-

search and development facilities at Modderfontein belonging to the AECl, the chemicals and explosives company, became part of the CSIR from February 1.

The CSIR has taken ownership of the AECl department, a R60 million turnover operation in the areas of biotechnology, computational chemistry, chemical process technology, fine chemicals and solid state chemistry.

**Bio/Chemtek  
division has  
absorbed  
AECl's R&D  
facilities, a  
R60m unit**

# The bounds of freedom

(260) Sowetan 21/4/99

**M**ANDLA Langa found himself at the centre of a controversy within a fortnight of taking over as chairman of the Independent Broadcasting Authority recently

The controversy was about a decision he made in his previous position as commissioning editor at the SABC

One of the first tasks Langa was landed with as IBA chairman was to unveil a code that would restrain broadcasters in their use of violent and pornographic material

Not necessarily a bad task, one would think, except Langa was among those who sanctioned the hit television series *Yizo Yizo*, which graphically dramatises the ill-discipline and violence prevalent in schools

The new code is expected to curb "gratuitous sex and violence on screen" and Langa has been slated for allowing violence to be depicted in *Yizo Yizo* while now trying to enforce a new moral code

The irony has been pointed out to him often in the past few weeks but Langa, who is adamant that *Yizo Yizo* must be watched until the end for people to understand the motivation behind the series, makes an eloquent defence of his past decision

"A lot of people think that I just might be hoist with my own petard. But I have constantly to remind people that *Yizo Yizo* can't be judged by one episode only

"That series must be seen in context. We cannot run away from the fact that there is violence in this society. Sensitive viewers should take the warnings seriously, there are also suggestions for parental guidance."

Some of the controversies around *Yizo Yizo* have stemmed from "copycat" incidents. In one township school a bully dunked another child's head in the bowl and flushed the toilet, apparently re-enacting a scene from the series.

Last week a Soweto school principal was robbed and shot to death in her office by youths. Again the attack was described as "*Yizo Yizo*-style"

Langa says the debate about whether violence on screen is a mere reflection of the ills of society or whether it contributes to making people, particularly young people, more brutal is now becoming acute in South Africa

It is a debate that has much attention in countries like the United States - where, like in South Africa, there is an overt gun culture - and whose movie industry is not shy to propagate the superficial and violent

"The broadcasters will have to try to answer that question themselves. It is in their interest to sponsor research to see what is going on in this country"

Langa is also quick to point out that the

New IBA chairman Mandla Langa faces the daunting task of changing the authority's image from a 'gravy train' into a respected body, writes **Sharon Chetty**



Ready for the challenge ... new IBA chairman Mandla Langa. PIC BONILE BAM

industries in the US and Britain, two countries South Africans constantly attempt to emulate, have "terribly stringent" restrictions on what is shown on television

"The BBC producers' guidelines are as thick as Tolstoy's *War and Peace*, yet they do manage to show programmes that are risqué, tough and gritty

"What we are saying is that material has to be shown in context. Whether it's in drama or current affairs or news, messages can be conveyed forcefully without being offensive

"Programmes have to have some redeeming qualities, they cannot just be full of sex and violence

"There are certain things that are totally unacceptable. In a country where the rape statistics are horrific, we have to think twice about watching a rape scene"

The code was prompted by a combination of concerns at the prevalence of graphic material on screen and a feeling that there was still time to address the issue

Langa does not envisage too much difficulty in enforcing the code, although there has been some criticism that it may infringe freedom of expression

"We had industry-wide participation and so far there have been mostly accolades. Those

who complain are a few elements in the media who should have come to us in the first place to understand the reasoning behind the code"

He dismisses the notion that setting such restrictions threatens freedom of expression

"We tend to use the term 'freedom' very loosely," he asserts. "We have to see this (code) in context, and understand it within the national agenda

"In South Africa we have to be careful about how we practise that freedom. We need to cherish and value that freedom and not turn it into a fetish that we are blinded by"

While Langa, a celebrated writer and columnist, is clearly thriving under such scrutiny and debate, the rest of his tenure at the IBA is likely to be taken up by more mundane matters since the watershed events in local broadcasting - like selling off some of the SABC radio stations and licensing a new television channel - have already been done

A merger with another regulatory body, the South African Telecommunications Regulatory Authority, should have started by now but a timetable for that is still to be announced

However, for Langa, it is repairing the image of the IBA that is of greatest concern. The body's first co-chairpersons, Peter de Klerk and Sebileto Mokone-Matabane, and councillor Lyndall Shope-Mafole were forced to resign after they were found to have abused company credit cards

Since then IBA officials have battled with the taint of being on the "gravy train" and questions about their credibility, while having to contend with huge budget cuts and a loss of technical and legal staff

Langa says its "unfortunate history" means it is mentioned "in the same breath as corruption"

"How we reinvent ourselves, instil new respect and motivation, is going to be the challenge," he says

15/5/94  
(260)

The SA Broadcasting Corporation has since 1994 been cutting excess fat as part of its restructuring exercise. But, as Political Reporter XOLISA VAPI writes, the public broadcaster appears to be cutting right into the muscle

**B**ack in the old days, it was normal for the then state controlled South African Broadcasting Corporation not to say a word on World Press Freedom Day. To do so would have been shooting itself in the foot, tantamount to lending legitimacy to popular demands for a free press.

But in a free South Africa, many would have expected the transformed post 1994 SABC not to follow the logic of its past, but to join the world in the recent Press Freedom Day, and at the very least to release a statement committing itself to the freedom of the press and speech which it stands accused of stifling by those who have recently left the corporation.

There were no celebrations to mark the occasion, no press statement, no cocktail parties ... Nothing, just the legal dispute over sacked *Special Assignment* presenter Max du Preez seemingly preoccupying the public broadcaster's mind.

"We appear to be at an all-time low," admits one senior SABC employee, who says the corporation's failure to mark the event has been "associated with our not allowing freedom of speech," which was essentially Du Preez's point when the SABC television management censured his *Special Assignment* documentary on witchcraft.

Du Preez is among the many former print journalists who joined the SABC after the 1994 election during the scramble for posts created to transform the state's propaganda arm into a public broadcaster.

Barney Mthombethi, the former BBC Africa correspondent who quit as SABC radio editor in chief recently, is regarded as the last of the senior independent journalists to leave the corporation.

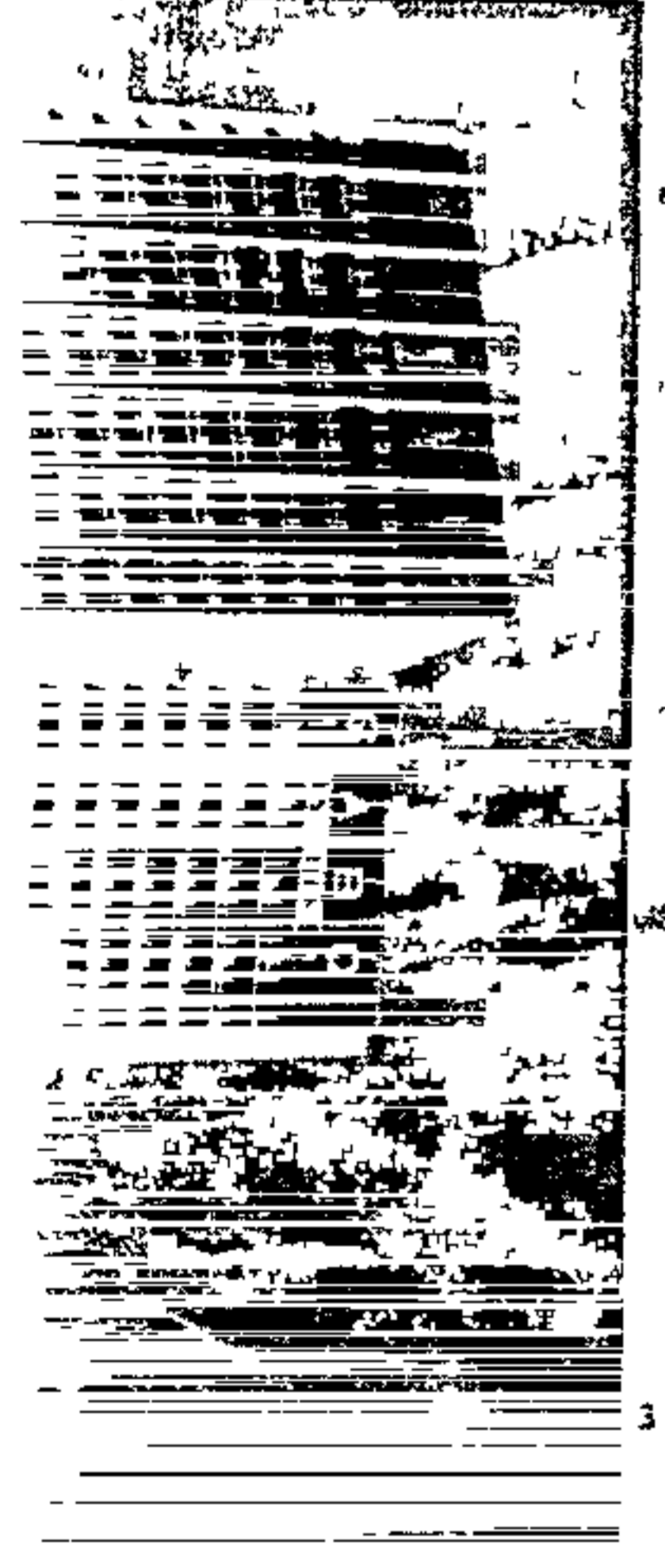
Although others believe his departure has long been coming, some say he resigned



**SPECIAL ASSIGNMENT:** Veteran journalist Allister Sparks was brought on board at the SABC to help with the transformation process of the corporation. With him at a staff conference is Sarah Crowe, former Sky News Africa correspondent, who became the broadcaster's head of current affairs

# Deafening silence fills the airwaves

would mirror the country's population makes up, are the high-profile resignations of the same people at the public broadcaster part of the process of change? Exactly what went wrong?



A former SABC employee who has watched from the sidelines as transformation and power changed hands

to create a corporate culture, a kind of journalism that does not tolerate maverick people who work independently. "They appear to have an agenda for the news they are going to use and the type of journalists they want," says Garman. After complaints of class towards some

himself an ANC notable and son of Rivonia trialist and Jobber Islander Walter Sisulu. Zikalala's and Githole's links with the ANC are undisputed, with the latter having worked for the ANC's mouthpiece, the Catholic Church-owned and now moribund weekly newspaper *New Nation* of which Sisulu was the editor. Molele, on the other hand, is said not to be a party man because he was exposed to politics during his days as a journalist with the *Weekly Mail* (now renamed the *Mail & Guardian*) and during his years at the SABC during the apartheid period. One of the senior journalists who fell out of favour with SABC management reckons the three men are powerful, but do not act without external political backing.

"I don't believe (Deputy President Thabo) Mbeki can give them such instructions, but they are wearing his mantle to throw their weight around. They use Mbeki's name either in vain or otherwise to give themselves clout.

"The fact that you have Githole, whose journalistic career is short and negligible, on top of the heap will lead to the erosion of quality journalism at the SABC, and with people like Barney Mthombethi leaving, that gap is going to be big," the former employee says. Mindful of several cassettes and newspaper clippings produced in the case involving Reddy's sacking, Githole prefers not to talk about the Du Preez affair because "everything will be completed in court".

He says some people are scared of transformation, especially now that it is being taken to its logical conclusion. "Take Ilberals who stood by and watched during the apartheid days, many people have not been praiseful (sic) when black people like me were placed in leadership positions," says Githole.

Instead, he adds, they cast doubt and try to associate new appointees with the ANC as much as possible. "There is something sickening in this country - that having taken part in the struggle against apartheid necessarily disqualifies you from getting a job and that the appropriate ones are the ones who stood by.

"People like Sisulu have been able to stand above their political past. I worked under him, so why can't I do it?"

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Barney Mthomboti, the former BBC Africa correspondent who quit as SABC radio editor-in-chief recently, is regarded as the last of the senior independent journalists to leave the corporation.

Although others believe his departure has long been coming, some say he resigned because he could not serve under his former junior, Enoch Sithole, who is now the SABC's chief executive officer responsible for radio and TV news.

Mthomboti joins the likes of former SABC current affairs head and Sky News Africa correspondent Sarah Crowe, erstwhile SABC radio chief executive Govin Reddy, and former TV editor-in-chief Joe Thloole and his successor veteran journalist Allister Sparks. All were employed during the transformation dispensation to give the SABC a new look, but they are now gone.

Left behind are Sithole, widely regarded as the SABC's golden boy, TV news head Phillip "Chippa" Molefe, (the man who fired Du Preez), Molefe's deputy Themba Mthembu, and Bulgarian-educated journalist and former Umkhonto weSizwe commissar Sanki Zikalala, in charge of radio news.

All are men, black, relatively younger than their predecessors, powerful and look poised for bigger things.

If transformation meant attracting new people so that a transformed SABC

**SPECIAL ASSIGNMENT:** Veteran journalist Allister Sparks was brought on board at the SABC to help with the transformation process at the corporation. With him at a staff conference is Sarah Crowe, former Sky News Africa correspondent, who became the broadcaster's head of current affairs.

# Defeating silence fills the airwaves

would mirror the country's population make-up, are the high-profile resignations of the same people at the public broadcaster part of the process of change? Exactly what went wrong?

A former SABC employee who has watched from the sidelines as transformation and power changed hands at the corporation says all went wrong when the "smiling" Reverend Hawu Mbatsha was appointed to succeed Zwelelwe Sishu as SABC chief executive last year.

"Not a journalist by any stretch of the imagination," says the former employee, "but just a reverend" who spent the last 15 years at the SABC as a back-bencher and got appointed to run the SABC for a particular reason - that he is "a smiling reverend".

Mbatsha assumed office amid criticism from Reddy, his competitor, who accused the reverend of being less experienced. Reddy had spent about three years at the SABC after several years of broadcasting in Zimbabwe.

As Mbatsha was settling in to his new job, a new breed of journalists is said to have shot to the top - "a hungry breed which looks set to reign like a junta, they are the powers that be".

The new group are said to have consolidated their grip on power. There is a sense that if you tread on their toes, like Du Preez did, "you are gone".

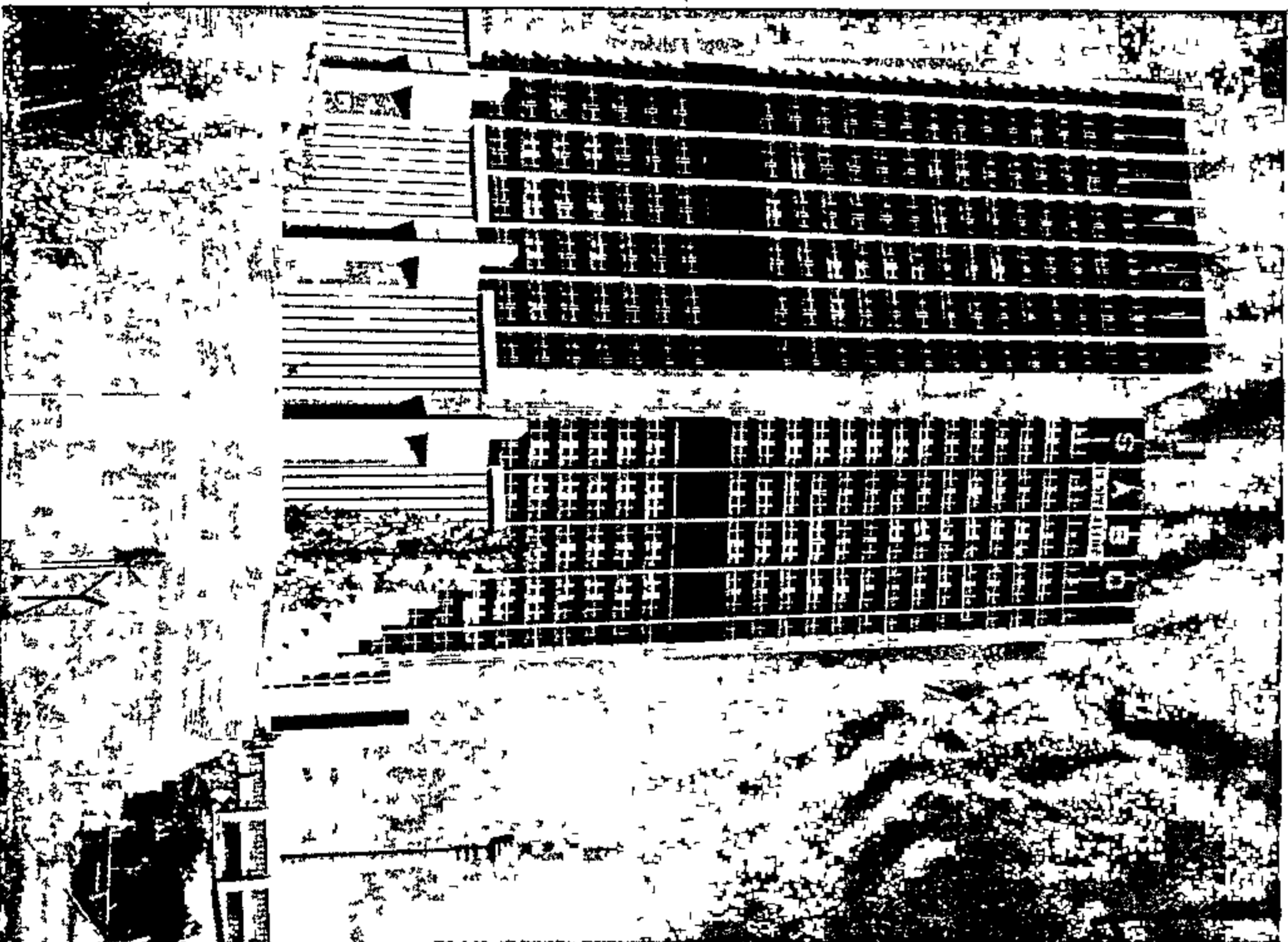
Rhodes University journalism lecturer Anthea Garmann says the SABC is trying



**SITHOLE** Mox du Preez's programme on witchcraft was censored



**EKODUS** Barney Mthomboti is seen as the last senior journalist to leave



**NOTHING NEW** The Auckland Park headquarters of the SABC, the country's public broadcaster, has often been embroiled in controversy. Photograph: CHRIS ADLAM

to create a corporate culture, a kind of journalism that does not tolerate invertebrate people who work indifferently.

"They appear to have an agenda for the news they are going to use and the type of journalists they want," says Garmann.

After complaints of bias towards some political parties in Kwa-Zulu Natal, SABC Durban's television regional editor Ida Jooste and assignment editor Ami Nannackhand were redeployed to Johannesburg and Cape Town respectively. In a swift move which would appear to signal the new management's approach to dealing with the alleged non-compliance with rules.

However, the official word from the SABC is that this arrangement is temporary, aimed only at beefing up the public broadcaster's election team.

"From a media theory point of view, there was a more liberal dispensation in a much freer environment between 1994 and 1998 in terms of what news could be broadcast."

"But since late last year, tighter forms of gatekeeping were introduced," with key and well-researched stories by independent journalists of the ilk of Crowe and Du Preez either being censored or put on perpetual hold, says the former SABC employee.

Zikalala, Sithole and Molefe have different backgrounds, the source adds, only "unified by their quest for power". They were all appointed by Sisulu,

journalist career is a tort and negligible, on top of the heap will lead to the erosion of quality journalism at the SABC, and with people like Barney Mthomboti leaving, that gap is going to be big," the former employee says.

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"There is something sickening in this country - that having taken part in the struggle against apartheid, necessarily disqualifies you from getting a job and that the appropriate ones are the ones who stood by.

"People like Sisulu have been able to stand above their political past. I worked under him, so why can't I do it?"

"I challenge anyone to say that a particular story was suppressed because it was not an ANC story," said an angry Sithole, adding that people should monitor the bosses to see what they are doing at the SABC in their positions, instead of regarding them as suspect.

"We will only stop once we have transformed the SABC into a reliable source of information, but of course some people will fall out in the process," he said.

Sithole received recognition for his professional bravery by winning the 1994 Ruth First Courageous Journalism Award.

The citation said he broke the story in 1991 about the killing of the Cradock Four - Matthew Goniwe, Sicoelo Mhlawuli, Fort Calata and Sparrow Mkhonto - after receiving a tipoff.

# Sicgau optimistic over the sale of state assets

(257) (260)

By Mongwadi Madiseng

RESTRUCTURING and full privatisation of state enterprises was one of the key challenges for the Government

In her keynote address at the Privatisation Africa '99 conference yesterday, Public Enterprise Minister Miss Stella Sicgau said the principal role of her ministry was to coordinate the implementation of the process

The ministry had placed great emphasis on promoting affirmative procurement action within those state-owned enterprises and empower emerging black firms in the country

"We do not just privatise, we create new entities that will add value to the economy as indicated in the recent synergies study conducted by the ministry"

"The real purpose is to implement



Public Enterprises Minister Stella

Sicgau says restructuring is driven by pragmatism, not ideology.

PIG LUCKY MORAJANE

restructuring and privatisation programmes to address past inequalities, provide good quality service to the country while at the same time empowering previously disadvantaged communities"

With regard to up-for-sale institutions such as Telkom, Eskom and Transnet, she said the task would not be

easy, as they first needed to be commercialised and financially restructured before full privatisation could be considered

"In these organisations the process is complex as some of their business units are currently struggling to sustain themselves and would need cross-subsidisation from the Government," she said

The Government was fully committed to the process. History around the world had shown that the programme was a learning curve as a key building block for economic restructuring and prosperity

According to Sicgau four entities have already been shortlisted in the much-sought-after bid for South African Airways, with the hope that the process will be completed by end of next month.

9/16/99  
MORAJANE

# JUST IN NEWS DAY



ABDFM Publication

National

Wednesday, June 9 1999

with the

FINANCIAL TIMES

worldwide

## Robyn Chalmers

PUBLIC Enterprises Minister Stella Sigcau hinted yesterday that her ministry, at one stage expected to be scrapped and brought under the president's office, will remain and expand in the next five years.

Outlining progress with government's privatisation programme, Sigcau told delegates at a conference that a key problem in the past was her ministry's lack of capacity.

"We are dealing with (assets worth) billions of rands and yet have a staff of 45 and only four in the restructuring unit," she said.

A decision was taken to broaden the ministry's directorate dealing with restructuring, she said. It was also important to highlight the ministry's other re-

## Sigcau expecting her ministry to expand

(260)

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sponsibilities over the next five years. Analysts have speculated this could include economic planning.

President-designate Thabo Mbeki hinted recently that he did not plan to cut the number of cabinet posts, saying he did not believe cutting ministries that employed only a few officials would lead to significant savings.

Sigcau, who carries significant political weight in the Eastern Cape as sister to the Pondo king, Mpondombini Sigcau, declined to comment on whether she expected to keep her post.

She said this would be the new president's decision. There has been much speculation

over the past year that the ministry would be scrapped and the privatisation programme brought under the president's office, in line with the recommendations of the Presidential Review Commission.

It was also reported that the ministry's restructuring directorate could be hived off as a fully fledged privatisation agency.

However, one analyst said nothing would be "written in stone" until Mbeki announced his cabinet.

Sigcau said privatisation could not be achieved overnight and had to meet certain objectives. Transnet, for example, was one of the more complex cor-

porate restructuring exercises undertaken to date, given the huge pension fund and other liabilities.

Government's policy was to restructure Transnet as a series of stand-alone businesses. Appropriate financial assistance to Transnet would be determined on a case-by-case basis.

Transnet noncore subsidiaries Connex and Viamax Fleet Solutions were fully and partially privatised respectively, while the sale process at Transnet and Protekon should be completed by the end of this year.

Autonet had been established as a separate legal entity with new management and the sale process should be

completed by the end of the year. The sale of Apron Services had been slowed down as there was a 75% overlap with parties interested in buying a stake in SA Airways (SAA).

Sigcau said four bidders were short-listed for a stake in SAA. They had gone through a due diligence exercise and would submit binding bids by Friday next week.

The four bidders are believed to be Lufthansa, Swissair, Texas Pacific Group and American Airlines.

Bidders will submit their final bids for assets held by the SA Forestry Company and the former homeland forests by July 30. An announcement on leisure resort company Aventura's future is to be made in about a week.

NUM rejects denials: Page 3

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NUM rejects denials: Page 3



# Restructuring needs a champion

A more focused and skilled public enterprises ministry could silence critics of SA's privatisation programme, writes associate editor **Robyn Chalmers**

RD 11/6/99

(260)

**G**OVERNMENT's oft-maligned privatisation programme will need an injection of skills and a champion if it is to meet the expectations of local and foreign investors in the next five years.

This is the view of a number of international investment advisers and analysts at this week's Privatisation Africa '99 conference, many of whom have been involved in and advised on global privatisation programmes.

Internationally, privatisation has been gaining popularity for more than a decade, with total programmes raising almost R90bn in revenue in 1996 (see graph). The focus is shifting gradually to Africa where debt-laden countries are increasingly turning to a more liberal economic approach to help finance the continent's huge infrastructure needs.

In SA, president-designate Thabo Mbeki made his landmark announcement in December 1995 that SA would adopt a restructuring and privatisation strategy. Since then, the programme has generally been picked apart, with criticism ranging from the slow pace of the programme to a directionless, understaffed and under-skilled public enterprises ministry.

Memories, though, are short. Too many local and international decision makers have forgotten how far the ANC has come from the days when nationalisation was policy and business people shuddered at the prospect of big mining and other companies being brought under state control.

There is some irony also in the fact that European and other investors grumble about the pace of SA's privatisation when the UK, often seen as leaders in privatisation policies, took about 15 years to complete most of its state sales.

Why the rush in SA? On the one hand it could be argued that it is unwise to call for the quick sale of comparatively well-run, profitable entities such as Eskom, which is providing a valuable social service through its electrification programme. On the other, the electricity distribution sector is in virtual chaos with consumers feeling the pinch of power cuts and having to make sense of hundreds of different tariffs.

Government has been well aware of this looming crisis for more than four years and appears unable to reach consensus with labour and other stakeholders on the way forward. Any restructuring of the distribution sector will have a significant ef-

fect on Eskom

The case for moving ahead rapidly with restructuring and privatisation should be made rather for those entities not managed effectively and not adding value to the economy. The same applies to those companies which have no strategic value to government and where the state should not be involved.

In fighting off critics Public Enterprises Minister Stella Sigcau has repeatedly pointed to the complexities of restructuring certain entities, particularly given the objectives government wishes to achieve. Key purpose of the programme is to remedy deep-rooted social inequalities in SA by giving affordable, good quality services to all South Africans, reducing state debt and economically empowering historically disadvantaged communities.

Stephen Gorven, director and head of corporate finance at Kagiso Financial Services, believes privatisation of parastatals should be used as a springboard to launch new black businesses. Gwede Mantsho, general secretary of the National Union of Mineworkers, says public utilities should give government a leverage to drive transformation. "Africans used these utilities to skill poor Africans," he says.

Sigcau makes it clear that decisions on the privatisation and restructuring of entities are taken by the interministerial cabinet committee. This committee is chaired by president-designate Thabo Mbeki and several ministers are represented.

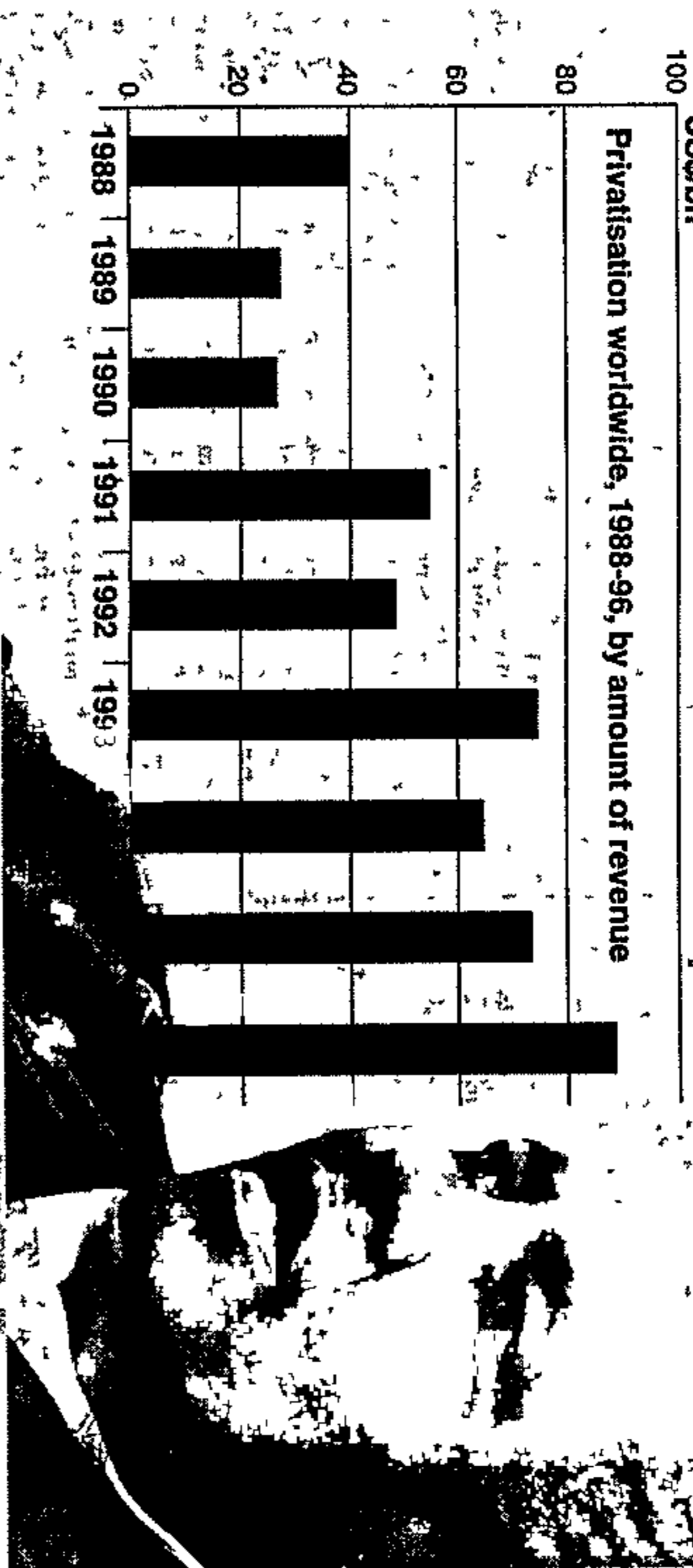
Mxolisi Mbetsi, head of privatisation at HSBC Simpson McKie, which is the key privatisation adviser to government, says that in the states view, restructuring is a process not an event. In any single company, years rather than months are needed to complete the various phases of the process. This includes internal restructuring, preparation for external restructuring, the competitive tender to involve new shareholders or concession-holders, and the transformation of the company under new management, he says.

However, excessively slow restructuring is one of the issues that international privatisation advisers caution against.

Allison Ingram, director of strategic development at Virgin Trains, who was generally involved in the privatisation of passenger rail operations in the UK, pinpoints this issue. Ingram says that when a state enterprise is reorganised and privatised, it causes a hiatus in the development of the

## International privatisation

US\$/bn  
Privatisation worldwide, 1988-96, by amount of revenue



KIBEN DAVID SOURCE: PRICEWATERHOUSECOOPERS

business as management's attention is diverted to the reshaping task. "You have to move as quickly as possible. The longer you mess around, the worse it becomes."

ABN Amro Bank corporate finance vice president David Bate agrees, saying privatisation reorganisation should be "quick and dirty".

David Burrell, former senior adviser to the Zambia Privatisation Agency, says it is important to understand how vulnerable and at risk an enterprise is during the limited period. From being designated for privatisation, through to a completed transaction, the enterprise is exposed to many threats which can degrade its value and undermine a successful transaction.

Essentially then, the SA government earmarked companies for privatisation before any restructuring or other decisions had been made, creating unrealistic expectations internationally, causing staff uncertainty and perhaps increasing labour opposition in retrospect, it might have been prudent to take a lower-key approach while emphasising SA's commitment to privatisation, which was necessary to soothe a business community weary of nationalisation. This would have allowed government to do its homework, identify the potential obstacles, plan any

restructuring required and move ahead rapidly with privatisation.

So as South Africans await Mbeki's decision on his cabinet and the future structure of government, what global lessons are to be gleaned for SA's privatisation programme in the coming five years?

First and foremost is to have a champion or champions who have the total support of the president, deputy president and key ministers. Bate believes if there is no champion the privatisation programme, "will fail abysmally".

Mbeki was initially expected to champion the initiative, a task he did behind the scenes as chairman of the interministerial cabinet committee. A dynamic, internationally respected and politically acceptable person is now needed for this task.

Other key lessons are that transparency and fair play are essential, outside experts with international experience must be brought in as advisers and trade unions and other stakeholders such as staff must be consulted. This relates to a need for a strong and open communications and public relations plan, which has been lacking in SA's privatisation programme and is the cause of some of the problems being encountered by the initiative. Is there then a need for a separate min-

istry to drive privatisation, currently undertaken by the public enterprises ministry? Opinion on this is divided. The presidential review commission recommended that while overall responsibility for the programme should fall under the president's office, line function ministers should take control of privatising entities falling under their area of expertise. Transnet's restructuring should be guided by the transport ministry and Eskom's by the minerals and energy ministry.

But Bate and other advisers believe this is not the route to go. Bate says the problem is that the individual ministers do not learn from each others' mistakes and no pool of privatisation expertise is built up. A dedicated ministry or agency is essential, he believes.

For all the criticism of SA's privatisation programme, some of which is justified, to date the partial or full sale of six parastatals has raised more than R7bn, which has been used to reduce government debt or bolster infrastructure. Many billions more will be raised this year and in future years which will certainly please the incoming finance minister. A more focused ministry with enhanced skills and a high-profile champion to drive the programme may even silence the international critics.

# IDC restructures to improve efficiency

BD 11/6/99

(260)

John Diudiu

THE Industrial Development Corporation (IDC) has announced a far-reaching restructuring plan designed to make the parastatal more focused, improve its efficiency and increase the volume of its business by 50%

The restructuring, which becomes effective this August, will make three of the IDC's eight general managers redundant. About 25% of nearly 500 staff in the head office will be laid off.

IDC MD Khaya Ngqula said yesterday that the retrenchments would affect key professionals. "I'm not only getting rid of the guy at the bottom," he said. Noncore functions, including cleaning and security services, would be outsourced.

Crucially, the reshaping plan, rec-

ommended by consultants, would result in the creation of a new top management structure. This would be made up of eight divisional heads — headed by five of the eight general managers — and 14 departmental heads reporting to the divisional heads.

The "strategic business unit" plan, which has already been approved by the IDC's board of directors, will shift the IDC's focus from concentrating on the sizes of companies to paying more attention to sectors. The IDC's broad sectoral thrust, outlined in its mandate, would be maintained.

The positions of divisional heads would carry more responsibility than the general managers, they would have responsibility for profit, approve loans of up to R10m, account for bad debts and deal with clients. "So you can't pass

the buck," Ngqula said.

Divisional heads would sign performance agreements with the IDC. Performance indicators would include the number of deals, time of approvals, job creation and export value creation.

Ngqula said the rethink was prompted by the fact that the IDC had become inefficient and ineffective in the light of increased competition since 1994.

"My view is that we can't use knobkerries, while other people are fighting with guns," he said, in reference to new competition from banks, which were challenging the IDC's position as lender of last resort.

The changes, to be implemented over the next 18 months, were expected to result in the reduction of the lead time used in approving new loans, from 38 days to 10 working days.

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# Act does not narrow the information gap

Plans to commercialise the SABC may well prove to be inappropriate, costly and ultimately unworkable, writes Jane Duncan

17/6/99 (386) (260) (118) BID

**A** CONTROVERSIAL new broadcasting act recently came onto the statute books. It was referred back to Parliament by SA's first democratically elected president, Nelson Mandela, on the grounds that powers given to the communications minister could impinge on the independence of the Independent Broadcasting Authority. The problems led to these powers being amended.

Yet, there are other substantive problems with the act that were not flagged and are in urgent need of public debate, even though it has already been passed — especially the plans to commercialise the SA Broadcasting Corporation (SABC).

There are fears that commercialisation may result in the marginalisation of public service broadcasting rather than its protection and promotion.

The right to information of the most marginalised in our society is at stake, especially that of women, the elderly, the unemployed and the rural poor, as these groups largely do not have the buying power to attract commercial services. Corporatisation also threatens the viability of the 11-language policy.

It is unfortunate that the act was treated as a rush job. Civil society had only a tiny window of opportunity to respond in writing to the act once it was released last August. 17 working days to be precise. This was a ridiculously short time frame to consider such a vital piece of legislation.

In terms of the act, the SABC is to be corporatised, with the state (effectively the communications minister) as the sole shareholder. The services will be separated into public service and commercial arms, with the latter cross-subsidising the former. The minister will have the power to veto the amount set aside by the board for cross-subsidisation.

Government has also floated the option that the commercial arm could be privatised, partially or completely. These changes are being effected to gear the SABC for self-sufficiency, as footing the R1,2bn bill for its services would be a recurring drain on the fiscus.

The problem with these plans is that no one really knows whether they will work. In fact, corporatisation will be an expensive business, and may cost the SABC more than it can afford, given its commitment to fund the public service arm.

What is not clear at the moment is whether the SABC is now going to be paying company tax. If it does not, then it may well face legal challenges by commercial competitors on the grounds that the SABC's commercial services enjoy a competitive advantage. This is precisely the sort of instability that the legislators wanted to avoid.

If the SABC does pay tax, then the financial pressure may compel it to increase its income to compensate. If the SABC's ability to attract advertising revenue is decreasing in the face of intensifying competition from privately owned broadcasters, then where will the money come from? The licence fee?

It has increased recently, and unemployment continues to rise. Collecting the fee in these circumstances is a Sisyphean task. To compound the financial pressures, the SABC will pay a portion of its after-tax profits to the state as a dividend.

Add to this the cost of separation of the two arms. In terms of the white paper on broadcasting — on which the act is based — arms-length contractual agreements will have to be drafted in respect of the shared facilities and infrastructure. Conceivably, this could mean everything from the production studios to the toilets. Arrangements could be so tortuous in their complexity that a costly army of lawyers, contract specialists and accountants would be needed to admin-

ister them. Saving money can be expensive.

Given these financial pressures, the SABC could also find it difficult to add commercial value to its operations as much of the profits would be absorbed by the public services. They could be seen as a commercial "liability", irrespective of their social value.

In fact, as competition rises, the SABC would face increasing pressure to plough its revenues largely into the commercial arm simply in order to stay ahead.

The situation could get even more serious, though. If government exercises its policy option to privatise the commercial arm, then the whole cross-subsidisation arrangement falls flat on its face. Where will the public service arm get its money from then?

The privatisation option is more than likely, given that the public enterprises ministry said recently it accepted that business was not the "business of government" and that privatisation was the preferred option for public businesses.

So, the government turns state-owned enterprises into public businesses, and then argues that government has no business running them. In the light of this statement, it should not take a rocket scientist to see where the SABC is heading.

What if government partially privatises the commercial arm? Private shareholders would also want to see significant return on their investment, which could turn up the commercial pressure even more.

The lack of a stable revenue base is already pushing the SABC to invest heavily in sales and marketing to ensure that it continues to attract advertising. In the process, it is being geared to chase an ever-shrinking pool of middle and upper-income earners, a chase which is inherently unequal as it cannot enjoy the same level of freedom as its commercial competitors.

This chase has already been at the expense of the SABC's public service mandate, when it accepted a recommendation from the slash-and-burn international consultants — McKinsey and Associates — to decrease the level of local content and increase the use of the advertisers' language of choice, English. If the SABC was unable to sustain its mandate before corporatisation, heaven help it afterwards.

We are gambling with the future of a strategic public institution by putting in place institutional arrangements that could well collapse under the weight of their own logic. In the light of our recessionary realities, more equitable financial solutions than advertising and licence fee collection must be found.

The latter has been termed a "regressive form of poll tax" as a fixed amount is charged irrespective of income levels. There is something very wrong with treating unequals equally. The financing of public services through general taxation, however flawed, offers a more equitable solution than "user pays" schemes, and would have made corporatisation unnecessary.

However, given that corporatisation is now a reality, our attention should be directed to whether the SABC should be made to return a dividend or pay income tax in the light of its financial instability.

Worldwide, information gaps are widening between rich and poor. If we do not find creative national solutions to this global problem, the consequences could be terrible.

Those of us who are committed to the aims of the broadcasting system outlined in the Broadcasting Act — especially around democracy and universal service — are duty bound to rethink the current plans around the SABC, as they may well prove to be inappropriate, costly and ultimately unworkable.

# Numsa and Eskom talks are at an impasse

FRANK NXUMALO

LABOUR EDITOR

Johannesburg - Wage negotiations between the National Union of Metalworkers of South Africa (Numsa) and Eskom, the national electricity utility, had reached deadlock, Numsa said yesterday.

One of the affiliated unions had walked out, making it impossible for the other unions and Eskom to continue negotiations. A meeting had been proposed for Tuesday to chart a way forward

NUMSA accused Eskom management of negotiating in bad faith and offering "miserable wage increases" of 6 percent on actuals and 8 percent on minimum wage increases. But Eskom said the unions had responded to its offers by tabling a revised consolidated demand of 10 percent on the minimum of scale and a guaranteed increase of 9 percent, and it "was inaccurate for Numsa to allege that there was a deadlock".

NUMSA said the offer exacerbated the apartheid wage inequalities. Because they did not keep pace with the inflation rate, workers' purchasing power would decline.

"We have tried to play our constructive role in resolving the impasse but the Eskom cabal still sticks to the 'old ways of approaching issues," said Dumisa Ntuli, Numsa's spokesman. "There is no strategic thinking in resolving the problems."

But Eskom said it had not attached any conditions to its offers and was therefore "innocent of the allegation of bad faith negotiations". It said the unions, however, had threatened to revert to their original demand of 10 percent across the board if Eskom did not meet their demands.

NUMSA also accused Eskom of refusing to implement the agency shop agreement and to discuss training related issues.

Eskom said the allegations were unfounded because it would discuss the issues once the salary increase and conditions of service negotiations were concluded.

# IBA councillors may face charges

(260) # CT 30/6/99

MANDLA MNYAKAMA

JUDGE Willem Heath is expecting to summons five former Independent Broadcasting Authority (IBA) councillors to appear before a special tribunal to face charges of corruption.

Allegations on the misuse of IBA funds on personal expenditure by certain IBA councillors were brought before Parliament by Public Protector Selby Baqwa in 1997. He requested Heath's unit to investigate them.

After Heath's report was released, IBA co-chairman Peter de Klerk, councillors Sebileto Makone-Matabane and Lyndall Shope-Mafole and IBA CEO Harris Gxaweni resigned. Guy Rich, Heath's personal assistant, said after they had concluded their investigation, they were about to send out "four or five" rule 5 notices (an equivalent to a summons) for the accused to appear before a special tribunal.

Rich said presently they could not disclose any further details on the matter because legal notices had not yet been served. He said there were numerous allegations of unauthorised expenditure of IBA funds, including the misuse of credit cards and travel allowances.

"As the investigating unit we are going to do everything in our power to recover the funds."

## Parastatals tottering on in the red are out — Radebe (260)

CT 13/7/99

JOHANNESBURG Minister of Public Enterprises Jeff Radebe has warned that the government can no longer continue to pour money into unproductive, inefficient and untransformed operations.

Speaking at the presentation of Transnet's annual financial results — which showed a loss of R426 million — Radebe said yesterday the government's perspective on restructuring was that parastatals had to be efficient, cost-effective and productive.

In pursuing these goals, the government had adopted several strategies, he said. These included the re-organisation of business management systems, privatisation and the inclusion of partners.

Radebe said Transnet and its subsidiaries were in dire need of restructuring. Spoornet, especially, needed rapid and effective correctives. However, media reports that 27 000 Spoornet workers were to be retrenched were premature.

"The Transnet board has given Spoornet the go-ahead to investigate a particular option further. The government has not been formally briefed, nor has there been approval of any proposals for the restructuring of Spoornet."

Transnet's proposals for restructuring would be discussed on Thursday at a meeting of the Transport, Trade and Industry and Labour Ministers.

In a reference to the unions, which are strenuously opposed to retrenchments, Radebe said restructuring was not intended to create more pockets of poverty.

"We cannot treat state-owned enterprises as business entities that are divorced from the socio-economic programmes of government," he said.

Transnet managing director Saki Macozoma said a final figure for retrenchments had yet to be reached. "We are looking to retrench between 18 000 and 27 000 workers at Spoornet" —

Own Correspondent

● See Business Report

Tens of thousands to swell the bulging ranks of the jobless

# Jobs catastrophe

CP III/7/99

By MALOSE MONAMA and SIMBA MAKUNIKE

THE LOOMING dismissal of slightly over 50 000 workers in parastatals and the mining industry threatens to widen divisions between the African National Congress government and its major alliance partners, the SA Communist Party and the Congress of SA Trade Unions.

The imminent dismissal of these workers comes against the background of worsening unemployment throughout the country, with both the public and private sectors seriously affected.

SACP deputy secretary general Jeremy Cronin lashed out at government but reserved his strongest criticism for the giant parastatal Transnet, headed by one of the ANC's top luminaries, Saki Macozoma.

Cronin said the SACP felt betrayed by the recent developments. The ANC's original reconstruction and development objective, contained in the alliance's manifesto, had been "lost".

In a stinging attack on Transnet, Cronin said the parastatals' management were to blame for the sorry state of affairs.

"The managers, especially at Transnet, had no political mandate to do what they did. They had no mandate to pursue a narrow privatisation agenda at the expense of the adequate provision of services to our people."

"The fact that Spoornet has been run down is a manifestation of a wrong strategic approach and this is worrying," Cronin said, adding that the retrenchment will make a mockery of last year's Presidential Jobs Summit.

Cosatu has threatened rolling mass action in protest against the looming dismissals.

Cosatu said it was not going to take the retrenchments lying down.

Acting general-secretary Zwelinzima Vavi has threatened that Cosatu will take to the streets if the parastatals go ahead with their retrenchment plans.

Vavi said Cosatu would seek an amendment to the Labour Relations Act to allow workers more say in the retrenchment process.

However, it is unlikely the government will accede to this.

It is believed Labour Minister Membathisi Mdladlana has indicated that he cannot see how government could agree to this. However, as a sop to the unions he has promised to make it "expensive" for employers to opt for retrenchments.

The mounting anger of the SACP and Cosatu could place them on a collision course with President Thabo Mbeki.

Hailed as a hands-on man who is expected to hasten the pace of transformation and tackle crime, unemployment and corruption, Mbeki may be forced to act strongly against Cosatu's threatened rolling mass action. He is also unlikely to take kindly to the SACP's criticism of government and Transnet.

Transnet and Telkom this week announced plans to lay off around 37 000 workers, citing negative cash flows and viability problems.

Transnet subsidiary Spoornet

(211) (260) was reported to have a negative cash flow of R244 million in the 1998-99 financial year.

The bulk of the Telkom jobs will be lost as a result of the restructuring programme in preparation for the deregulation of the telecommunications industry.

The announcements by these two parastatals come in the wake of the announcement that 5 000 gold miners at ERPM in Boksburg - a mine in which the government is a major shareholder - would lose their jobs and that a possible 11 500 others at five marginal gold mines could also get the chop.

There is general anger and despair at the knock on effect these massive job losses will have on extended families and the economies of neighbouring countries which are dependent on remittances from miners working in South Africa. Some observers say the effect will be nothing short of catastrophic.

Economist Tony Twine has warned that any protest action by workers would only delay the inevitable.

"The government is trying to create an economic arena which will make it attractive for foreign investment. It has to live up to its statements to privatise and to streamline the bureaucracy, and this has to be done if Transnet and Telkom are to be attractive to international investors," Twine said.

The fact that these retrenchments were announced three weeks into Mbeki's presidency suggests they were on the cards before the June 2 elections but were put off for fear of losing votes.

"It was in the pipeline and if there was no election it could have been announced long ago."

"It is likely to cause friction in the tripartite alliance and expose the shortcomings of such an alliance," said Twine.

"There are basically two ways of performing this necessary evil. Either you do it early in your term of office and hope to get political profit from the restructuring after four years when the next election is due."

Turn to Page 2

## Thousands of miners to receive pension

THE 5 000 workers at embattled East Rand Proprietary Mines Limited (ERPM) gold mine will receive their pension benefits, the pension funds chief executive officer Jan Groenewald said yesterday. The workers appear set to lose their jobs after ERPM received approval for provisional liquidation from the High Court earlier this week. Groenewald said funds of the

## Thousands to swell the bulging ranks of the jobless

From page 1  
Or leaving it for the end of your tenure that is, if you do not want to come back.  
"Mbeki has obviously opted for the first option, but it will put additional stress on the alliance," said Twine.  
Cosatu members this week marched on the Pretoria offices of the Department of Mineral and En-

ergy Affairs to protest about the unilateral decision to withdraw funding for the ailing ERPM mine.  
The planned retrenchments at Spoornet, Telkom and ERPM are not the only ones which have brought increased pressure on the unity of the tripartite alliance.  
Other developments on the labour front - such as deadlocked negotiations between public sector unions and the state, and a pending strike by almost 5 000 members of the National Union of Metal workers of SA at two Mpumalanga plants - have also brought friction into the alliance camp.  
To make matters even worse, mining industry wage negotiations have stalled and the National Union of Mineworkers (NUM) has rejected an eight percent offer in fa-

vor of a 12 percent increase.  
The dispute between the NUM and the Chamber of Mines has been formalised and the matter will be forwarded to the CCMA for conciliation. NUM secretary Gwede Mantashe said "The chamber is offering a 9 percent wage increase and anything below that for our members is an insult and will increase the wage gap."  
(211) (260)

# Turnaround king has SAA soaring

Others need a miracle too, writes associate editor Robyn Chalmers

BD 16/7/99 (3A9) (260)

**S**AIRWAYS (SAA) CE Coleman Andrews was asked at a packed business breakfast yesterday when he was going to sort out the rest of Transnet's subsidiaries and particularly Spoornet. Andrews took this in the good humour that was intended, but he appears to have become SA's new turnaround king.

The reason? A loss-making airline, valued at about R1,6bn in June last year, has been restored to profitability and is now valued at R7bn. SAA has single-handedly wiped out a chunk of Transnet's R9bn pension fund deficit.

The acid test will be the airline's ability to keep on making gains in the coming years. Andrews emphasises that the management team has still a lot of work to do.

The successful turnaround of SAA says as much about Transnet MD Saki Macozoma and President Thabo Mbeki as it does about Andrews and his management team. They took the potentially unpopular decision of appointing a white foreigner and giving him a free hand to restructure SAA.

The business community and trade unions are now calling for a similar miracle at Transnet and its other divisions.

Changes are this will not happen overnight. SAA is a different animal from other Transnet divisions like Spoornet, Portnet and Petronet. They all provide strategic services, and their restructuring has widespread political and socioeconomic implications.

What is clear following this week's release of Transnet's 1998-99 results, which saw it move back into the red with a R426m loss, is that the current structure of the parastatal cannot continue for much longer. Transnet must soon be transformed into a holding company with a streamlined, focused group of companies if it is to survive in the next century.

With the benefit of hindsight, analysts argue that government and Transnet should have bitten the restructuring bullet three or more years ago. At the same time Transnet management can point to the significant reshaping that has already taken place. The group has reduced its staff complement from about 240 000 to less than 100 000 employees in the past few years — largely through voluntary retirements and natural attrition — and there has been much re-engineering of divisions.

Many of the big changes have happened in the past few months with the 20% sale of SAA, the split of Portnet into port authority and port operational arms and the sale of two non-core divisions, Connex and Vianax. There is hope, therefore, that the restructuring initiative is gaining pace.

There are several reasons dramatic action on key divisions like Spoornet, where management has been aware of looming problems for years, is only now being put forward. One reason may be a lack of political will to implement the job cuts and other changes required during the initial five-year reign of

SA's first democratic government. Another possible answer is the enormity of the task and the need for massive consultation.

Arguably the key factor in the pace of restructuring is Transnet's R9bn pension fund deficit. Government and Transnet management have been grappling with the pension fund and debt problem for years to no avail.

Only a decision for Transnet to retain R1,5bn and government to warehouse R1,5bn of SAA's share of the burden allowed the partial sale to go through. A new plan to change the valuation assumptions of the fund is now in the offing.

Progress has been made in transforming Transnet, but the group today still faces big financial and structural problems. In a world of globalisation and increased private sector involvement in areas which were the historical preserve of government, Transnet in its current state is not a viable concern.

Its debt is far greater than its equity, the group remains heavily geared at around 74% and it is underfunded. Transnet cannot realistically borrow much more, a situation which does not bode well for the building of new and upgrading of ageing infrastructure.

Billions of rands will be needed to rehabilitate SA's undercapitalised ports, rolling stock and railway lines, let alone the construction of new infrastructure.

Its structure, with massive fixed overheads is too unwieldy to respond to market changes — ev-



Transnet's MD Saki Macozoma has a tough ride ahead

MACOZOMA

Graphic: KAREN MOOLMAN

dent in the effect the recent economic downturn had on Transnet.

After almost four years of talks government is now acknowledging that it does not have the luxury of time to come up with workable solutions to Transnet's problems.

Public Enterprises Minister Jeff Radebe, in a well-reasoned first statement on Transnet, says the need to restructure is urgent. "This is necessary to not only eliminate the losses that afflict the group but also because we need to have a streamlined instrument at our disposal to ensure the success of government's economic development programme. I intend to make sure we find solutions quickly."

The challenge facing government is how to restructure Transnet without adding to SA's huge unemployment pool. After delaying for so long Spoornet's proposal to retrench between 18 000 and 27 000 people came the news that many thousands of jobs in the

gold mining and telecoms industries are in jeopardy.

This seems to be a key reason for Radebe's cautious approach to Spoornet's plan.

The plan, called the full efficient/middle network option is an aggressive proposal to transform the business, driven by a study done by international consultants Mercer. It aims to reduce the operating cost of the general freight business by R3,8bn by 2002-03. This will be done by huge staff reductions, the closure or putting to concessions 9 700km of rail track and the reduction in numbers of 68 000 wagons and 1 700 locomotives.

There are now signs that government may stop Spoornet from taking such drastic action. Should this materialise the question is how Spoornet will survive over the coming years. Spoornet could adopt a less stringent option, involving fewer cuts to the rail network, locomotives and wagons

which will, in turn, result in fewer job losses. However, if the company is losing R100m a month, as has been reported in some quarters, this will merely delay the pain.

Spoornet could be fully put to concession in the private sector, a move which some analysts believe is the only viable option, but it is unclear whether this will result in fewer or more job losses. It will certainly lead to further delays in taking action.

While the fate of Spoornet is being decided analysts believe that Transnet must continue to move ahead rapidly with its sale of non-core assets. Those entities which are still making losses with no sign of a turnaround — parcel carrier Fast Forward being a case in point — should be offloaded.

As Radebe says, Spoornet and Transnet's problems are SA's problems. Clearly a bankrupt Transnet will not be able to serve the needs of this country or its citizens.



... THE NEW SEASON, their merciless goal blitz in both the semi-final and final cleared any doubts.

Purpose, speed, creation and the final sting moved even the most hard-to-please observer

Arch-rivals Kaizer Chiefs could only look on in envy as their foes danced in jubilation after a good day in the office.

Amakhosi had failed to reach the finals for the first time in many years, after be-

who made a few recent signings during the off-season.

An excited Premier Soccer League chief executive officer, Joe Ndhlela described the day as "unbelievable"

Ndhlela said he was particularly pleased that despite a jam-packed stadium, violence did not form part of the season kick-off and expressed his wish that it remained so for the rest of the year

■ See match report on Page 12

which made its wealth by taking away the wealth of numerous dictators of Africa and the world".

Vavi said the sale of gold reserves was having a devastating impact on developing countries

"I appeal to Tony Blair to send any more of us to prison and unemployment"

Vavi also announced that 1000 members would form human chains and pickets at the embassies next Saturday

A memorandum condemning the sale of gold reserves handed to Swiss ambassador Robert Mayor by NUM president James Motlatsi.

"We believe that the action is reckless and irresponsible," the memorandum read.

It further noted that

## Bop broadcast boss faces axe

By City Press Reporter

CP 18/7/99 (260)

**CONTROVERSIAL** Bophuthatswana Broadcasting Corporation's (BBC) chief executive Cawe Mahlati is expected to be axed within the next two days.

"Heads are going to roll. This lady is going to know her fate tomorrow or on Tuesday. There is no doubt about that," said one highly placed source at the SABC, parent company of BBC.

The sources said the SABC was determined to incorporate this institution without any further delays and Mahlati was regarded as a stumbling block.

The SABC is said to have reached the end of its tether with Mahlati last Friday when she allegedly stormed into BBC's editorial meeting, disrupted its proceedings and forced SABC staff out

It is further alleged that on the same Friday she took several keys belonging to the fleet of cars being used by journalists and this adversely affected their operations over the weekend.

The keys were returned on Monday after a staff member allegedly threatened to call in the police to get them.

A senior executive at SABC said these actions "are clearly contrary to what is expected of a senior executive of the corporation" and that drastic steps would have to be taken against her.

Mahlati is accused of thwarting efforts to have BBC integrated fully into the SABC. Media watchers point out that BBC is the only corporation among those which operated in the former so-called independent homelands which has not yet been incorporated into the SABC.

## John F Kenne

A LIGHT airplane pilot John F Kennedy Jr., son of former US president John F Kennedy, was missing yesterday after departing from a small airport near New York City en route to Martha's Vineyard, Massachusetts.

# Radebe pledges speedier state

## asset restructure

ST (MT) 18/7/99 (260)  
With the foundation laid, privatisation's new  
supremo expects a lot of activity in coming  
months, writes THABO KOBOKOANE

**P**UBLIC Enterprises Minister Jeff Radebe has promised to speed up the restructuring of state assets so that they can play a "profound and strategic" role in the economic development of SA.

"We will concentrate on accelerating changes to make sure we speed up the restructuring. There will be a lot of activity in the next 18 months."

Radebe, who is expected to push privatisation, says he believes criticism levelled at the process, particularly under his predecessor Stella Sigcau, was harsh. "The five years were a learning curve, during which the basis was laid," he says.

Radebe and government will certainly be buoyed by recent successes. This week a consortium of New Zealand Post International and Royal Mail (UK) was appointed as the state's preferred bidder for the Post Office's strategic management partnership.

An announcement on the successful bidder for a management contract to run Aventura with an option to buy is due next week.

British Aerospace is believed to be closer to finalising its acquisition of a 20% stake in Denel Aviation.

Three weeks ago it was announced that Swissair had acquired a 20% stake in SAA for R1.4-billion, with an option to increase the stake to 30%. Further stakes of 5% each of the airline have been set aside for the National Empowerment Fund and black empowerment shareholders.

Radebe says Denel is set for attention once negotiations for the defence package are concluded. "Given trends internationally, surely Denel needs an

international strategic partner to position it as global player."

Transport parastatal Transnet, which this week reported a R426-million loss for the year to March compared with the R278-million profit previously, is a key priority, he says.

"The state of affairs will have to be addressed so that Transnet becomes an efficient and effective organisation. The priority will be to speed up the transformation and restructuring of Transnet."

Particular urgency is to be attached to Spoornet, which has indicated it may shed between 18 000 and 27 000 jobs. Radebe says the proposed job cuts have not been finalised, government still has to take a view.

Sources in government say the state, which has been aware of Spoornet's situation for three years, may be reluctant to allow the layoffs, given the current flood of job losses.

Radebe has come out in support of a structure like the Gold Crisis Committee to negotiate job losses at parastatals and cushion the blow.

Priority will also be given to increasing capacity and improving skills which the department clearly lacks. Radebe says a personnel audit is under way to determine the staffing needs of the department.

There is talk of a number of key appointments being made soon, starting with that of a director-general.

The department is to prioritise the issue of corporate governance based on the King report on corporate governance to ensure that state enterprises are models in the continent.

"Without governance we are dead in the water," says Radebe.

# Labour seeks competition at Spoornet

René Grawitzky and Sapa

LABOUR has proposed that Spoornet be opened to competition to allow international best practices to restore the ailing rail parastatal.

This emerged yesterday during a meeting between Public Enterprise Minister Jeff Radebe and Transnet unions to defuse tension arising from Spoornet's restructuring plans, which could lead to the retrenchment of 27 000 workers.

At the meeting, labour said there were fundamental flaws in Spoornet's restructuring plan, in terms of which management would retain only profitable rail lines, giving independent operators access only to loss-making or marginal lines.

Labour believed restructuring should be guided by a "network ap-

proach" which would entail the packaging of profitable and marginal lines, and opening these up to competitive bidding processes. This could lead to the granting of concessions.

Any plan should stave off premature closure until optimal strategies had been found, while a minimal level of rail service should continue to be provided by Spoornet, the unions said.

Spoornet had failed to consider in its proposal the inflow of external capital or to attempt to provide for a competitive bidding process.

Labour said it did not only want to save jobs but also to prevent "Spoornet from being the captain of the ship".

In addition, it did not believe the plan was in line with existing government policy, and said it would destroy capacity in SA and neighbouring states. General secretary of the Staff Staff union, Andre Venter, said the meeting

was constructive and that labour was confident following intervention by an interministerial cabinet subcommittee. The subcommittee, made up of key ministers, has been set up to oversee the process, which will be channelled through the national framework agreement.

Venter said labour had tabled its initial response to the plan and would finalise its position within the next few days, then present a formal alternative position to government and Spoornet.

SA Footplate Staff Association spokesman Chris de Vosa said Labour Minister Memphisi Mdladlana and Transport Minister Dullah Omar had also participated in the meeting.

Radebe's spokesman, Zaid Nordien, said the minister repeated earlier assurances that government had not yet taken a decision to retrench anyone from Spoornet.

## Documents

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## Together

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condemned the fight against  
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and economic  
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## Approved

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## Matches

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le — Nicola Jenvey

## Lesley Stones

A DECISION on whether to allow the controversial merger of two bids for SA's third cellular network licence should be reached today after legal advice and heated input from rival consortiums.

Rival bidders are angrily urging the SA Telecommunications Authority (Satra) not to permit Afrozone to team up with Scandinavian network operators Telia and Telenor. Several objections were submitted yesterday after Satra canvassed other players for their opinions.

"Afrozone and the Scandinavian groups feel they can brush aside the integrity of the process to strengthen their bid," said

# Merged b

NextCom chairman Bushy Kelobane said. "They're making a mockery of this process." NextCom has submitted the opinion of a senior counsel that concludes the material amendments to an application are acceptable.

Khuluma 084 Cellular is also fiercely opposing the move. "If Afrozone is allowed to pull out and resubmit with Telia and Telenor it is giving them an undue advantage," said chairman Thomazile Bhebe. "They have waited to see the strength

# Questions raised about parastatals

Govt must decide on restructuring 'at all costs'

## Reneé Grawitzky

LABOUR Minister Membathisi Mdladlana raised questions yesterday about government's commitment to moving ahead with parastatal restructuring in the face of the retrenchment of thousands of workers.

Addressing a news briefing on government's programmes and commitment to cushion the negative effects of "structural change", he said that government had to decide whether it was prepared to restructure "at all costs".

Spoornet management had failed to comply with the national framework agreement between government and unions which guides the restructuring of state assets.

He warned that delays could arise in terms of Spoornet implementing its restructuring plan.

At the same time he indicated that government would resume talks with labour and business next month on reviewing labour legislation which could culminate in changes to the retrenchment provisions as set down in the Labour Relations Act.

Government has been facing increasing pressure from labour to amend the retrenchment provision in the act to ensure that employers negotiate instead of merely consulting over retrenchments.

Mdladlana warned that if parties did not comply with the act and the code of good practice on operational requirements, government would be forced to reconsider its position and amend the act. Amendments to legislation would be in the form of a package deal.

The code of good practice on operational requirements was agreed to by the National Economic Development and Labour Council (Nedlac) last year, but was published in the Government Gazette only last week.

Mdladlana explained that workers

facing retrenchment could access various services provided by government as outlined in the social plan agreed to by Nedlac in June last year.

Meanwhile, the strike over retrenchment packages at Oryx gold mine could be resolved within days of the National Union of Mineworkers (NUM's) recommendation to its Free State region that it suspend the strike. It has said that Gold Fields had agreed to suspend retrenchments and that an in-principle agreement had been reached with Gold Fields head office.

The strike continued yesterday, however, amid rising concerns of solidarity strike action across the mining industry if the dispute was not resolved. Oryx could not confirm last night that it had agreed to end retrenchments.

The company obtained leave yesterday to appeal to the Labour Court against its failed application to interdict the strike on the basis that it did not comply with the act.

SA is also facing a one-day strike by thousands of public servants who will participate in countrywide marches today to put pressure on government to revise its wage offer which ranges between 3,5% and 6,2%.

Large sections of the public service — including health workers, police and court personnel — will not be able to participate in the action as they have been classified as providing essential services.

Such workers could participate if minimum service agreements had been reached. These agreements provide for a skeleton staff to man operations.

The strike at Columbus Stainless continued unabated as 150 members of the National Union of Metalworkers of SA were yesterday released on bail after being arrested for defying a court interdict.

Comment: Page 11

PUBLIC ENTERPRISES New audit 'will help increase performance of parastatals'

# Radebe vows to kick some assets

ZINILE FIYANE

(Abd) at (BR) 29/7/99



**GREAT EXPECTATIONS** Jeff Radebe says the planned restructuring of state enterprises will benefit the economy and boost socioeconomic development

PHOTO: ION WASSERKAM

Johannesburg - Jeff Radebe, the public enterprises minister, would crack the public works whip in the form of an audit of all state-owned enterprises, he said yesterday.

The audit would determine the number of state enterprises, believed to be at least 300, as well as establish who was running them, where they were and the destination of the money they generated.

This plan was similar to the detailed public works asset register, which revealed unknown state property, thus doubling the value of state assets to R120 billion.

Radebe said the audit would go a long way towards determining the strategic and commercial value of the enterprises.

Known state enterprises were valued at about R150 billion. If 50 percent of that was sold off in the next five years, it would provide R15 billion a year for the fiscus, enabling the state to reduce borrowing, now at about R22 billion a year, and service its debt.

Radebe said the macro economic impact that would accrue from the accelerated restructuring of known enterprises alone would make a big difference to the economy.

He said the government was the only shareholder in the world that had no access to money made by its companies.

There needed to be greater co-ordination between state enterprises and the shareholder to ensure that these enterprises contributed to the socioeconomic development priorities of the government, he said.

At the moment, parastatal programmes did not necessarily contribute to the shareholder's development priorities.

Radebe cited Eskom's electrification programme as an example of a project in line with the government's reconstruction and development programme.

Eskom, which plans to light up 175 million households by the end of next year, was a year ahead of target.

But Radebe said he was not blinded by dollar signs. He insisted that all enterprises earmarked for restructuring, whether they fell under public enterprises or not, would have to be turned around "from cost centres into real businesses" before they could be sold, to achieve maximum benefit for the state.

One of the government's priorities, in line with President Thabo Mbeki's vision of greater co-ordination across all spheres of government was "the acceleration of black economic empowerment".

Radebe said only 11.34 percent of business opportunities from the R4 billion procurement budget of Transnet the railway parastatal, were allocated to blacks, while 88.66 percent was still with white suppliers.

He vowed to radically improve the figures across all state-owned enterprises.

Government procurement of goods and services in 1995 was estimated at between R56 billion and R70 billion a year. This figure has increased over the past couple of years.

Radebe undertook to provide a five-year programme of action for the department and all its parastatals by December.

From next week, the office of public enterprises would become a fully fledged department. This would enable Radebe to increase staff capacity, starting with the appointment of a director general.

Parliament must first pass the Independent Communications Authority Bill

# March 2000 set as target date

## for merger of IBA and Satra

NCABA HILOPHE

Johannesburg - The merger between the Independent Broadcasting Authority (IBA) and the South African Telecommunications Regulatory Authority (Satra) was expected to take place by March next year, Esta Gouws, Satra's communications executive, said at the weekend.

She said the merger would take place after the passing of the Independent Communications Authority Bill by Parliament.

"Once this bill is passed by Parliament, the merger will take place. We believe that the merger would have taken place by the end of this financial year, which is March 31 next year," she said.

A merger task committee had

been appointed to handle the merger process. This committee consisted of two councillors from each authority and chief executive officers who would manage the 10 sub-committees, she said.

Allan Darling, the Canadian consultant on the merger, had advised early this year that the deal should be accelerated to restore staff morale and avoid a deterioration of the functional abilities of the two regulators.

"After 18 months of anticipation and no concrete action by government, it is understandable

**'We believe the merger would have taken place by the end of the financial year'**

put in place," he said. Currently, the IBA is governed by the Independent Broadcasting Authority Act of 1993 while Satra

is governed by the Telecommunications Act of 1996.

He had observed that the absence of the enabling legislation would scupper the implementation plans, including the proposed relocation of the IBA from its premises in Rosebank, Johannesburg to Satra's premises in Sandton.

Darling had also recommended that the number of councillors in the new communications authority be reduced from the current 13 joint councillors to nine. However, he recommended that the council be scaled down over the next five years.

The nine-member council would have one chairman who would serve for a five-year term, while other councillors would serve for four years.

PUBLIC ENTERPRISES

# TIPTOEING TO THE ACCELERATOR PEDAL

The job ads column of an SA newspaper is an odd place to be alerted to a shift in government policy.

This happened last week with the placement of an ad for a director-general to the Department of Public Enterprises, which oversees privatisation.

The ad is significant because it signals an elevation in the status of the department under newly appointed Minister Jeff Radebe. And it suggests the pace of the restructuring of State assets is about to pick up.

Radebe's predecessor, Stella Sigcau, ran a "junior department" with limited capacity and only a deputy DG in charge. Radebe will have greater autonomy and power — and the right to a fully fledged DG.

"Previously, Public Enterprises was merely an Office for



Jeff Radebe

FM 30/07/99

Public Enterprises It has become a fully fledged department which means it has an expanded mandate and equal status to any other State department," says the Minister's special adviser, Ian Phillips. The upgrade, recommended by Sigcau, was gazetted in July.

Public Enterprises spokesman Zaid Nordien says the mandate is an indication of "how much government wants to make State assets have a more positive contribution to the economy".

The incumbent's priorities will include structuring and re-sourcing the department, developing a five-year implementation plan and strategies to restructure State enterprises.

A candidate with "top-level leadership/managerial abilities" is being sought. Phillips says the package is attractive enough to lure applicants from the private sector — a basic salary of

about R320 000, although experience in other government departments suggests the total package could be double that.

Siyabulela Qoza

# Satra to ask Mbeki to appoint investigator

Lesley Stones

SATRA councillors yesterday agreed to ask President Thabo Mbeki to appoint an independent investigator to probe widespread allegations of misconduct at the authority.

Councillors will ask Mbeki to appoint the independent directorate serious economic offences, Judge Willem Heath's special investigating unit or another commission "to conduct a forensic report into the internal affairs of the SA Telecommunications Regulatory Authority."

Yesterday one insider admitted that "issues of public interest have gone by the wayside."

Backstabbing and infighting are said to be keeping authority from doing its job

The call to escalate a continuing investigation into Satra's activities highlights how infighting is preventing the authority from doing its job — regulating telecommunications issues.

The decision came after the latest bout of mud-slinging following a report from auditing company Gobodo Manase into allegations accusing Satra chairman Nape Maepa of nepotism and irregular conduct in awarding a research tender for a feasibility study into a third cellular network.

Other accusations against councillors include corruption, incompetence, the

abuse of expenses, and attempts to influence the rewarding of contracts.

Calling on the president was a dramatic but necessary step, said one, since only the president is able to fire them for misconduct.

"If someone has done something wrong his head must roll. This organisation and what we do is far too important not to have people exercise their duties in a responsible manner."

In a document leaked to Business Day this week, a handwritten note accuses Maepa of conspiring with satellite compa-

(also) PD 2/8/99

ny Iridium by promising to expedite the awarding of a licence to operate satellite services. The document held no evidence of wrongdoing, but the action highlights the backstabbing within the authority.

Even yesterday councillors could not agree on a suitable statement, and an initial announcement was retracted by Maepa after it was apparently changed by other councillors.

The second statement said Satra had decided action was needed at the highest possible level to deal with attempts to discredit the authority. A copy of the Gobodo

report would be sent to the president.

"If the president accepts this request we can finally get this matter out of the way and get on with the job at hand," said Maepa.

"We will know who, and also why, anyone would wish to damage this government institution. Where there are faults, such an investigation will find them, and repair must be made."

Of the six councillors at yesterday's meeting only four voted since two joined the authority in April, long after the infighting began.

The councillors who voted are Maepa, deputy chairman Eddie Funder, Labius Lesibu and Nolutshando Gosa.



## Satra boss and SABC clash (26)

Simphiwe Xako

THE SA Telecommunications Regulatory Authority (Satra) chairman, Nape Maepa, has appealed to President Thabo Mbeki to intervene in what he claims is a smear campaign against him by the SA Broadcasting Corporation (SABC) journalist, Shuki Zikalala.

Maepa said last night he had appealed to Mbeki after SABC broadcast a story on Saturday night which made allegations about him without giving him an opportunity to respond.

Satra spokesman Estu Gouws said a complaint had been lodged with the Broadcasting Complaints Commission.

Among the allegations made was Maepa had employed his cousin as Satra CEO and he had allowed his wife to travel to Maputo on Satra funds.

Maepa claimed he arrived at the SABC studio shortly before the bulletin on Saturday night in an effort to give his "side of the story." Despite the fact that SABC news editor Gladwin Masitenyane informed Zikalala that Maepa had arrived, Zikalala refused to interview him, Maepa said.

Zikalala said he had tried several times to interview Maepa but had been unsuccessful.

"Satra told us Maepa was not available and he would contact us as soon as he was, but he never did," Zikalala said. SABC had decided to run the story after waiting for Maepa's response "for a while".

NATIONAL

# SABC agrees on fair competition

17/18/99

(260)

## Industry hopes 'strong-arm' tactics will end

Janet Parker and Sapa

THE Competition Board and the SABC Board reached an agreement which the independent television production industry hopes will bring an end to the broadcaster's "strong-arm commissioning tactics".

The board began investigating the SABC in February after a complaint by the Association of Facility Owners. The association complained that the SABC insisted television production channels for the SABC's three television channels be produced using the SABC's facilities.

At the time the board said this was likely to limit the ability of independent facility houses to compete for the busi-

ness of independent producers and ensure that independent owners of production and post-production facilities were given a fair opportunity at offering their services to producers of programming material for SABC television.

SABC spokesman Enoch Sithole confirmed at the time that part of the corporation's programme commissioning process was to stipulate that as far as possible "any production should be done using SABC facilities".

However, yesterday the Competition Board stopped just short of accusing the SABC Broadcasting Corporation of restrictive practices.

Instead, board spokesman David Lewis announced an agreement had been reached between the board and the broadcaster. The agreement would

operate its own production facilities. However, it (the SABC), in common with other dominant companies and parastatals, is not entitled to leverage its dominance in one market, particularly where that dominance has been acquired through licence," he said.

Business flowing through the SABC's Henley studios had quietened down since 1997 when the SABC began to source more programming, which saw an increase in independent production and post-production facilities.

Independent producers have blamed the SABC's "monopolistic" commissioning practices for a slowdown in their businesses, saying it went against the ethic of cultivating a robust television industry.

SIGNAL  
MENTS  
S")

# SABC TV head probed

Wiseman Khuzwayo

**A**llegations of corruption in commissioning procedures have been levelled against the head of SABC TV, Molefe Mokgatle, prompting what has been described as a "highly sensitive" audit by a firm of outside auditors.

The SABC is trying to keep the investigation secret, and no one at the corporation would confirm it officially on Thursday.

Mokgatle has not been suspended, as was done last week with the acting chief executive of Bop TV, Cawe Mahlati, pending investigations into allegations of mismanagement, fraud, corruption and nepotism.

Because of the sensitivity of the allegations — Mokgatle controls a commissioning budget of about R200-million — the specific allegations against him have been subsumed into a general audit of all commissioning procedures.

Thaninga Shope, senior manager (corporate communications and marketing) at the SABC, flatly denied that such an investigation was taking place, while Neil Harvey, chief operating officer, said there was a general audit of all purchasing procedures at the corporation.

Harvey refused to name the firm of auditors doing this work, saying only that it was one of the five biggest in the country.

The *Mail & Guardian* understands that it is KPMG.

Reverend Hawu Mbatha, group chief executive, appointed an internal investigating team consisting of Solly Mokoetle, senior manager (strategy), Andy Sello, head of internal audit, and Eric Nhlapo, SABC programming manager.

The SABC's commissioning process, a lucrative industry for production houses, has long been dogged by controversy, with many suspicions and allegations of corruption.

(260) M+G 13-19/8/99

## TELEVISION CHIEF IN HOT WATER OVER THE PRICE OF SOAPS

Probe into spending practices of CE and staff (260) FM 20/8/99

**S**ABC TV chief executive Molefe Mokgatle is under an audit investigation related to events that led to the dismissal of an SABC television manager earlier this year

Mokgatle was informed of the investigation in writing by SABC group chief executive, the Rev Hawu Mbatha, two months ago, senior SABC staff say

Though it is known the investigation is

### RECOMMENDATION

We would recommend that Group Executive or your office should immediately set an investigation into the activities of SABC1 and that must be backed by a full audit of the way contracts are being awarded and set a very clear and strict control measures to curb any wrong doing in the channel

**Probe call** disciplinary panel's recommendation

being conducted by external auditors from KPMG, SABC spokesman Thaninga Shope flatly denied anything of the kind

"Nobody is being investigated," she said "Mr Mokgatle is not being investigated The SABC has responded formally to such allegations from the media"

But senior SABC staff say some of the top brass have closed ranks since the investigation of Mokgatle was revealed

The *FM*, meanwhile, has obtained documents that show Mokgatle approved expenditure exceeding amounts that he is authorised to approve

Mokgatle, who is in charge of all three SABC TV channels and Topsport, holds one of the most influential positions in the SA media The investigation is regarded as highly sensitive within the corporation

Marcel Jackson, a scheduling manager at SABC1, was fired in March after he tried to finalise a contract to buy a TV series called (according to an SABC document) *The Professional*, at a cost of almost R2m for SABC1, without the knowledge of then channel head Eric Nhlapo Nhlapo, Jackson's line manager, initiated a disciplinary hearing which led to Jackson's dismissal

Jackson's misdemeanour was discovered when he asked Rob Stevenson, a senior executive who was acting TV head in Mokgatle's absence, to sign a foreign purchase form known as an FC1 Steven-

son felt there was something wrong with the FC1 and referred it to Nhlapo who, in turn, initiated the disciplinary hearing that recommended Jackson's dismissal

SABC rules demand that FC1 forms be approved by five people — the scheduling manager, the channel head, a business analyst, the divisional financial manager and the chief executive of television (in this case Mokgatle) — before the purchase can

be effected But Jackson's FC1 had only two authorising names on it — that of Jackson himself and Mokgatle Mokgatle had not signed it because he was away

Shope says Jackson's dismissal has "absolutely nothing" to do with Mokgatle

"Mokgatle does not purchase programmes Buyers for the various channels are responsible for that," she says

After Jackson's dismissal, the disciplinary panel wrote to Mbatha urging him to order an investigation into SABC1 affairs A copy of the letter was also sent to Mokgatle (see illustration)

It also complained about "some very

senior TV managers" who phoned repeatedly during the hearing to inquire about the progress of the case "One would like to discourage such intimidatory tendencies in future," the panel said

There are also questions about the amounts that the SABC pays for TV programmes A week before Jackson's dismissal, Mokgatle received a letter from Acts International, a British company, which has long-standing dealings with SABC1, expressing concern that it had not yet been paid for *The New Professionals*, which appears to be the same series, though differently named, at the centre of Jackson's dismissal

At US\$12 000 an episode, the SABC seems to have paid a high price for *The New Professionals* At the time, the corporation was paying \$3 000 an episode for the popular *The Bold and the Beautiful*, and \$6 000 for the highly rated *New York Undercover*

Mokgatle also approved the purchase of the football series *Dream Team* for R4,4m without following the proper procedures As chief executive, he is authorised only to approve expenditure of up to R2m The *Dream Team* purchase should normally have been approved by the SABC's group executive and the SABC Board because it was a foreign purchase The SABC is paying \$7 000 an episode for that series — also higher than the norm

Contract arrangements for other TV programmes have also raised eyebrows at the SABC Mokgatle could not be reached for comment before the *FM* went to press

Sello Mahotja and Special Correspondent

# Investors reassured on parastatal governance

BB 2/9/99 (abo)  
Robyn Chalmers

PUBLIC Enterprises Minister Jeff Radebe has pledged to focus on effective governance policies within state-owned enterprises, an issue which has been raised repeatedly by potential foreign investors

Addressing a joint UK/SA workshop on electricity via satellite yesterday, Radebe said the state was grappling with a number of issues related to parastatals

These included ways to deal with antiquated bureaucratic practices or financial policies that eroded assets and rendered them a burden to the fiscus

Radebe said there was a need to radically re-engineer the way public enterprises functioned to achieve broader social and development objectives. This may include measures such as integrating the activities of these firms across sectors in order to rationalise their business processes

The key goal was to encourage new

relationships between parastatals in service delivery without government abdicating its responsibilities, particularly on corporate governance

"Over the next five years, our restructuring initiatives will primarily be focused on the information technology, communications, defence, intellectual property rights and the power sectors," he said

Minerals and energy director-general Sandile Nogxina said the new energy white paper would be implemented this year. It had a number of objectives. These included increased access to affordable energy services, improving governance and stimulating economic development by encouraging competition and investor friendly practices

Nogxina said the most urgent initiative in the power sector was the restructuring of the R25bn distribution sector

Cabinet had decided in principle in 1997 to replace the supply system, based on Eskom and municipalities, with regional power distributors

# State enterprises 'need laws on privatisation and restructuring'

CT (MR) 22/9/99

(260)

(232)

ZINTLE FILTANE

Johannesburg – The lack of privatisation and restructuring laws was causing extensive uncertainty for the government, bidders and advisers, William Mthembu, a partner of Werksmans Attorneys, said this week.

“South Africa does not have legislation to regulate the conditions under which state owned enterprises may be restructured or privatised,” he said.

Zaid Nordien, a spokesman for the public enterprises department, said the department would clearly define the legislative framework. “This is a priority and work has already started on it,” Nordien said.

Mthembu said conflicts arose because it was commonplace for objectives to clash during a restructuring process. But the degree of conflict was unusually high in South Africa because of the emphasis the government had given to social considerations and consensus with labour.

Mthembu said that without official legislation the restructuring process was governed by calls for the government to follow a strictly non-ideological and pragmatic approach, seeking to

carry out restructuring on the basis of consensus with all stakeholders.

“Although the government works according to general sectoral priorities, a detailed overall plan for restructuring the state sector has not been produced. Considerable importance has been attached to the transparency, fairness, consistency and general credibility of the restructuring process.”

Experts were divided as to how state-owned enterprises should be privatised in the future. Some advocated an outright sale by the state, while others chose to follow a restructuring programme.

Jeff Radebe, the public enterprises minister, said at the pan-African privatisation summit in Ghana recently that the government considered options against a strategic assessment of a particular enterprise and did not sell off state assets completely. This would be influenced by whatever role the state saw it play in the government's overall economic policy framework.

“We believe state-owned enterprises still have an important role to play in transforming our country. We do not agree

with the view that we should sell off state assets completely, or even in part, as a matter of principle,” Radebe said.

South Africa has between 600 and 800 state owned entities.

Rather than perpetuate inefficiencies through converting state monopolies into private monopolies, it was better to ensure development policy was steered according to the priorities of government authority but was managed according to partnership agreements.

Mthembu said in developing a restructuring programme, the government needed to distinguish between restructuring and privatisation, as well as between internal and external restructuring. Restructuring involved a variety of operational changes that, theoretically, could be achieved by existing management and were therefore internal.

“However, the existing management does not always have the will or the capability to execute and maintain the ongoing internal restructuring process.”

He recommended bringing about restructuring through the agency of external parties, usually private sector investors, to operate the businesses concerned.

# Sigcau 'to expose public works bribery'

Linda Ensor

CAPE TOWN—Newly appointed public works director-general Tami Sokutu said yesterday that Public Works Minister Stella Sigcau would announce details of large-scale bribery of national public works officials in Northern Province shortly

Sokutu told Parliament's pub-

lic accounts committee that some officials had already been suspended and taken into custody, some had been charged and more was to follow

"The judicial process is under way," he said, and the bribery involved "significant" amounts of money

Cases of false invoices being submitted by Gauteng public

works officials had also been uncovered, Sokutu said

He said he was determined to tackle the problems in the department and that systems had been put in place to monitor contracts, the values of which were frequently inflated

Steps had also been taken to ensure compliance with treasury instructions, Sokutu said

(260) DP 23/9/99

# Alexkor board fired for incompetence

By Zandile Nkutha  
Political Reporter

**T**HE government's inter-ministerial cabinet committee on the restructuring of state assets has called for a probe into the disappearance of R6 million earmarked for environmental rehabilitation in Northern Cape.

Public Enterprise Minister Jeff Radebe told a media briefing that the committee had endorsed recommendations from an investigation to look into allegations of mismanagement of funds at a government parastatal, Alexkor, in Namaqualand.

He also announced that four board members of Alexkor, a diamond-mining company, were relieved of all their responsibilities with immediate effect.

The follows an investigation into the alleged mismanagement and irregularities by board members of Alexkor. The company is involved in prospecting and exploitation of dia-

monds and employs 1 235 people

Radebe said investigations concluded that the board neglected its fiduciary responsibilities, there was a lack of proper governance and technical competence in the board's activities.

"We are fully cognisant of the grave consequences that even a temporary closure of the mine will have on the domestic economy of the Namaqualand region and the disastrous impact on the lives of thousands of people whose livelihood depends solely on the mine and its downstream support industries," Radebe said.

He said the committee had endorsed recommendations that the Alexkor board be reconstructed. He said Ms Nona Goso, Ms Elize Delport, Mr Pius Mokojong and Mr Michael Leaf were "relieved forthwith of their responsibilities on the board".

He named the special adviser to Minister of Minerals and Energy, Mr Nchaka Moloi, as the new acting chairman of Alexkor board. The others members are Mr Thbedi Ramontja, Mr Jimmy Manyi and Mr Bob

Klaver

Radebe said the IMCC also endorsed that three administrative measures be effected

These are the installing of key performance objectives which will include adherence to budgets, centralised bookings for all travel arrangements for Alexkor employees including board members and that the levels and powers of authorisation be clearly defined

He said in view of the indications of financial mismanagement, a forensic audit would be instituted

He also said the specific areas that needed investigation were

- the missing R6 million set aside for environmental rehabilitation,
- unauthorised use of Alexkor's resources
- the receipt by the chairman of a company car for private use,

- the company secretary's appointment and qualifications and
- the contract entered into between Alexkor and Royal Foods



# Parastatals painful entry into the global village

Local parastatals face daunting challenges, writes associate editor Robyn Chalmers

**S**A's parastatals are faced with change on an unprecedented scale as they attempt to get in shape to meet the challenges of globalisation and rising competition.

Many of the parastatals, notably those providing services to a broad cross section of the population, like telecoms utility Telkom, transport group Transnet, the Post Office and electricity utility Eskom, find themselves at a crossroads.

On the one hand they are expected to become more streamlined, competitive and efficient to ensure they are not a burden on the fiscus and that they produce returns for their owners. On the other, they must provide services to all sectors, avoid big job losses and further government's aims, among them black economic empowerment and creating an export-led economy.

There is certainly greater pressure on parastatals to perform under President Thabo Mbeki's government. Public Enterprises Minister Jeff Radebe says the mandate of the African National Congress's second term of office is to "drastically accelerate the pace of transformation and of efficient, effective public enterprise governance".

The government believes it is not getting optimum returns on its investments from state assets.

Ultimately, the poor performance of many parastatals is a legacy of the past. For decades, parastatals helped underpin apartheid. Most people were denied access to energy, transport, communications and other forms of infrastructure.

Not only did this policy relegate millions of people to poverty, it left huge infrastructure backlogs. Many parastatals became bloated, bureaucratic organisations that often offered what amounted to sheltered employment, almost exclusively for whites. Little attention was paid to the bottom line and many were free spenders.

The question is how these parastatals will be transformed into streamlined, efficient organisations by 2004.

This will require the re-engineering of many businesses, often with the introduction of some private sector participation. It will also need big job cuts.

Several parastatals have indicated they plan to retrain, notably Telkom and Transnet. Others, like Eskom, have quietly pared staff numbers over several years.

Telkom, which began retrenchment talks on Friday, is using a combination of outsourcing, cost containment and job cuts to effect its restructuring. The utility has already embarked on privatisation with the 1997 sale of 30% of equity to SBC Communications and Telekom Malaysia, and a future listing is on the cards.

The partial privatisation exercise came at a price for Telkom. It has to deliver 2.8-million new telephone lines over five years, as well as meet stringent customer service and quality targets. This has placed a strain on the organisation, evidenced by the 1998/99 results, which saw profit slip 5.7% to R2.3bn, with predications of a further profit fall in the current year.



Men with a mission. Public Enterprises Minister Jeff Radebe, left, Telkom MD Sizwe Nxasana and Transnet MD Saki Macozoma, below, must make the parastatals more efficient.



The introduction of a private sector partner started Telkom on the road to greater efficiency, but there are other factors at play. MD Sizwe Nxasana identifies the deregulation of the local phone market in 2002 or 2003 as the driving force behind the utility's restructuring. There are no official figures on the number of job losses, but trade unions say between 5 000 and 11 000 will go over several years.

Communications Minister Ivy Matsepe-Casaburri, who is responsible for Telkom, has not objected to the planned job losses, making Telkom's task that much easier.

This is not the case for loss-making Transnet. It not only has to solve its huge pension fund deficit, again bequeathed by the parastatal's apartheid masters, it also has to find a way of downsizing without adding tens of thousands of people to SA's unemployment queues.

The intended route for Transnet is to become a financial investment holding company within four years, housing a limited number of strategic transport assets. Analysts believe Transnet will ultimately comprise

the assets of Spoornet, with the private sector operating much of its freight transport business, Petronet, some Portnet assets, and a port authority.

The big question mark hangs over Spoornet, which posted a R136m loss (1998 R573m profit) for the year ended March. Transnet MD Saki Macozoma says it is losing R120m a month and downsizing is critical. Spoornet management says up to 27 000 jobs must be shed over three years.

An interministerial cabinet committee has halted forced retrenchments while other options are considered. Government is thus saying the rail parastatal must halt growing losses, but it cannot shed huge numbers of jobs to

achieve this due to the socioeconomic effect job losses would have on the country.

What is the alternative? Trade unions say Spoornet should be placed on the international market, arguing that the world's best rail operators will come up with a better plan than slashing employment figures. Analysts think it is worth a try, but caution that there may not be much left of Spoornet if there are lengthy delays.

Another challenge is to restore the ailing Post Office to health, a task given last week to New Zealand Post International, along with the UK's Royal Mail.

The SA Post Office still relies on government subsidies for its survival, currently R218m, from a high of R750m in 1995/96. The Post Office's social obligations are to deliver millions of new addresses and 700 new retail outlets. Analysts' prognosis for the Post Office is good, however, due mainly to the calibre of its new partners.

Eskom finds itself in a better position than Telkom, Transnet or the Post Office. This is largely because government perceives Eskom to be a well-run organisation. The same attitude prevails with the partially privatised Airports Company, the first parastatal to pay government a dividend.

Despite being one of the lowest cost producers in the world, Eskom is feeling the pressure of globalisation and pending competition, particularly in the distribution and generation sectors. It also has to electrify 2.5-million households by next year, a target it could well achieve this year.

The lacklustre economy, coupled with the utility's reconstruction and development obligations, has affected Eskom. It predicts that net income will fall sharply in the year to end December to about R1.8bn from R2.75bn last year.

To meet these challenges, Eskom has been slowly paring its staff numbers, from about 40 000 in 1995 to 37 000 last year. It is also being restructured into its regulated — transmission, generation and distribution — and unregulated activities — such as information technology, property development and catering — to help it fulfil its duties.

There is a lot of pain ahead for many parastatals as these previously protected entities attempt to shape up to their international counterparts. This will be difficult, but necessary, if SA is to forge world-class service providers able to hold their own in the global village.

# Industry 'reassured' about Sigcau's plan

Sibonelo Radebe

(260)

PUBLIC Works Minister Stella Sigcau has signalled her intention, after a meeting with stakeholders in the construction industry, to forge a public-private partnership said to be vital to the revival of the ailing industry.

This was the first fully representative meeting between the two parties since Sigcau took over as public works minister after the June elections.

LTA MD Frank Crowley said the open discussions, held yesterday, had left the industry feeling reassured about the ministry's commitment to levelling the playing field.

In addition to low work levels, the industry has been plagued by problems of delayed payments and the cancellation of contracts by government departments.

Sigcau said delayed payments and the cancellation of contracts were unacceptable and her department was working on a plan to address the problem.

She said yesterday's meeting was not to mark a special occasion nor to celebrate any particular successes, but to promote growth and development in the industry.

The meeting was strategic as it came a day before the department's three-day bosberaad, which starts today.

Deliberations from yesterday's meeting will thus be fresh in the minds of department officials during the bosberaad.

Sigcau restated the importance of establishing the Con-

struction Industry Development Board — an initiative which came during the reign of her predecessor, Jeff Radebe.

The board will be a permanent statutory body consisting of all industry stakeholders, including the ministry and business, and will co-ordinate government's infrastructural spending.

It is also seen as a measure to regulate the transformation of the construction industry as it will register construction firms seeking government work.

This is expected to enhance the department's procurement policies and benefit small and emerging contractors.

Sigcau said legislation to establish the board would be gazetted later this month for formal public comment and the organisation would come into operation next year.

She said it was important to identify the role and duties of the board before it came into existence.

The interministerial task team will conduct a two-day industry summit on November 11 and 12 to finalise the board's roles and duties.

"It is my hope that this workshop will move beyond the issues of vision, mission and constitution and will develop planning parameters for (board) activities," she said.

The executive director of the SA Association of Consulting Engineers, Graham Pirie, said the industry's problems would not be solved overnight, but yesterday's meeting was a step in the right direction.

BD 6/10/99

# Privatisation pains for parastatals

**S**TATE-owned enterprises look set to retrain thousands of workers in the restructuring process aimed at turning parastatals into globally competitive companies.

Although the labour movement previously professed its total opposition to the process, labour analysts believe trade unions are now beginning to accept the inevitable. Faced with the pressures of a rapidly changing global economy, parastatals are being forced to restructure and become leaner, more competitive organisations.

The challenge is greater because, historically, public enterprises followed employment policies which had little to do with efficiency.

Telkom, which is in protracted talks with unions on downsizing, says it has far more support and administrative staff than the international norm. Literacy levels among staff are high and the company has a scarcity of technical and business skills.

“Not only does Telkom’s current staff profile have an impact on overall productivity, but it contributes significantly to high operating costs with 47c of every rand in value created being spent on staff costs,” says Telkom representative Amanda Singleton.

The telecommunication utility is reorganising itself in preparation for the introduction of fixed-line competition within the next three years and this has resulted in the duplication of a substantial number of jobs.

On Wednesday, Telkom concluded the first round of talks with unions. The parastatal explained its comprehensive plan to cut labour.

It is not clear how many workers might be retrenched, although unions previously put the number at between

5 000 and 11 000 employees.

The Communications Workers’ Union (CWU), which represents most of Telkom’s employees, is holding its National Executive Committee meeting and is expected to announce its response to Telkom’s proposal this afternoon.

Not wanting to give away much before the NEC meeting, CWU’s chief negotiator Kathy Pillay says their main objective is to save jobs.

In the transportation sector things are more difficult. Transnet MD Saka Macozoma told parliament earlier this year that Spoornet was losing R120-million a month and expressed the need for urgent downsizing. Spoornet management has proposed the shedding of 27 000 jobs in the next three years.

A thousand jobs per month

were to be done away with through voluntary retrenchment packages, but opposition by organised labour prompted government to halt the process and insist on further discussions in line with the National Framework Agreement. Public Enterprises Ministry spokesman Zaid Nordin says alternative proposals by labour unions to the inter-ministerial committee are now being considered through NFA structures.

SA Transport and Allied Workers’ Union’s (Satawu) general secretary Johnson Gamede says unions are committed to resolving the matter through the NFA but are frustrated that Spoornet management is still telling workers to take the voluntary package even before a final decision has been made.

Economist Tony Twine of Econometric believes the talks on retrenchments indicate a change of approach by unions. He says unions are beginning to understand problems facing parastatals.

“Downsizing is certainly unpopular with the unions but the very remote possibility of them accepting it has suddenly improved.

“Telkom unions, for instance, were very opposed to it a few months ago but the fact that they have now agreed to sit and discuss the issues indicate a change in approach and attitude,” he said.

Twine says the current retrenchment plans in public enterprises and government departments are necessary.

“It might sound ironic, but for South Africa to create more jobs we need to restructure and be more competitive — and that means losing jobs in the parastatals.

“Creating more jobs in the current badly constructed framework will not yield the desired results,” he says.

# Another new deadline for Nabera

*The Alexkor diamond mine controversy is far from over, write Donna Block and Mungo Soggot*

PHOTOGRAPH BY (216) (260)

The government has jumped the gun in its attempt to clear Bridget Radebe's Nabera consortium of its embarrassing breach of contract. There are still key legal problems preventing Nabera from being truly in the clear.

The Department of Public Enterprises said last Thursday Nabera had now complied with its contractual obligation to raise R120 million for state diamond mine Alexkor. However, the director general of the Department of Public Enterprises, Sivi Gounden, this week confirmed Nabera's compliance still has to be cleared by the Department of Finance — problematic because Nabera's bank, which is providing the R120-million, is still insisting on a guarantee.

Gounden says he has taken legal advice and consulted other government departments on the decision to give Nabera yet more time.

The controversy began eight months ago when Nabera was awarded the management contract for Alexkor, a precursor to the mine's full privatisation.

Questions were asked because Bridget Radebe is the wife of Jeff Radebe, then minister of public works and now as minister of public enterprises, the man in charge of privatisation. At the heart of the issue is the fact

that Nabera was required to come up with R120-million by June to fund the mine's development. It failed to do so. Minister Radebe then extended the deadline three times, the latest being last Thursday.

While continually failing to honour its contractual obligations, Nabera's team installed itself at Alexkor earning a fee of R100 000 a month and entitled to claim up to R500 000 for monthly expenses.

Public enterprises officials say the contract signed under the previous minister, Stella Sigcau, was flawed and left the government little room to negotiate out of the controversy.

The department's statement last Thursday — just hours before the expiry of Nabera's latest deadline — purported to close the door on the controversy. "We have received confirmation from Nabera's financiers that they have raised the R120-million loan facility in fulfillment of the condition precedent in the management agreement. We are currently in the process of working out the details of the loan agreement. We are also confident that this is a positive signal that the exploration strategy so vital for the mine, can proceed."

In fact Nabera's bank confirmed this week that although it had granted a facility letter for the company, the money would not be accessible



Madam chair— Nabera consortium is chaired by Bridget Radebe, Minister of Public Enterprises Jeff Radebe's wife. PHOTO: SUNDAY TIMES

to Nabera or Alexkor until a loan agreement was thrashed out. The Department of Public Enterprises conceded these negotiations will involve clearing key policy issues with the Department of Finance.

The problem now is that Nabera's bank is drafting a loan agreement that will impose financial obligations on the state balance sheet — the bank is still asking the government to guarantee its two-year loan to Nabera.

The sticking point for Nabera so far has been its bank, BOE Merchant Bank, which has insisted the government provide an express guarantee to repay the R120-million at the end of

Nabera's two-year management term.

Although the management contract allowed Nabera to get its money back from Alexkor — or the government in the event that Alexkor could not repay — BOE has wanted a separate explicit guarantee. The government has declined on the grounds that such a guarantee would show up on its books as a liability.

It was therefore surprising that BOE last week had appeared to supply Nabera with the necessary funding without a guarantee from the government. This is not the case — BOE now wants its guarantee in the loan agreement, to which it wants

to add its signature.

Anton Tsjgaard, head of specialised finance at BOE Merchant Bank, said, "BOE is seeking to secure its loan to Nabera by being party to the loan agreement."

Gounden says his legal advisers believed BOE's signature was not a big enough change to justify the government refusing it.

But Gounden accepted the loan agreement would have to be cleared by the Department of Finance. The finance department has a conservative policy on government guarantees.

All of which means the debate on whether Nabera has complied has come back to square one — the government still has to decide on the guarantee, which it has so far refused.

The *Mail & Guardian* has established that Sigcau's department did not clear the management contract with the finance department — despite the fact it included the government's guarantee to Nabera. This was the root of the problem — the mention of the guarantee to Nabera has made it reasonable for BOE to request the guarantee be extended to itself.

If the guarantee is extended to BOE, Nabera will get to run Alexkor without investing any of its own money — without proving its financial credibility. Gounden said the department in future would seek to avoid giving any contract to a company that did not have to prove its "financial capability" up front. Nabera's loan agreement now has to be finalised by November 7.

Janet Parker

THE SA Broadcasting Corporation (SABC) announced a R112m surplus for its financial year to end March, after television advertising boosted revenues and piracy levels fell below 50% for the first time in five years

The surplus represents a small increase over the R105m surplus the broadcaster reported for its 18-month financial period to end March last year, after it changed its year-end to bring it in line with government's financial year. The surplus improves on the R60m deficit the SABC posted for the previous 12 months to end September 1996.

Increased television advertising boosted revenues to R2bn

SABC CEO Hawu Mbatha said the corporation considered the results to be "very satisfactory in light of the growing competition in the field of broadcasting, and a slow economy"

The corporation's annual report said that analysis, as well as

# SABC posts a R112m surplus

BD 17/11/99 (260)

local and international benchmarking, highlighted the need for the SABC to improve its purchasing and stock control

"This is being done with the assistance of an outside logistics consultant, and meaningful improvements in purchasing and working capital utilisation are planned," the corporation said in a statement

The broadcaster said despite increased competition in the broadcasting arena, it increased adult radio listenership by 370 000 last year, while television viewership rose by about 560 000 in the same period

"The agreement with DStv, together with an agreement with

Sentech, will allow the SABC to migrate from analogue to digital technology or satellite transmissions. This technology migration, together with income from the pay channels is projected to contribute over R1bn to the SABC over the next year"

The broadcaster said as part of its social responsibility efforts it had started initiatives to use its broadcasting capabilities "to assist in combating crime, AIDS, poverty and unemployment"

In support of education, more than 2 000 hours of educational programmes were broadcast on radio and in all the official languages, with more than 1 300 hours on television last year

US, TUESDAY, NOVEMBER 30, 1999

# New deal on the (260) cards for parastatals

ART 30/11/99

CLIVE SAWYER

POLITICAL CORRESPONDENT

President Mbeki and top ministers have taken a series of landmark decisions on the future of parastatals including Safcol and Denel, as part of the acceleration of restructuring of state assets.

A day-long workshop and a meeting of an inter-ministerial committee dealt with a range of strategic issues on the restructuring of state assets.

Announcements were to be made today on the list of preferred bidders for Safcol, the disposal of non-core assets of Denel, and a decision on the Government's stake in Telkom.

Among those taking part in yesterday's workshop on restructuring of state assets were Mr Mbeki, Deputy President Jacob Zuma, Finance Minister Trevor Manuel, Public Enterprises Minister Jeff Radebe, Transport Minister Dullah Omar, Labour Minister Membathisi Mdladlana, Minerals and Energy Minister Phumzile Mlambo-Ngcuka and Communications Minister Ivy Matsepe-Casaburri.

The workshop examined the future restructuring of state assets, including the legislative framework, and issues of implementation. The afternoon session of the workshop focussed on Escom, Denel and Transnet.

In spite of media reports that the inter-ministerial committee had been summoned by President Mbeki to deal with Transnet as a matter of urgency because of the transport parastatal's record losses, Government sources indicated this was not the case.

The workshop had been scheduled prior to Friday's announcement by Transnet of an interim loss of R700-million in the six months to the end of September, from a R133-million loss for the same period the previous year.

The meeting of the inter-ministerial committee also had been scheduled before the Transnet announcement and was a regular event.

There were discussions about Spoor-net, which accounted for R266-million of the Transnet loss, but any announcement would stay on hold pending further discussions with stakeholders.

# Privatisation accelerated

Robyn Chalmers

Telkom counts days to listing while bidders are chosen for state forests

(232)

(260)

Bd 11a/99

GOVERNMENT has moved to speed up the pace of privatisation with several significant new initiatives in telecommunications, forestry and defence.

Public Enterprises Minister Jeff Radebe said yesterday Telkom would be listed by 2001 and a further 5% had been sold for almost R1bn. Four preferred bidders had been selected for the state's commercial forests, the SA Special Risks Association (Sasra) was to be sold immediately and several of Denel's interests would be placed on the market.

The decisions were taken at a meeting on Monday of the interministerial cabinet committee, a forum of ministers which decides on privatisation

The meeting followed a workshop on privatisation attended by President Thabo Mbeki. Government officials said Mbeki made it clear privatisation was a key tenet of government's macro-economic policy, and the acceleration of the programme was a priority.

Radebe said Telkom would be listed on the Johannesburg Stock Exchange in two years, ahead of its telephone monopoly ending in May 2002. The percentage government will release to the market has not been finalised, but analysts believe the state will retain a majority stake in Telkom in the short term. US-based SBC Communications holds 18% of Telkom and Telekom Malaysia

12%. A further 5% is earmarked for the National Empowerment Fund.

Communications Minister Masepe-Casaburri said 3% of Telkom had been sold to four empowerment companies for R680m and the sale of a further 2% to Telkom staff for R310m was approved. This will bring in R990m and reduce the state's share to 60%.

The empowerment companies that had bought 3% of Telkom were Ucingo Holdings, Melaleng Investment Holdings, New Horizon Group and Akulalwa Masepe-Casaburri also said Gemini Consulting had been appointed as adviser on the restructuring of the SA Broadcasting Corporation.

Water Affairs and Forestry Minister Ronnie Kasrils said preferred bidders were selected for three commercial forestry packages in the Cape and one in KwaZulu-Natal. These were the Thesen Consortium, Amathole Timber Holdings, Singisi Forest Products and the Syaghubeka Consortium which includes Mondi. The African Forestry Consortium which included Sappi and was shortlisted for the Mpumalanga forests did not succeed with its bid.

Kasrils said work would now begin on finalising the sale process and he hoped to make further announcements next month. "These transactions will ensure greater competition in the forestry and sawmilling industry. Black empowerment groups will become more significant players in this sector of the economy," he said.

Radebe said the cabinet committee approved the sale of Denel's loan book in Bonaero Park and the sale of Denel/Artil's 50% shareholding in Debis IT Services SA. The committee also approved a R70m loan facility from BoE Merchant Bank for Alexkor.

The privatisation of political risk insurance company Sasria had been accelerated and would start immediately. Government hoped to receive at least R3bn from the sale, over and above the R7.1bn of free reserves transferred to the state.

# Cabinet privatisation watershed

Howard Barrell and Barry Streek

**T**he decision by top government leaders at an all day meeting in Pretoria on November 29 to accelerate privatisation of state-owned enterprises is of great political and economic importance, according to officials who were present.

The meeting represented a commitment by the government to economic restructuring — whatever the potential for conflict with groups in the Congress of South African Trade Unions and the South African Communist Party.

The main goal set out at the meeting is to earn the state billions in extra revenue from restructuring in order to be able to reduce government debt and create an environment for economic growth.

At the same time the government is determined to use the restructuring to release funds for the recapitalisation of infrastructure and advance black empowerment on a sound financial base.

Forms of restructuring range from outright sale to strategic equity and management partnerships with black empowerment components. While opposition representatives have said the government's proposals do not go far enough to capture the imagination of emerging market investors, this does not detract from the significance of the decisions.

Observers see the clarity of the decisions as demonstrating President Thabo Mbeki's determination to go down as "the delivery president" and his acknowledgment that restructuring is the path he must take to free up the financial resources to do this.

This should make it easier for the government to maintain the fiscal discipline that forms the basis of the its policy for growth, employment and redistribution while improving service delivery and social provision.

Restructuring receipts over the past five years have brought in R8-billion. Estimates of the value of state owned assets available for restructuring are around R160-billion. An earlier study by the Department of Finance showed that restructuring could earn about

R15-billion in a year. This could have an influence on South Africa's budget deficit, total debt and interest rates.

"The consensus at the meeting was we must now urgently turn things around, unlock value in our economy, accelerate growth and demonstrate improved service de-

livery," said a government official. Mbeki is reported to have set a two-and a half year deadline for progress on service delivery and job creation.

The meeting — a special policy session of the interministerial Cabinet committee on the restructuring of state assets — was attended by Mbeki,

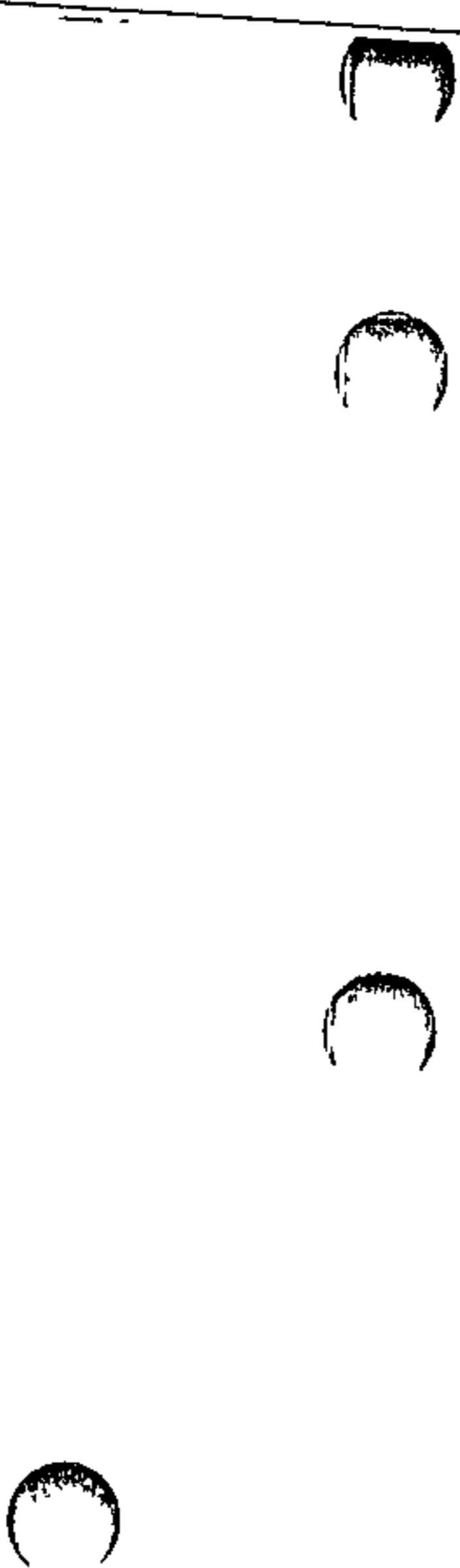
Deputy President Jacob Zuma, Minister of Finance Trevor Manuel and their top officials. Minister of Trade and Industry Alec Erwin was represented by Alistair Ruiters.

Minister of Public Enterprises Jeff Radebe was also present as were several other ministers, including

Ivy Matsepe Casaburri (posts telecommunications and broadcasting), Membathisi Mdladlana (labour), Phumzile Mlambo Ncguka (mineral and energy affairs), Stella Sigcau (public works), Abdullah Omar (transport), and Ronnie Kasrils (water affairs and forestry).

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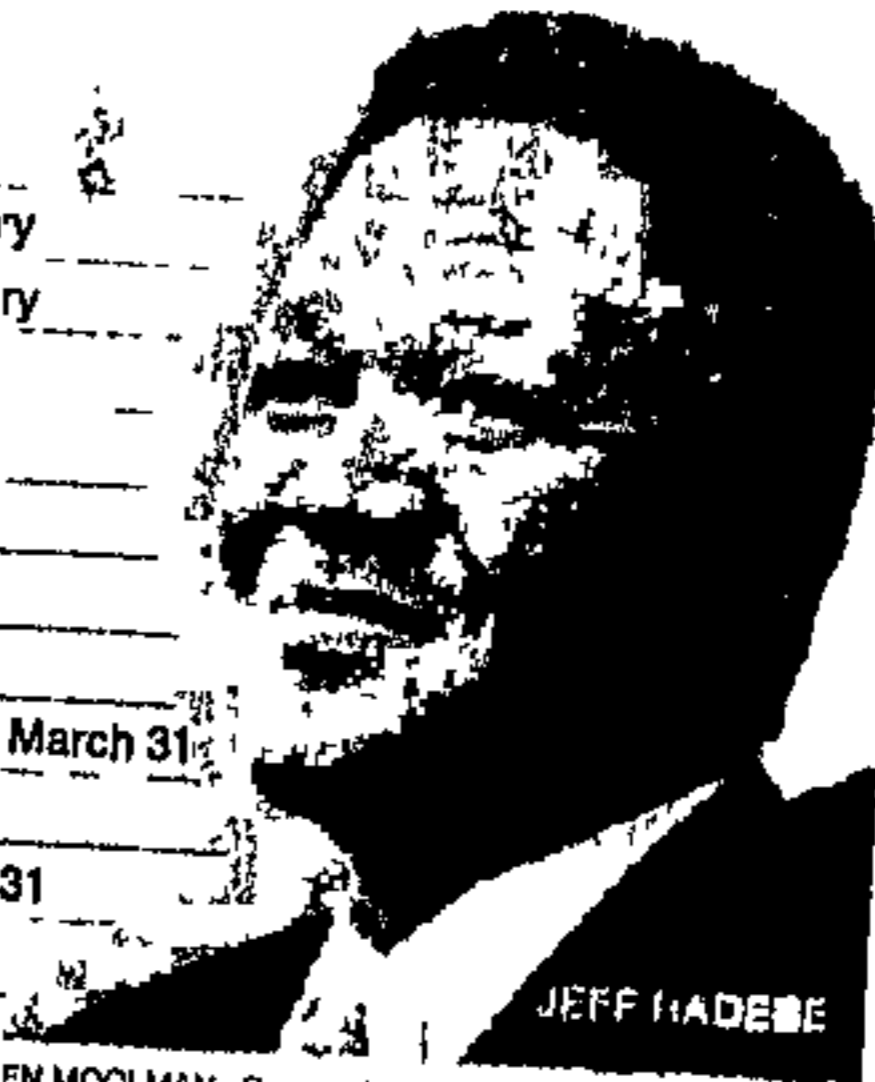
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## Privatisation priorities for 2000

- Develop a social plan and align it with restructuring plans by January
- Joint task team on Transnet debt restructuring to issue report by January
- Management capacity of Spoornet to be bolstered, report due by January
- Eskom to provide business plan for Eskom Enterprises by January 31
- Report on restructuring Denel's aerospace divisions due by January 31
- Proposals on Eskom reshape by February
- Develop a restructuring policy framework by March 31
- Audit of public enterprises' portfolio by March 31
- Establish a corporate governance protocol with the big four companies by March 31
- Investigate the recapitalisation of state-owned enterprises by March 31
- Develop a position on the financial management of enterprises by March 31
- Broad set of regulatory principles to be developed by March 31



JEFF RADEBE

Picture: KATHY PINNOCK Graphic: KAIEN MOOLMAN Source: PUBLIC ENTERPRISES MINISTRY

# Govt unveils plans for big parastatals

Fast transformation of Eskom, Transnet, Telkom and Denel on the cards

BDE/12/99 (260)

Robyn Chalmers

GOVERNMENT'S privatisation programme will focus on the rapid restructuring of SA's four parastatals — Eskom, Transnet, Telkom and Denel — the cabinet has decided.

Last week's top-level cabinet meeting on privatisation, led by President Thabo Mbeki, found that the programme would be unable to produce good returns unless the big four public utilities were transformed.

Public Enterprises Minister Jeff Radebe said yesterday the impending financial crises in several large utilities were also driving the new focus.

The big four utilities, valued at R150bn, employ about 80% of staff and make up more than 90% of the assets falling under the state. "They dominate the key strategic economic sectors and have the potential to boost or undermine overall industrial policy."

The privatisation policy to date has been broad based and the sale of small, often noncore, utilities such as leisure group Aventura and airline Sun Air has tended to take priority. This was due mainly to the complexity of restructuring the big strategic enterprises.

Key new initiatives unveiled yesterday include an urgent investigation by the departments of finance and public enterprises into the liabilities of the big

four entities. The aim is to restructure their debt and recapitalise their asset base if necessary.

Eskom is to be unbundled into three separate businesses, accelerating the break-up of its industry monopoly, and the long-awaited restructuring of the distribution sector will now gather speed. Measures to deal with Transnet's mounting debt, which at present stands at about R27bn, will be investigated with a focus on burden sharing. This could involve government taking on a portion of Transnet's liabilities to allow the privatisation of subsidiaries to move ahead.

Loss-making Spoornet will be reshaped into several stand alone units with a bolstered management team.

Management proposals to retrench up to 27 000 workers and halve the rail network have not been approved, although the voluntary departure of about 7 000 employees a month is understood to be continuing.

A strategic management partner is to be sought for arms parastatal Denel as a whole. Options to restructure Denel Aerospace involving an international equity partner are due to be presented next month and synergies on aircraft maintenance are to be explored. This follows last week's announcement that Telkom will be listed on the Johannesburg Stock Exchange

by 2001, and a further 5% of the utility has been sold to black empowerment companies and staff for almost R1bn.

In order to drive and manage the new focus, Radebe said a number of initiatives would be launched, notably the publication of a comprehensive policy framework for the restructuring of state-owned enterprises. "The absence of (such a) policy has created uncertainty in the market place," he said.

An audit of all the entities falling under public enterprises will be completed by March and all enterprises will have to endorse the protocol on corporate governance recently adopted by the cabinet. Management will be tied into performance agreements.

Radebe said the state was burdened with the costs of large-scale unemployment arising from restructuring. A strategy to align the national social plan to the transformation process is set to be completed by next month.

He said the state would focus on setting up an appropriate regulatory environment and competition policy for restructuring as well as on ensuring that affordable services were provided. "The state will pursue these options in a manner (that will) ensure (that there is) the greatest possible level of private-sector involvement," he said.

# Eskom, jewel in R150bn crown

Sven Lunsche

GOVERNMENT has announced a range of initiatives to restructure electricity utility Eskom, the jewel in SA's R150bn crown of state-owned enterprises.

The proposals presented by Public Enterprises Minister Jeff Radebe yesterday go beyond the white paper on the industry and will accelerate the break-up of Eskom's monopoly. Radebe has asked for detailed plans by mid-February next year.

The key proposals are based on the break-up of Eskom into three separate businesses — electricity distribution, transmission and generation. Radebe wants to finalise the establishment of Eskom Enterprises, which holds the company's non-core operations.

Eskom's deputy CEO Bongani Khumalo gave no detailed response to the plan but said key aspects of restructuring were contained in the white paper on which Eskom had had significant input.

The government has been struggling with the restructuring of the R25bn electricity distribution industry for some time as more than 400 municipalities distribute 40% of SA's electricity, with the remaining 60% coming directly from Eskom.

Radebe said competition would be introduced by consolidating the distribution sector into a number of financially viable, independent regional electricity distributors.

Asked whether the distributors would take over the electricity production and the distribution of electricity, department director-general Sivi Gounden said the details would emerge early next year.

Cabinet has approved the introduction of more transparent tariffs, an electricity levy and a capped tax for part funding of municipal services.

Industry sources said the number of distributors has yet to be established, but estimates range from five to 12. Eskom could continue to supply key industrial customers directly, they said.

Khumalo said Eskom was part of a restructuring committee on the distribution industry, which had been sitting under the auspices of the minerals and energy department for the past two months. "We have always said we would like to retain an interest in the distribution industry," he said.

# Labour department to assist enterprises

Renée Grawitzky

PUBLIC Enterprises Minister Jeff Radebe said yesterday that the labour department would assist state-owned enterprises in aligning the social plan, agreed to at last year's presidential job summit, with restructuring underway.

This emerged at a briefing on a re-focused privatisation initiative affecting Eskom, Transnet, Telkom and Denel.

Radebe said the plan would have to be finalised by January.

A social plan framework was initially agreed to during lengthy negotiations in the National Economic Development and Labour Council but only ratified at the job summit last year.

The proposed plan aims to cushion workers and their communities from restructuring and retrenchments. The framework was intended to act as a guide for all businesses while individual sectors were supposed to draft plans tailored to specific circumstances.

Central to the framework is the establishment of "future forums" either as part of, or separate from, existing bargaining forums. These are intended to encourage industries and companies to plan ahead and develop long-term survival strategies.

The labour department has set up a technical support facility to analyse problems and propose solutions to companies or sectors.

Radebe's announcement comes in the wake of an agreement struck between Telkom and labour on upcoming retrenchments. The agreement provides for a social plan whereby the company will allocate R6 000 per affected employee for retraining.

Employees facing retrenchment could receive up to six months' pay for 20 years service and an additional one week for service in excess of 20 years. Employees will also receive a range of benefits relating to medical aid and study loans.

# 'Government prepared to take hard decisions'

Robyn Chalmers

GOVERNMENT'S decision to re-evaluate and accelerate its privatisation programme is largely due to problems arising from the limited progress made during the first years of its implementation, say analysts.

This has led to the financial deterioration of several large utilities, the most obvious example being Transnet which posted a R700m loss in the six months ended September. "It is clear that government has realised it must take the hard decisions and move ahead rapidly," said one analyst.

Public Enterprises Minister Jeff Radebe said yesterday that last week's workshop on privatisation, led by President Thabo Mbeki, has given the process new impetus. "The central issue was how to derive maximum impact from state-owned entities through effective restructuring," he said.

Radebe said the outcome of the workshop demonstrated the commitment of the Mbeki government to enhanced service delivery, improved efficiency and effectiveness.

Cabinet members attending the meeting examined government's restructuring objectives, which included mobilising private-sector capital, reducing state debt and creating wider ownership in the economy. Other priorities were to promote fair competition, finance growth and enhance the competitiveness of state enterprises.

One official said that while a platform for restructuring had been laid, the consensus was that the process had not been well managed. A key factor lacking was an integrated policy framework. Radebe said this would be addressed by reviewing prior policy, past decisions made by the interministerial cabinet committee and developing an integrated policy document on restructuring by the end of this financial year.

"Various mechanisms would be considered to give effect to the restructuring," he said.

These included management contracts, strategic equity partners, initial public offerings, the full sale of an entity and a host of other alternate service delivery strategies.

Business will be in separate components

# Eskom to unbundle by March

Stewart Bault

Johannesburg — Eskom's regulated business would be unbundled "into" separate generation, transmission and distribution components as early as March next year, Jeff Radebe, the minister of public enterprises, said yesterday.

The announcement brought the electricity market closer to a power pool in which competing generation companies would submit electricity prices to a central transmission authority on an hourly basis.

Distributors would then buy the cheapest power to distribute to consumers.

"Competition will be introduced to electricity distribution through the establishment of regional electricity distributors (REDS). This will divest the responsibility of power distribution to municipalities or future private operators," said Radebe.

Eskom would submit a detailed business plan to the government on the restructuring in January.

John Coulter, the managing director of JP Morgan South Africa, said the restructuring of Eskom would send positive signals to international investors.

"Privatising the electricity distribution business should bring a significant amount of fixed direct investment into South Africa, if done in tandem with a strong regulatory and policy framework around transmission and generation," said Coulter.

Zaid Nordin, a spokesman for the department of public enterprises, said the department of minerals and energy

was in discussions with the REDS, which was an important step in the restructuring of the distribution sector.

Alan Morgan, the chief executive of Eskom, last month characterised the transmission facet of the business as the "carrier and marketplace for electricity buyers and sellers."

"If you want to create choice you need to keep transmission as a national asset and use it as a marketplace to wheel and deal power to a number of buyers and suppliers," said Morgan.

Nordin confirmed that the government would retain its strategic interest in the transmission company as it was a "natural monopoly." He said it would have to be heavily regulated to ensure open and fair access to the power grid.

Radebe also announced the reorganisation of Eskom's generation capacity into individual business units. This move, he said, would allow the utility to gauge the efficiencies of each of its generators.

He would not comment on whether or not Eskom's generation capacity would be privatised until Eskom submitted its business plan in January.

Morgan is thought to be in favour of retaining Eskom generation capacity within the company.

Radebe also called for a comprehensive business strategy to be submitted by Eskom Enterprises, the non-core unregulated group of Eskom businesses.

The plan would require Eskom Enterprises to define its core businesses, identify and value its assets and outline the plan for the disposal of non-core assets.

# Parastatal change opens new doors

PETER FABRICIUS

ET (BR) 9/12/99 (260)

The restructuring of the major parastatals announced by the government on Tuesday could open the way to a radical reorganisation of the way utilities and other services are delivered to homes and businesses, lowering costs and improving customer service.

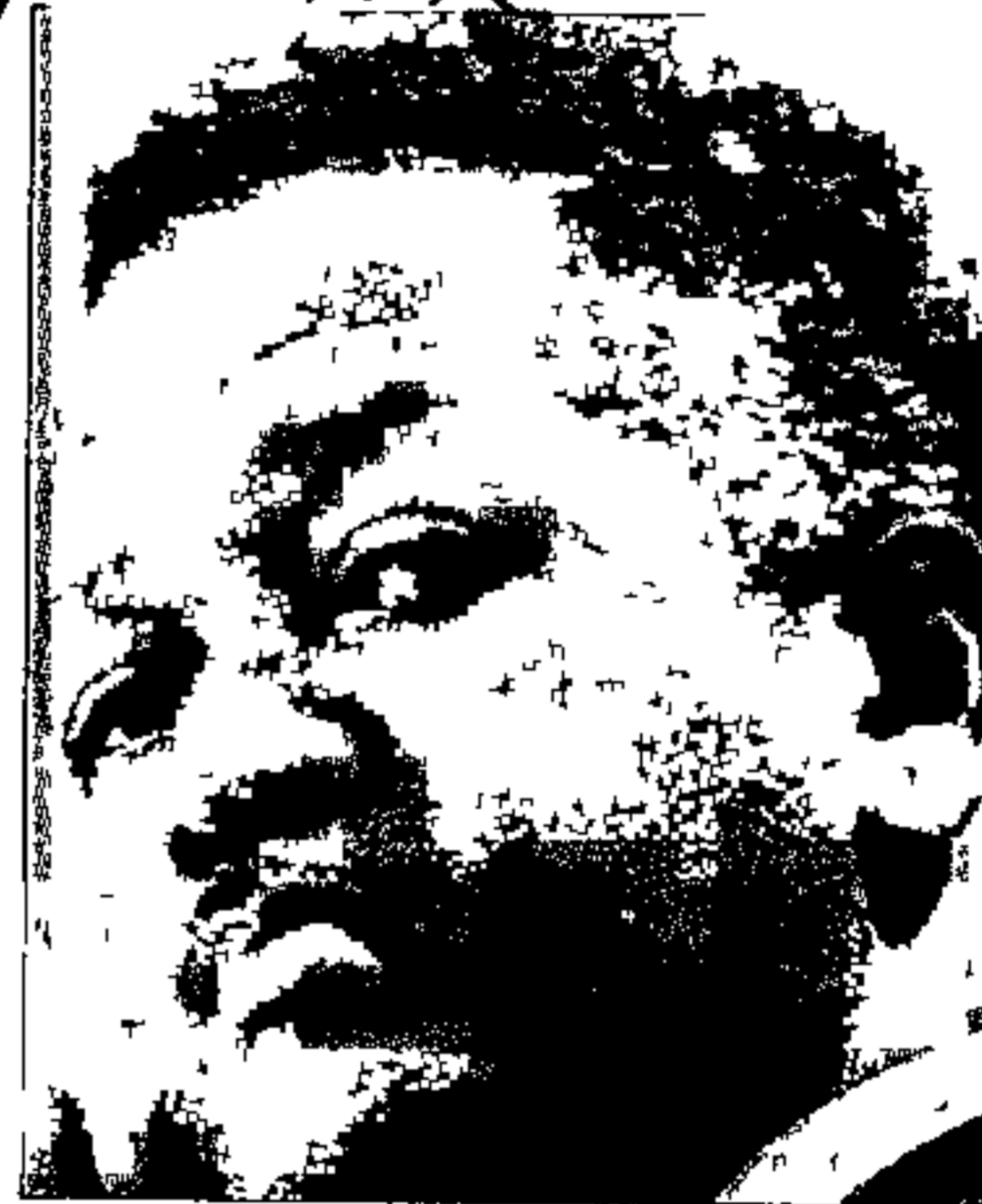
Colin Coleman, the London-based vice-president of JP Morgan, the US investment house, said this week that from a global perspective the decision to separate Eskom into power generation, transmission and distribution units was "the very early phase of deregulation and liberalisation of electricity supply and distribution".

So far, Jeff Radebe, the minister of public enterprises, has only announced that Eskom's units would be separated to create internal competition and increase efficiency – but they would remain in state hands.

Coleman said the next step was for the government to decide whether Eskom, the world's fifth-largest power firm, would continue to be run with a vertically integrated single balance sheet under state ownership or create private-sector competition in generation and distribution.

If that step was taken, the "next wave" could be to follow the trend in Europe where a single private-sector company will sell a bundle of previously unrelated utilities and services to customers, including electricity, water, telecommunications, cable TV, internet, financial services and security.

"Where the supply of utilities has historically been organised around the ability to be a good engineer, it is now increasingly being organised on the basis of being able to market a bundle of price-competitive and quality products to individual consumers," he said.



Jeff Radebe, the minister of public enterprises

In Europe power was increasingly becoming a commodity like any other that could be traded by a firm whether or not it physically owned it.

This privatisation and reorganisation of the power business had caused electricity prices to plummet across Europe, as much as 30 percent.

Coleman said it was important to take all stakeholders, including unions, along in this restructuring. "I do believe it is possible to move forward in a way which meets the needs of all stakeholders. It will do this by its ability to attract a lot of investment which could be channelled into job creation and could kick-start empowerment."

The African power sector was already attracting a great deal of global investment and could be a major source of foreign direct investment, he said.

Coleman said in the Australian state of Victoria alone, privatisation of state power companies had attracted over \$20 billion of private investment with a further \$40 billion forecast from nationwide privatisation – Independent Foreign Service

# New Bill gives parastatals special protection

Samuelson 15/12/99 (260)

By Waghled Misbach  
Political Correspondent

STATE-OWNED companies that are being privatised will not have to disclose the sensitive details of their negotiations with potential buyers or partners, according to a special privatisation clause in the Open Democracy Bill.

The clause will ensure that the documentation on the privatisation of state enterprises is protected to prevent competitors from gaining an unfair advantage in the marketplace - according to the Joint Committee on the Open Democracy Bill chairman Johnny de Lange.

The Bill gives effect to an individual's Constitutional right of access to any information held by the state, to provide people with access to personal information held by private bodies, and to provide for the correction of personal information held by state or private bodies.

The Bill also provides that as required that they should

The section on the protection of whistle blowers aims to "provide for the protection of persons disclosing evidence of contraventions of the law, serious maladministration or corruption in Governmental bodies".

De Lange said a number of companies, such as Telkom, had complained that the Bill would place them at a disadvantage.

release sensitive details of the privatisation process. The "privatisation clause" would only provide protection of information about the privatisation process. All other information would have to be disclosed as was the norm with public companies, he said.

The clause would ensure a level playing field between Government parastatals and competitors, he said.

because it meant that state enterprises were placed in a better position than public companies which were legally compelled to disclose details of their dealings. However, De Lange said that the proposed legislation would only deal with the "narrow" issue of the privatisation process and not with mergers or acquisitions, like that of the recent failed merger between banking groups Stanbic and Nedcor.

The Democratic Party's Kent Durr said he had a problem with the clause