SOCIAL SECURITY PENSIONS & CARE OF THE AGED.

1987

JANUARY ~~SEPT.~~ — DECEMBER

Granny's battle for a pension

'YOU ARE DEAD'

300

She lost her husband, his pass, and hers

SEVENTY-seven-year-old Mrs Sidah Edith Dire has been unable to get her pension for the past eight months. According to official records, she is dead.

By LANGA SKOSANA

A clerical error has meant sickly Mrs Dire going without her pension — her only means of support — since March last year.

She is sickly and cannot walk properly. When she visits the commissioner's offices she must be carried from office to office. When talking to officials there she has to lean on the table for support.

To move to the table she has to shuffle from chair to chair. But the stone-faced officials have told her they cannot help her get her pension for, according to their records, she is dead.

Her efforts to prove that she lives have led to more misery. She always returns home depressed and hungry.

Mrs Dire, who lives in her four-roomed Diepkloof house with another pensioner, has been destitute since her husband's death on March 17 last year.

She and her husband were each getting the R97-a-month State pension.

Her problems started in April last year when she went to the office of the commissioner for pensions in Market Street, Johannesburg, to report the death of her husband, Jeremiah.

The clerk who attended to her erroneously made an entry that she was the one who had died.

As a result she did not receive her pension on subsequent pay-out days as she was regarded as dead.

When she tried to rectify the mistake she was told that her husband's pay had arrived but was returned to Pretoria.

Two months later when she told officials that an error had been made she was told that in fact both she and her husband were recorded as dead.

During the ups and downs that followed, she lost her husband's reference book and the marriage certificate in a taxi she had hired to take her to the commissioner's offices.

She also lost her own reference book. She has applied for a new one in order to be able to draw her money.

But her money has not been forthcoming as officials insisted that she was dead even though she was standing in front of them and speaking to them.

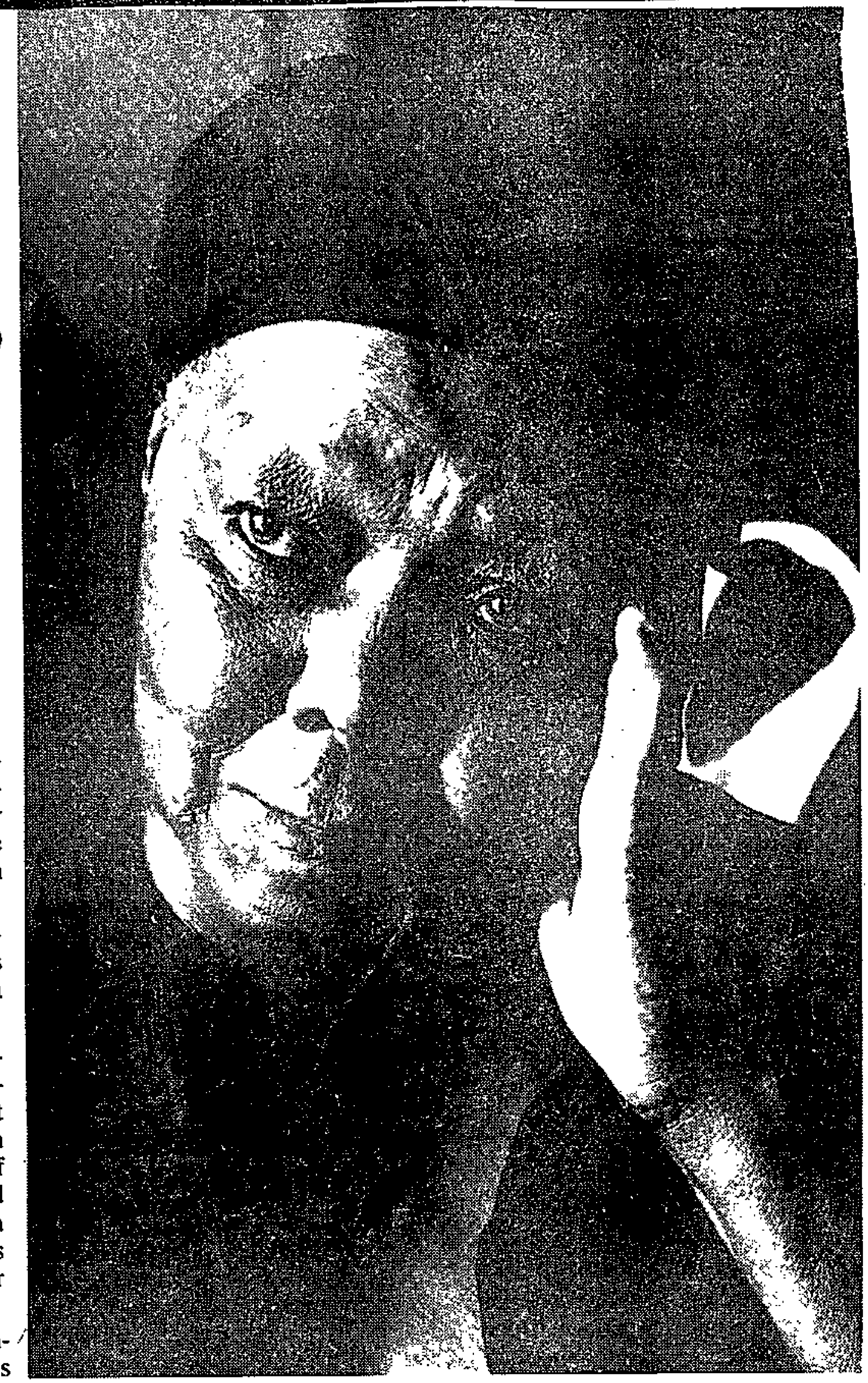
The anguish and misery that has ensued as a result of the error in her life is untold as she spent nights and days agonising what she would eat.

Her relative, pensioner Mrs Dorah Mashiyane (83) is now her source of income. She cannot afford both their expenses.

Mrs Dire said neighbours sometimes dropped in to leave a piece of bread.

An official in the department of Co-operation and Development pensions office in Johannesburg, Mr Jeff Knott, yesterday said his office would send a social worker to Mrs Dire to investigate her problem.

He would then consult with the pension's department in Pretoria to rectify the situation.



Mrs SIDAH Dire . . . officials say she is dead.
Pic: MOFFAT ZUNGU

Disabled detainees stripped of pension

18/1/87 CITY PRESS (~~329~~) (300)

By SOL MORATHI

DISABLED ex-detainees have discovered that their pension grants have been cancelled.

Two such persons, Josia Mathebula, 29, of Waterval Boven, and Jacob Malatji, 28, of Belfast, were released from detention just before Christmas, only to find that they no longer qualified for government disability grants.

Both were detained since June last year under the state of emergency.

Upon their release in November and December, respectively, Mathebula and Malatji discovered that their pension money had been returned to Pretoria and that their grants had been withdrawn.

Phineas Mojapelo, a lawyer acting on behalf of Mathebula, said this week that his client has been receiving a R180 pension for the past eight years. The pension was paid by the Waterval Boven magistrate.

Mathebula was detained on June 16 and was released on November 16.

When he went to collect his pension, Magistrate DJ Barwise told him that his pension had been cancelled, he said.

Mathebula has been a polio victim from the age of 10 and cannot fend for himself.

Malatji, a cripple confined to a wheelchair, was also arrested on June 16 and released in mid-December, according to lawyer Bobby Blair.

Blair added that when Malatji attempted to collect his pension in Belfast, he was told by a court clerk that he was no longer eligible for a pension.

Department of Home Affairs spokesman CJ de Villiers this week confirmed that Mathebula and Malatji's pensions were withdrawn.

However, he said that their pensions might be reinstated if they reapplied and that they would possibly be paid pro rata for the period they were not in custody.

Josia Mathebula ... lost his pension
Pic: Themba Nkosi

Cape Times 20/1/87

Pension payouts cause problems for blacks

300

By ANDREW DONALDSON

WHAT does a black retired person have to do to get his pension?

Wait and wait some more. Blacks receive their state pensions bi-monthly.

It is a system that has been in operation for "20 years or more", but it is a system that a former Guguletu businessman, Mr Edward Tsopana, 77, wants changed.

"Why is it not possible for blacks to get their pensions every month like whites, coloured and other races?" Mr Tsopana asked.

The current system was problematic. Today's economic climate caused severe hardships with budgets — often resulting in penniless and starving pensioners.

"The government has already mentioned things are slowly changing. This is merely a call to the government to change the system to monthly instead."

The Department of Home Affairs' local representative, Mr L van Wyk, told the Cape Times: "There's no reason why it can't be changed, but payments have been bi-monthly for the last 20 years or more."

His department had been canvassing pensioners to determine suitable methods of payments — including directly into bank accounts, Mr van Wyk said.

There were problems, however, with blacks receiving their pensions at post offices — where white, coloured and pensioners of other races were paid.

"Apparently, the GPO has said it would be too much of a problem. And in any case, many of the post offices in the locations have all been burnt down," Mr Van Wyk said.

A spokesman for the Postmaster General confirmed there were "capacity" problems with post offices.

"The Department of Constitutional Development and Planning has made inquiries with us about black pensions. We were compelled to tell them about our lack of facilities and personnel," he said.

Mr Tsopana, who receives a pension of R188, is due for his next payment in mid-March.

ARGUS 21/1/82 BUSINESS (300)

Old Mutual chief calls on Govt for bigger concessions

'Lift limits on RA tax'

By DEREK TOMMEY
Finance Editor

RETIREMENT annuity legislation is in dire need of review, says Mr Mike van Greunen, general manager (individual life) of Old Mutual.

Investing in retirement annuity funds is one of the main ways which people who do not belong to a pension fund can make provision for their old age.

The Government even encourages this by allowing contributions to a retirement annuity fund, up to specified limit, to be exempt from income tax.

But while retirement annuities serve a valuable purpose their usefulness is declining because the tax-free contribution has remained unchanged for eight years, during which time the value of money has more than halved.

Therefore legislation regarding the extent of income tax relief on retirement annuity funds must be amended to meet the needs of consumers, says Mr van Greunen.

The Old Mutual believes that the legislation should be amended as follows:

- The current tax free limit should be increased from R3 500 to at least R7 500. Alternatively the Government should introduce an income related limit for those in 'retirement funding employment';
- The 15 percent limit on non-pensionable taxable income needs to be increased to at least 17,5 percent to provide some degree of parity with the total contribution rate payable under comparative pension funds;
- The limits applied to arrear contributions should also be increased to permit deductions which were not used during the preceding five years of assessment;
- The upper age limit for annuities must also be reviewed. At present the rules of an RA fund provide for the annuity to commence between the ages of 55 and 70, or earlier disablement.

"The current limit of R3 500 less deductible pension fund contributions (or R1 750 if greater) has remained static for eight years. This is the longest period without adjustment in the history of this deduction and happened at a time when we have experienced an average inflation rate in excess of 13 percent per annum," said Mr van Greunen.

nuities are people who do not belong to a pension fund and people who do belong to a pension fund but will have less than 30 years service with their last employer.

The incentive to invest in a retirement annuity is even greater if one pays a high rate of tax, has lump sums to invest and if inflation continues to erode savings and pension income.

Retirement annuity funds provide savers with a wide choice of savings plans. The Old Mutual's allows a member to vary the level of contributions and adjust the mix of capital accumulation and life cover to suit his changing circumstances.

As he gets closer to retirement he may, for example, reduce the level of cover to ensure maximum build-up of retirement capital over the last few years.

Automatic contribution increases can also be added at any time to maintain the real value of contributions. The member can also "top-up" the Flexi-pension policy with lump sum injections as required.

The tax relief was introduced to encourage private provision for old age. Since the early sixties the State has regularly increased the tax deductible limit in an attempt to keep pace with inflation but the extent of this encouragement has been significantly eroded over the years.

SUBSTANTIAL INCREASE

The time has come for a substantial increase in the amount of this deduction in order to restore credibility in the State's commitment to private pension provision.

"Immediate attention should be given to the above proposals to encourage private pension provision and to boost the dismally low level or personal savings in this country," Mr van Greunen stressed.

Retirement planning has never been more important than it is today and regardless of age or occupation, what one does today to build up capital for the future can make or break a lifestyle after retirement.

Two factors have significantly changed the need for active retirement planning. Firstly, it is no longer common to find employees staying with one employer for an entire working life. Statistics reveal that people going on pension have on average 15 years service with their final employer.

As the benefits derived from a company pension fund are partly determined by the number of years membership, it is unwise to regard a company pension as adequate when one has limited periods of service.

Mr Mike van Greunen, general manager (individual life) of Old Mutual.

Secondly, the ever-increasing high levels of inflation which have been experienced over the past few years have eroded personal savings. Pensions have been hit in the same way and a pension which is not inflation-proof soon decreases in real terms.

To prevent a drop in living standards upon retirement, it is imperative for people make other plans to accumulate additional capital for retirement.

TAX-EFFICIENT

A retirement annuity (RA) is a very tax-efficient way of doing this. An RA is essentially a private pension plan where the individual tailors his own retirement programme.

Among those who should invest in retirement an-

PENSION PAYOUT SCANDAL

(300)

2/1/87 SOWETAN

Elderly pay for receiving 'assistance'

By LANGA SKOSANA

SEVERAL pensioners have said they had to give "gifts" ranging from R1 to R5 to people processing pensions in order to have payouts speeded up.

A R2 note slipped into a reference book means the pension application will be put ahead of others. Those who have not made this "donation" may have to spend the whole day at the payout point, even if they arrived as early as 4am.

A senior official of the Department of Home Affairs in Johannesburg, Mr Jeff Knott, said he was aware of the practice and had been told by pensioners that they paid R5 each to a man who let them jump the long payout queues.

Bogus

He said there were also bogus welfare workers who charged pensioners for "assistance".

Mr Knott said his department employed three workers at each pay point to go round and help people who were unable to walk.

He admitted that the problem of racketeers was immense and not easy to solve.

The payout racket, which has been going on for years, is said to involve clerks, taximen and bogus welfare workers. They demand "gifts" for services such as the taking of fingerprints or helping the elderly jump the queue.

Angry

A paraplegic pensioner, Mr Abram Nzama of Jabulani Township, Soweto, said he was angry and disgusted that each time he went to draw his pension money he had to pay people employed to help pensioners.

Mr Nzama said he and other pensioners hired a car for R3 each on pay day. He said that when they reached the pay point, people employed by the Department of Co-operation and Development arrived to process their reference books and took their fingerprints.

"When they come back with our money," they demand R1 from each of us for 'services rendered'," he said.

He said what hurt him most was a remark he heard from one of the clerks that they were going to buy lots of liquor that day.

Disgusted

"I was absolutely shattered and disgusted that my money was going to be used in that way," Mr Nzama said.

Mr Nzama said he was prepared to set a trap so that the South African Police could arrest them.

Another pensioner, Mr John Mkhuma of Zola township, said he sometimes offered "gifts" of R1 to R2 to the people who were helping pensioners.

"It is expected of us," he said.

Mr Joseph Thabethe, a pensioner who was seen by a *Sowetan* reporter passing a R2 note to a clerk, said: "I'm just giving this man a Christmas present."

Gifts

He explained that the people who helped sort out their reference books deserved pensioners' "gifts".

Mr Knott said he had seen a taximan help pensioners jump the queue by loading them in his kombi and pretending they were unable to walk.

"This man had 15 people in his kombi and when we inquired we found that only one person was disabled. The man was charging each person sitting in that kombi R5."

Mr Knott said that soon after his officials had paid out the 15 people, the taxi man drove to the back of the queue and loaded another batch of 15.

Death of girl:

987 ARGUS 21/1/87

ARGUS 21/1/87 CITY/NATIONAL

EMERGENCY UPDATE

House set alight: Man burnt

PRETORIA. — A man received serious burns after a private home in Soweto was set alight, according to today's unrest report from the Bureau for Information.

The house was badly damaged. Another man was arrested.

In Zwide, Port Elizabeth, a man was arrested after he and a few others hurled a petrol bomb at a security force vehicle.

There were unrest-related incidents in three other SAP districts but there were no injuries or arrests.

- Permanent restrictions on funerals for unrest victims in several Johannesburg townships were issued in Pretoria last night.

Soweto divisional police commissioner Andries van Zyl imposed restrictions in Soweto, Diepkloof, Meadowlands and Dobsonville.

According to the orders, only 200 mourners are allowed at a funeral.

The orders also include a ban on holding without police permission a funeral for someone who died during "security action" or unrest; holding a funeral out of doors or using a public address system; and displaying placards or flags. — Argus Correspondent and Sapa.

Howa row: Ganief succeeds Dawood

By LENNIE KLEINTJIES
Sports Staff

ABDULLAH GANIEF, a long-serving member of the Western Province Cricket Board, has replaced Ebrahim Dawood as manager of the board's Howa Bowl team for this weekend's away match against Eastern Province in Port Elizabeth.

This was announced by the chairman of the board's interim committee, Mr Neville Hartle.

Dawood and fellow selectors A L "Lefty" Adams (convener), Adam Sobotker (vice-president) and Ebrahim Dollie resigned as selectors in support of ousted board president Mr Hassan Howa.

Ganief also served on the selection panel but has chosen to remain with the board, although the panel had a code of ethics which said that if one selector was axed all would go.

Mr Howa and his executive were put out after a vote of no confidence at a meeting of the board on Sunday. The action stemmed from Mr Howa's recent talks with Dr Ali Bacher of the South African Cricket Union.

Dawood as manager of the Howa Bowl team and Adams as coach built up a fine spirit in the squad. The team is unbeaten after three games.

Adams, a shrewd cricket tactician, was also axed as coach of the side and his position has not yet been filled. Team captain Saait Magiet will take over training until a new coach was appointed.

ARGUS 21/1/87 300

New monthly pension payout

JOHANNESBURG. — From April pensioners will be paid monthly and from banks and building societies, the Department of Development and Planning has announced.

Present payout points which can handle monthly payments will be retained for those pensioners who want to continue collecting their money from these points.

However, pension vouchers will still be made available to those offices which cannot process monthly payments and continue to pay pensioners two-monthly.

The move comes after criticism from the blacks about the present system. Pensioners have been waiting in long queues for money each month.

Mrs Eunice Manana, a pensioner from Orlando East, died on Monday, apparently from fatigue after standing in a queue for about five hours. — Sapa.

Cape Times 22/1/87

Pension payout scheme welcomed

300

Own Correspondent

JOHANNESBURG. — Black leaders have welcomed the government's move to pay pensioners of all races monthly and through banks and building societies. But they said parity on payments was equally important.

The Department of Development and Planning has announced that from April or May all pensioners would need only to submit their bank account numbers to the department and money would be deposited into these before the 10th of each month.

Under the present system black pensioners get their payments once in two months and have to stand in long queues.

Black pensioners are currently receiving R194 after two months, whereas whites get R198 a month and coloured people and Indians R135 monthly.

The National African Federated Chambers of Commerce (Nafcoc) executive director, Mr S M Kubheka, welcomed the move, but said he hoped banks would speed up payments and called for parity "as we are paying the same tax ..."

to 12, with nominated members ... plicated. — Sapa-AP.

Pension pay-out move hailed

23/1/87 BUS DAY 300

THEO RAWANA

BLACK leaders have welcomed government's move to pay pensioners of all races monthly and through banks and building societies — but they say parity on payments is equally important.

The Department of Development and Planning has announced that from April or May pensioners will need only to submit their bank account number to the department and money will be deposited into accounts before the 10th of each month.

Under the present system, black pensioners get their payments every two months and have to stand in queues at payout points before being paid.

A Soweto woman died on Monday after queuing for five hours.

Black pensioners currently receive R194 after two months, whereas whites get R198 a month and coloured and Indian pensioners R135 a month.

National African Federated Chambers of Commerce (Nafcoc) executive director S M Kubheka has welcomed the new payment move, but hopes banks will speed up payments to avoid long queues.

"It must also be realised that pay parity for all races is very important, as we are now paying the same tax. In fact, blacks are putting in more money into SA's revenue by virtue of their bigger numbers.

"Nafcoc also hopes the new measure applies to the homelands, as it views SA on a broad spectrum."

Civic leader Dr Nthato Motlana says the black community is grateful that, after years of representation on the question of pensions, the message has finally got through.

But there will be a shout of joy only after parity of payments is introduced, Motlana says.

Department of Development and Planning senior State accountant M J Westhuizen says the homelands of KaNgwane and QwaQwa are already paying pensioners monthly, and others are likely to fall in line in April.

"But they must decide for themselves. It is only in KwaZulu that there seem to be problems," he says.

Retired politicos get R2 400 monthly — and you?

Pensions — the yawning gulf 42 94

300

Star 28/8/87

Unlike most members of private pension funds, former political office-bearers receive their pension and gratuity at any age and despite the reason for leaving politics — as long as they have served seven-and-a-half years in Parliament.

An ordinary MP with a R58 050 annual salary will receive an annual pension of R29 025, PAYE taxable — about R2 400 monthly — plus a gratuity of more than R43 000 if he retires at this stage.

Old age pensioners qualify for aid at 65 for men and 60 for women if they conform to a means test and have no other pension or grant.

of the salary in the 15th year of service — are awarded after 15 years of service. Remunerations are calculated on the basis of 6,67 percent of annual salary for each year of service.

Private pension funds pay on average only two percent of the salary average over the last three years for each year

The gulf between state pensions for retired parliamentarians and those for old age pensioners has been highlighted by the recent wave of resignations from Parliament. JANINE SIMON reports on the pensions each receive. Phone Speak Out! tonight on (011) 834-7747 between 5.30 and 7 pm to give your views on the subject.

Whites get R198 monthly, Coloured people and Indians R135 and blacks R97.

The last increase in pensions, R18 a month for all races, was announced in the 1986/87 Budget and was implemented on October 1. It helped take annual expenditure on social pensions from R150 million to R170 million and amounted to a 10 percent increase for white old age pensioners and a 22 percent increase for blacks.

Political office-bearers pay seven percent of their salary as contributions to their pension 95 96
— but only for 12 years. Cabinet Ministers pay the seven percent on their ordinary MP's salary of R58 050 and not their R114 930 annual pay. 97 98 99

Full pensions — 100 percent of service — which amounts to between 60 and 80 percent of the final average salary. 100 101

Gratuities for ordinary members of Parliament are calculated at roughly double the rate of their pensions with service limited to 20 years — which means that, after 20 years, an MP collects almost R155 000 gratuity. 44

A Cabinet Minister earns this gratuity, plus a further amount for the time he served as a Minister based on the Minister's salary. 102 103 104

The new salaries for politicians, announced in last July, meant salaries and allowances rose by between 22 and 35 percent — increases which directly affected pension and gratuity benefits. 105

Being an MP: cost is high, says Raw

Mr Vause Raw

MPs say that life after Parliament is not as rosy as it is made out.

Many say they leave well-paid jobs for politics ~~and qualify for~~ pensions and gratuities only by serving for 7½ years and facing two elections. Only if an MP lasts 15 years or longer will he retire on full pension.

The former leader of the New Republic Party, Mr Vause Raw, said pensions became "decent" only after the salaries of parliamentarians were increased about five years ago.

He said the present salaries of MPs were hardly enticing to a young person wishing to enter politics, particularly when faced with the expenses of elections and running a constituency and two households.

Progressive Federal Party MP Mr Alf Widman said views on pensions were "personal" and depended on one's station in life.

"The young man who has not worked outside Parliament, and built up a different source of income, has a different view to one who has," he said.

Only veteran MP Mrs Helen Suzman has outlived Mr Raw in Parliament. When he announced his retirement recently after 31 years in politics, his estimated R58 000 annual pension and R155 000 gratuity payout made headlines.

Mr Raw had this to say: "I've been in Parliament for 31 years and I've contributed to a pension fund for the required years. I think after this time in public service I'm entitled to reasonable security.

"When I started I had been earning double my parliamentary salary in business.

"In Parliament you live off the smell of an oil rag. It costs a fortune to run a constituency and keep an office going. My gratuity will pay my debts.

"In no other job do you have to reapply for your position on average every four years — at a cost, today, of R25 000 to R30 000.

"And unlike the private sector, MPs don't work for one company from the age of 21 to 65. Most only get there in their 30s, and the average term is seven years, which is less than the 7½ years needed to qualify for the full pensions benefits.

"An independent commission has found our pensions to be in the lower half of those of the private sector with similarly responsibility tasks.

"I feel deeply for the State old-age pensioners, but the truth is they didn't provide for themselves. South Africa is going to be bankrupt if we don't do something about making people provide for themselves."

Pensioners: innocent victims of inflation 106 107 108

Mr Jack Brown

110

Most inflation-hit pensioners spend more on rent than on food and often survive only with the help of relatives or welfare agencies, says Mr Laurie Starfield, director of the Johannesburg Association for the Aged (Jafta). 111

"Pensioners are the innocent victims of inflation — they can't ask their boss for a raise," Mr Starfield said. 112

He argued that current pensions should at least be inflation-proofed. Last year's increases came in the face of 18 percent inflation. 113

Pensioners, as adults who had worked for most of their productive lives and had, directly or indirectly, contributed to taxes, were entitled to more than the current state pensions. 114 115

Many pensioners told The Star that if the Government could spend in areas such as education and defence, then why could it not spend more on pensions. 116 117 118

In reply a spokesman for the Department of National Health and Population Development said defence was a priority which could not be compared to pensions. The State President's office determined policy and pensions were reviewed and adjusted annually.

Little sympathy was expressed by politicians and sources in life assurance industry for those aged who, through "financial foolishness", had frittered their pension savings and found themselves dependant on the State.

But for those who have been denied access to a pension fund, or who were forced to use their accumulated savings for a financial crisis, the argument was that R97 - R198 a month was, at best, minuscule.

MPs contacted said the situation of the aged was "ghastly" but could offer solutions only for the future.

The most important was to convince South Africans of the need to provide for themselves, to encourage saving and to enforce preservation of pension funds — which means that an employee may not draw on his pension funds until retirement.

● Johannesburg state old-age pensioner Mr Jack Roland Brown (69) lives in a welfare institution which subsidises his board and lodging. He said:

"My R198 monthly allowance is grossly unfair. I only survive with financial help from a relative and others. I could perhaps come out if it weren't for the medical costs, but I would have to be very careful.

"I think they should pay properly if we worked in our time. If they can find money for all the other developments why not for pensions?"

Flats for retired people available soon

Star 300 29/1/87

By Olga Horowitz

Johannesburg's Rand Aid Association, a non-profit welfare organisation concerned mainly with the care of the aged, will soon build rental flats for retired old people.

The new complex, next to the Edenvale Hospital, will be called Tarentaal Village. It will have 48 one-bedroomed flats for couples and 144 bed-sitters for people living alone, and will be a boon for pensioners who cannot afford to buy housing in retirement villages.

The accommodation is designed mostly for single pensioners with a monthly income of up to R600, and R1 200 for couples who are still fit enough to care for themselves but who wish to live in a complex where services are available.

This type of accommodation is desperately needed in Johannesburg where hundreds of old people live lonely lives in bleak and usually inhospitable lodgings.

The bed-sitters will cover about 45 square metres — 50 percent above the housing code specification. They will have a fitted kitchen, except for a refrigerator, a bathroom, a bed-sitting room with built-in cupboards and a veranda. There will be similar accommodation for couples with the addition of a separate bedroom.

MEDICAL COVER

Facilities at Tarentaal will include a community hall, transport to shops, coin-operated laundry, and a main meal at a nominal charge. It is hoped that, with the co-operation of the more active residents or local service organisations, there will be a little supermarket and library.

Emergency medical cover will be arranged.

Rand Aid's Bramley House will provide sick bays until the time the Tarentaal geriatric home is built. This home will include physiotherapy, a chiropodist and hairdressing at reasonable prices.

Emphasising that the flats were for rental only, Mr Ron Smith of Rand Aid said it was difficult at this early stage to assess the monthly levy which includes rent, maintenance, service, electricity and water but it would not exceed about one-third of income.

Rand Aid runs a home and a place for frail aged people in Bramley, Jordan House in Newlands, and Northlea and Reid House at Wedge Gardens, Edenvale.

People anxious to live in Tarentaal Village should write for details to Tarentaal Village, Rand Aid Association, Box 89912, Lyndhurst, 2192.

Those who have already received official housing assistance forms and have not yet returned them should do so urgently if they still wish their application to be considered.

Planning in depth for post-retirement

By FRANCOIS MARAIS assistant general manager of Sanlam

[WH]EN considering retirement annuities, one tends to [con]centrate mainly on the first part of such a contract, [nam]ely the period up to retirement.

[T]he appropriation of the proceeds of the policy after [reti]rement is unfortunately often ignored and seldom is [eno]ugh attention given to the fact that decisions made on [the] maturity date of the policy can make a substantial [diff]erence to the total pension to be received from that [tim]e for the rest of one's life.

[B]efore discussing the post-retirement period, let's look [bri]efly at the most important aspects prior to retirement. [O]ne should choose the assurer from whom the best [inv]estment growth can be expected — not just in one year, [but] in the long term. (Independent comparisons regularly [rev]eal that Sanlam is a leader in this field.)

[T]he next step is to select an RA product that offers [ma]ximum flexibility.

The One RA", Sanlam's universal retirement annuity, [is a]n example of great flexibility. It is able to provide for one's retirement needs and changing circumstances. [O]ne can, for example:

☐ adjust the contributions at any time to keep pace [wi]th changing needs;

☐ make additional single contributions whenever it [sui]ts one;

☐ combat inflation by regularly allowing the contributions and benefits to expand;

☐ adjust the level of life cover for a given contribution. (Cover can, for example, be retained in full even if contributions are decreased for any reason. In the same way the life cover can be increased without having to adjust the contribution — if one is still healthy and did not initially choose the maximum cover);

☐ adjust the level of disability cover for a given contribution;

☐ retire whenever one chooses between the ages of 55 and 70; and

☐ retire gradually (the benefits do not have to be taken on predetermined dates only).

"The One RA" also offers all the usual features one would expect from a retirement annuity policy. There is a choice between investment portfolios, namely either the Market Value Investment Series where one shares directly in the full investment growth as it varies according to market conditions, or the Stable Investment Series, where a less volatile investment bonus is declared to protect one against market fluctuations.

When taking out a retirement annuity, one can never be really sure which company will have the highest proceeds available at retirement. The various life assurance companies' history of actual payouts is consequently a popular criterion to help in one's choice.

But when retirement occurs one is once again faced with a choice of assurer, and this time there could be no doubt in one's mind. It is most important to be fully aware of the following:

One may take up to one third of the proceeds of the policy in cash (tax free up to at least R120 000). The remaining two thirds must be used to purchase a pension — and it does not have to be purchased from the assurer with whom one had the policy. One can shop around at all the other assurers in order to obtain the best pension rates. It is therefore vital to buy the pension from the assurer who offers the highest pension for the purchase price — provided one can also expect good service from that assurer.

It is essential that the correct pension choice be made at retirement since this choice is final.

Sanlam helps its retirement annuity policy-owners by providing each of them with a brochure before retirement. The brochure (which is available free to the public) contains detailed descriptions of all the available types of pension that can be selected. The following are examples of what has to be considered here:

☐ does the pension have to be gauranteed for a certain period or not?

☐ does the pension have to remain constant to grow annually?

☐ does the pension have to be payable up to one's death or up to the death of the surviving spouse?

☐ does the capital with which the pension is purchased have to be retained for one's dependents?

All these questions as well as various combinations of them have to be considered.

A considerable amount of investigation, thought and planning is therefore necessary before an individual can choose a pension that best suits his personal circumstances. Sanlam ensures that all this information is made available to its policy-owners.

To conclude, I have the following advice (extracted from the brochure) for those who have retirement annuity policies and who are due to retire shortly:

☐ Choose a pension with annual growth. Even if it starts off lower than a fixed pension, the growth enables it to overtake the fixed pension eventually. And the longer one lives, the bigger the difference. It therefore protects one against the risk of living too long and against the dangers of inflation — especially in the long term. It is also a way of spreading out one's future tax liabilities. (Initially, when one may still have other sources of income, the pension is lower than a constant pension. Later on, when other sources of income may have dried up, it will be higher than the fixed pension would have been.)

☐ Consolidate different retirement annuities if possible. In other words, have the same retirement date apply to all of them and use the total proceeds to buy one pension from the assurer that can guarantee the best pension rates. In this way the administration is cheaper and one can be offered better value for money.

Multitude of options for maturing funds

01/31/87 (30C)

By NIGEL WHITTINGHAM Metropolitan Life Limited

[H]OLDERS of retirement annuities face two fundamental choices when they retire and their RAs mature.

[T]heir retirement funds, which have been building up over the years, become available to them as a monthly pension. Alternatively, they may elect to take a "one-off" cash lump sum with a consequent reduction in their pensions. However, hidden in this statement are metres of red tape, tax implications, a multitude of options and a need for accurate and correct planning.

[N]aturally, certain formalities must be complied with, before cash lump sums and pensions can be paid out at maturity. Typically, these would be:

- A letter advising the insurance company of the selected option.
- Proof of age.
- An IRP2 form (for the Receiver of Revenue).
- A completed claim form.
- Where the lump-sum cash option is selected, an application for a directive for a tax deduction (this is for the Receiver of Revenue).

Ask for help

[P]erhaps the best advice one can follow here was purchased. An "untied" annuity option means that one can shop around to establish which insurance company would pay the largest monthly annuity on one's retirement fund.

Most annuity options are "untied" and therefore it would be wise to consult an insurance adviser to receive the best deal going at the time. It should be noted though, that whether tied or untied, it is compulsory to invest a minimum of two thirds of the RA fund in an annuity of your choice. This is termed a "compulsory annuity".

The other option is whether or not one elects to have an annuity paid for a guaranteed period. Here, the bottom line is that the longer the guaranteed period, the smaller the monthly pension. The

Very simply, cash lump sums received at retirement from retirement annuities are tax-free up to certain limits. Compulsory annuities (your pension) are fully taxable as income in your hands.

Up to one third of the accumulated fund may be taken in cash. Of this, the greater of R120 000 or R4 500 times the number of years one has contributed to the fund may be tax-free. It should be noted that these are the maximum tax-free amounts, and this tax-free concession applies to lump sums from pension funds, retirement annuities and provident funds. together. Lump sums paid on retirement from deferred compensation plans are tax-free up to R30 000. This tax concession is in addition to the tax-free concession granted on retirement annuities, monthly annuity received will be partly tax-free.

As I have already pointed out, the compulsory annuity received is taxable in full. It is therefore always a good idea to take the cash lump-sum option, which will reduce the taxable compulsory annuity by a third, even if this cash is used to buy a volutary annuity which will be partly tax-free.

Inflation becomes even more onerous after retirement because retired people tend to have relatively fixed incomes. However, this can be countered in a number of ways, one of which is to buy an escalating annuity which increases annually.

There is a slight gamble involved here in that the longer one lives after retirement the greater will be the benefit. If one dies shortly after retirement one might have done better with the larger fixed annuity.

Staggered stages

Another way of dealing with inflation after retirement is to buy retirement annuities which mature at staggered stages into retirement, thus increasing one's income from time to time. A particular benefit of this approach is that one could continue to save tax by paying premiums on retirement annuities still to mature, these being an allowable deduction from income.

Careful planning ensures you retire in style

By GEOFF LONDON of Colonial Mutual

THERE is no magic figure which, if invested, will solve all your retirement problems. The amount you should invest depends upon a number of factors.

A. The level of benefit you require.

Retirement benefits are best expressed as a percentage of your income. The greater the income you wish to provide at retirement, the more you will need to save.

Benefits as a percentage of income, 25% 50% 75%.

Contributions as a percentage of income 5% 10% 15%.

From the above it can be seen that if you are simply topping up your pension from a pension fund, a contribution of 5% of your income should provide you with a benefit of about 25% of your income after retirement. However, if you are looking to provide a full pension of 75% of your income at retirement, you must contribute about 15% of your income.

B. The period over which you save.

The period over which you save is crucial. The proportions in the above table assume you save over a 40-year period (from age 25 to age 65). These proportions, however, increase dramatically if you cut down on the term over which you save, as is illustrated below:

Savings period 30 years, percentage increase in Contribution +60%.

Savings period 20 years, percentage increase in Contribution +175%.

It is quite clear that the earlier one starts to save, the better. A 10% contribution from age 25 would have to become a [...] must be provided for your spouse after death, the contributions must be increased by 20%.

The above proportions are based upon GrowPlan contribution rates and provide an income after retirement. This income is adjusted annually in line with inflation, both before and after retirement. One can provide retirement benefits which do not keep pace with inflation at considerably lower contribution rates.

A 60% reduction in contributions alone can be achieved by removing the annual inflation adjustments after retirement, but [in] a [pen]sioner you will have to cope with [...]

...er for help.

As I have already pointed out, the two basic options at retirement are either to draw a pension only from the retirement fund, or to take one third of the fund in a cash lump sum, drawing a reduced pension with the balance. The one-third cash lump sum is usually tax-free.

However, there are various other options available. Again, I would advise that you make contact with your broker or insurance adviser, who will ensure that the wisest decision is made for your particular situation.

Among the options likely to be faced are whether the annuity should be tied or untied. A "tied" annuity means that the annuity must be paid by the insurance company from which the original policy ...

...e only, guaranteed for five years and life thereafter, guaranteed for 10 years and life thereafter, and guaranteed for your life and that of your spouse. The guarantee for life only will pay the highest amount while conversely, the guarantee for joint lives of you and your spouse will pay the smallest amount.

An interesting way of preserving retirement capital after death while, at the same time, drawing the greatest monthly pension possible is to simultaneously take an annuity guaranteed for life only and a life policy with life cover equal to the retirement capital used to purchase the annuity. The net result of this option is that on death the annuity will cease but your dependants will receive the proceeds of the life policy.

... the cash lump ... the maximum tax-free amount allowed, the excess will be taxed according to a formula which has the effect of taxing the excess at the taxpayer's average rate of tax and not the marginal rate.

The average rate is determined with reference to the taxpayer's taxable income at the date of retirement. It is therefore advantageous for the taxpayer to arrange his retirement date on the first day of a new tax year rather than the last day of a tax year, as the rate of tax on the excess of the tax-free amount is likely to be much lower.

The reinvestment of the cash lump sum in a voluntary annuity is a further option. If the lump sum is used to buy a voluntary annuity to provide additional income, the annuities are ... they can be part-matured in stages while contributions are still being paid in respect of the unmatured portion of the plan.

Retirement planning is not something to be taken lightly. It is a complex subject and requires a thorough knowledge of pension funding, insurance funding and the Income Tax Act. It also requires planning on an ongoing basis, throughout the years to retirement, and from retirement into those "golden years".

The need to seek professional advice cannot be stressed too strongly. As I mentioned at the outset, your insurance adviser or your broker is best suited to help you. You could do no better than to consult with him.

contribution from age 45. Clearly if you leave it too late you will not be able to save enough for retirement.

C. The age at which you retire.

The proportions given above are based upon a retirement age of 65. If one wants an earlier retirement age, the period over which one saves is automatically shortened, pushing up the contribution level significantly.

D. Sex of the saver.

The figures quoted above are for a male. Where the saver is female a 15% increase in contribution is required as females generally live longer than males.

E. The level of benefits required for your spouse.

The above figures are to provide a pension for the saver. If an income of say half ...

In our view these types of plans do not do the proper job of providing a certain standard of living to pensioners after retirement and should be avoided. If a retirement annuity is based upon current annuity rates, it is such a plan.

● GrowPlan, launched in 1985, has been designed so that the amount invested every year — and the benefits — grow at the same rate, in line with inflation.

When declaring its inflation dividend rate each year, Colonial Mutual looks at price inflation (as measured by the Consumer Price Index) to ensure that contributions remain affordable. In addition, to make certain that GrowPlan is suitable for people, whatever their level of income, each of the various income groups of the CPI is considered.

Tax and other RA advantages

By THEA HEUNIS

THE tax advantages of RAs have always been a strong selling point and at this time of the year a very immediate one. Who, after all, is going to pay a hefty tax bill when he can reduce it by contributing to an RA fund and can actually secure a sound investment and have the Receiver of Revenue contribute towards it?

Even better, as his income increases so does his tax saving! However, the aspect of tax-saving often overshadows the other advantages of belonging to an RA fund. A brief resumé of these could refresh your memory and provide you with more reasons to buy one.

Two subjects which crop up with alarming frequency in conversation nowadays are those of emigration and insolvency.

On insolvency a member's monies are protected from his creditors irrespective of how long he has been contributing (unless this was done to defraud creditors) and irrespective of how much he has contributed.

On emigration he can have his annuities paid out overseas. This is an important aspect as it is often used as an objection, the client stating that he does not want to tie his capital up in case he wishes to emigrate.

Once he has taken his settling-in allowance, he can transfer monies via an annuity. (Exchange control must be satisfied as to the fact that the RA was taken out in "normal course of events" and he must, of course, be 55 or older before he can transfer the annuity.)

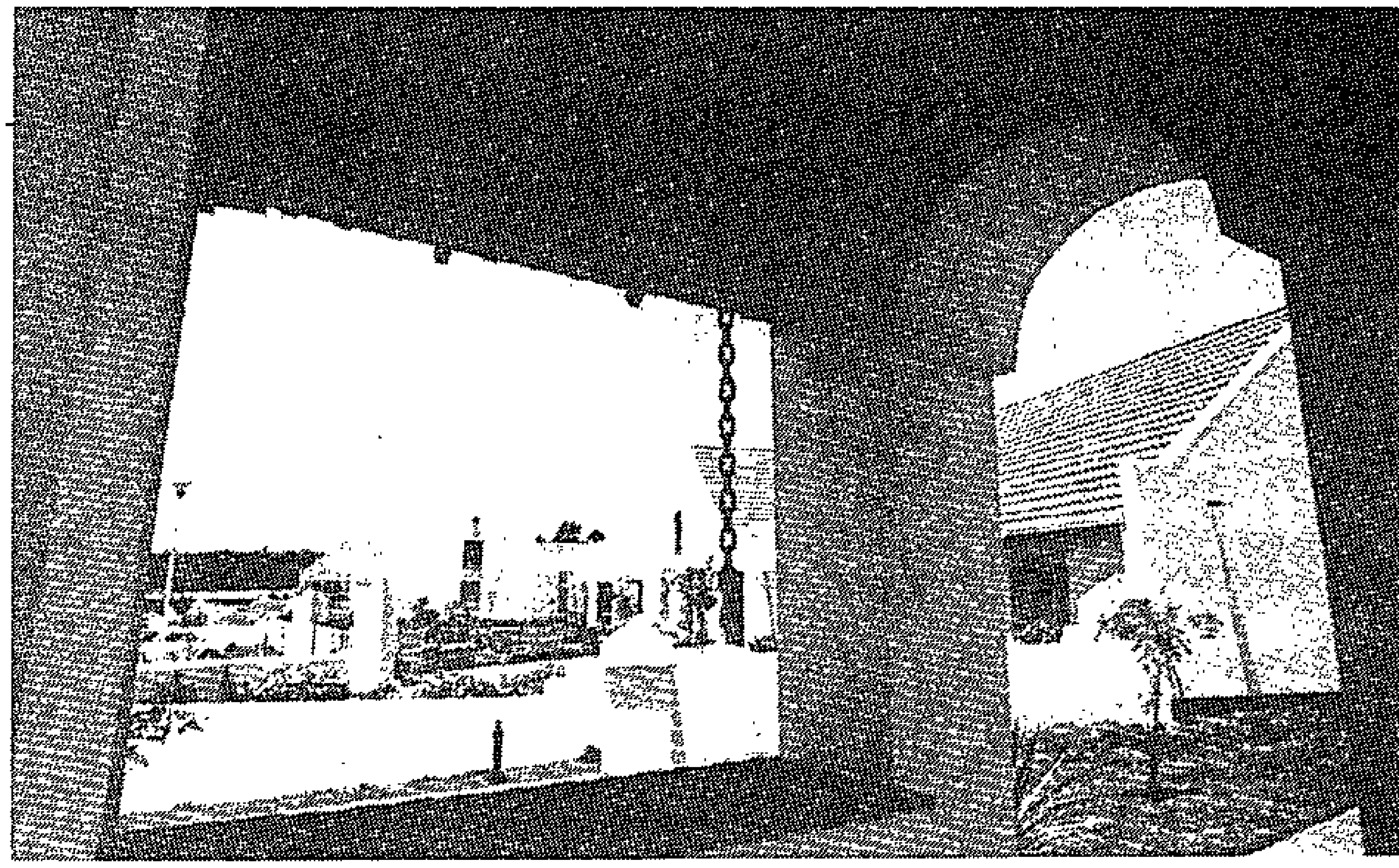
Other advantages are that the member can vary his contributions from year to year. He can also cease contributions if his circumstances change. As RAs are not subject to the Sixth Schedule's stringent rules, the tax advantages are not lost.

Another factor to consider is that the retirement annuity is a safe means of saving for retirement income. The benefits can only be drawn at 55 and the policy cannot be pledged or ceded as security for a loan. Although this may not be perceived as an advantage immediately, the long-term security which it provides is important.

Finally the member of a retirement annuity can plan to "retire" in stages — the full proceeds of the annuity do not have to be drawn at once. This is important when the present inflation halves the buying power of money in just over four years. The member can draw his benefits over a number of years and thereby increase his income to cope with inflation.

Of course, the most important advantage is that the member will be able to retire financially secure. It is not only the self-employed who need RAs — employees who belong to pension funds need to bridge the "income gap" which exists on retirement.

FM 6/2/87 (300)



Retirement villages . . . old folks at home

RETIREMENT VILLAGES

Age old problems

Retirement villages, as we know, are all the rage right now. The potential market is said to be more than 100 000 couples over age 65 and developers like LTA, CG Buchner, Retail Property Projects and Metboard have wasted no time in staking their claims.

The rationale is that there are many senior citizens prepared to pay a good deal more than the going rate asked by traditional suppliers of housing for the aged like government and foundations set up by churches or charities.

One matter still to be resolved is whether government, which appointed a Committee of Inquiry to look into such schemes, will recommend legislation to control activity in retirement schemes.

There have been calls from consumer groups for some form of control since a few developers failed to produce what they had offered in their sales campaigns. In some schemes promises of frail care centres and other facilities have never been fulfilled. In others, developers have used deposits to proceed with additional phases without providing all the facilities promised in the initial sections.

The first report of the committee has been presented to government, which has yet to respond. Although details of the report are still confidential, there is known to be a strong lobby against introducing specific legislation to control retirement developments.

The argument is that while there have been abuses, these could easily be controlled under existing legislation. One problem has been that many of the schemes have been sold in terms of loan schemes which leave sellers free to use the money as they like. Clearly there are inherent dangers — and added sensitivity when it comes to the aged.

That, however, could well be taken care of through amendments to other legislation. In the past, consumer legislation has led to price hikes as developers have had to pass on the increased cost to buyers.

Don Goodey, chairman of Sapoa's specialist committee on the subject, and MD of LTA Building Projects, believes changes are most vital in the town planning attitudes of local authorities.

His committee's contention is that the South African system of density zoning of units per hectare should be changed to the European method which works on the basis of people per hectare.

The SA system, he points out, could allow, say, 10 people to live in a house and a much higher ratio of people per hectare.

With older people, there is far less likelihood of many people living in a unit. So densities — or number of units per hectare — should be increased, he argues.

Further, Goodey says local townplanners should be more flexible with retirement villages by permitting the inclusion of convenience shops.

"Planning must be tailored in these instances to suit the requirements of the elderly," he says.

He reckons the industry is clearly divided into two distinct sectors — public and private. On the public side, all such developments, most of which would fall under the category of old-aged homes, have a 100% occupancy rate and cater mainly for the indigent.

But there is a growing need for villages for people of over 55 who are still active and even working. These people, he points out, don't like the "old aged home" connotation but like the idea of living alongside their peers.

Statistics show that there were 1m over-65s in 1980 and the percentage of whites in this category — 7,8% — was higher than other race groups.

By the year 2020, Goodey says, this percentage will have risen to 12,6% — 850 000 people. ■

Treason trial told of tactics to win votes

6/2/87

DELMAS — The Delmas treason trial was told yesterday of town councillors who withheld blankets intended for distribution to pensioners during winter and then handed them out just before elections in summer.

The blankets were distributed by councillors eager to win support from voters, one of the 19 accused, Mr Bavumile Vilakazi, said.

Mr Vilakazi said a number of bottle stores in the Vaal complex area had been acquired by councillors and companies in which the councillors had shares.

The accused, all members of the UDF, face charges of attempting to overthrow the state, promoting the use of violence and of being party to the deaths of civic councillors in violence which broke out in the Vaal townships in 1984.

The Vaal Civic Association (VCA) had not adopted the freedom charter up until the time of his arrest in 1984, Mr Vilakazi said.

During his evidence yesterday, Mr Vilakazi told the court apartheid divided people from one another and that apartheid was the enemy of everyone in South Africa.

"Revolution, when used in the context of the UDF, refers to total rapid change," Mr Vilakzi said, re-affirming his position that the UDF was opposed to the use of violent means to bring about political change.

The second defence witness, Mr Naphtali Nkopane, told the court yesterday about a Sebokeng meeting held in January, 1982, which was adressed by a councillor who carried a gun and became abusive when shouted down by the audience.

The trial continues today. — Sapa

(360)

New pay scheme

What pensioners should do

BLACK pensioners throughout the Transvaal wishing to get their pension pay from banks or building societies, when the new pay scheme starts in April must contact special social workers and community organisations who will help them fill in application forms.

At the same time they have been warned to be on the look-out for crooks who may want to charge them a fee for filling the application form.

A social worker attached to the National Council for the Care of the Aged, Miss Khosi Lisa, said an application to get money from a bank or building society was ABSOLUTELY FREE.

At a Press conference held in Johannesburg at the weekend, social workers from the National Council for the Aged announced steps to be followed by pensioners when applying.

By LANGA SKOSANA

The forms to be filled have been dispatched to various welfare groups and social workers in various townships. People who experienced difficulties in getting forms should telephone the council at (011) 23-6146 and speak to Mrs Margeret Sebatlelo.

Numbers

What is required from each pensioner are identity numbers, pension number, bank or building society branch to which he/she wishes the money to be sent and bank account number.

Some people may wish that their money be deposited in a savings account, others may want it in a current account while some may wish that it be paid into a transmission account.

Each pensioner will decide which account he wants his money to be paid into.

The following are a number of points in some townships which people can go to apply.

Pretoria:

Mamelodi (a) Town council welfare section. Telephone 805-4011.

(b) Room 1, Old Administration Offices near post office in Mamelodi-West.

(c) Local banks and building societies.

Soshanguve: Contact person Mrs M Madiope Telephone 01214-2233.

Witbank: Mrs Zodwa Mahlangu Tel 01351-2416 or Mrs Pat Naves 01351-961064.

Warmbaths: Contact Mrs Sibongile Mahlangu 015331-2315.

Hammanskraal: Contact social workers 01464-2011/2/3.

Vosloorus: Mrs Faith Rankhumise 906-3603.

Also at the Vosloorus Poly Clinic, 31 Ditsego Street, Vosloorus (Monday to Friday).

Soweto:

(a) Leratong Club, AME Church Orlando East (only on Mondays) Social worker Mrs Nomhlobo Ndala 930-3544.

(b) Phologong Club, Chiawelo Centre, Moroka.

(c) Thabo Club, NG Kerk, Zone 4, Diepkloof.

(d) Tsakane Club, NG Kerk, Zone 2, Diepkloof.

e) Thembalethu Club, NG Kerk, Zone 6, Diepkloof.

(f) Thembalabaola Club, Lutheran Church, Zone 5, Diepkloof.

(g) Ethiopian Club, Ethiopian Church, Zone 2, Pimville.

(h) Nobubele Club, NG Kerk, Zola.

(i) Themba Labadala 2, Old Office (opposite Toby's Garage) Zone 6, Diepkloof.

(j) Ipelegeng Communty Centre, Contact Miss Khosi Lisa 930-3544.

(k) Ekukhanyeni Club, Presbyterian Church, Phomolong (only Mondays). Contact Miss Thandi Mazibuko.

(l) Thabong Club, Bapedi Hall, Zone 2, Meadowlands.

(m) Diepmeadow Town Council social workers tel 936-1416.

(n) Sizanani Club, Jabulani Club House (Mondays only).

(o) Abadala Club, Communal Hall, Orlando East (Tuesdays only).

(p) Ipopeng Club, Uncle Tom's Hall, Orlando West (Tuesdays only).

(q) Itegeng Club, St Augustine Anglican Church, Mzimhlope (Tuesdays only).

(r) Dube Club, Dube Memorial Chapel (near Maponya) Wednesdays only.

(s) Hamba Lula Club, Ipelegeng Community Centre (Fridays only).

Tsakane:

Miss Harriet Khanye, welfare offices, Tsakane tel 738-3003. Mrs Nomsa Mtsweni, Rockville Clinic, Tsakane tel 738-3603 (Wed. only).

Duduza:

Mrs Gladys Sitinana, Mohajane Street, Duduza tel 734-0911 or Welfare offices, Duduza Community Hall.

Ratanda:

Mrs S Moloi, Ratanda clinic 0151-3650. KwaThema Mrs A Mossi, Mrs J Malubane and Mrs M Kgadi all at KwaThema welfare offices.

Daveyton:

Mrs R M Dabula 735-1018 or 3254 Ramza Street, Daveyton or Lionel Kent Centre.

an. 4001 Port Elizabeth.

Springs. 1560

Use the R200-m to adjust pensions gap, says Reddy

10/2/87 Star (300)

PARLIAMENT — It was to be hoped that the additional R200 million allocated in the mini-budget for pensions would be used to address the present disparity between the races, the **Minister of the Budget in the House of Delegates, Dr J N Reddy**, said yesterday.

He was speaking during the second-reading debate on the Part Appropriation Bill.

WORKING

He said the concessions announced went some way to meeting the genuine grievances of working wives, but the reduction in personal tax was not as much as one would have wished.

It was important that it encouraged taxpayers with concessions so the tax base could be expanded and work opportunities increased.

Mr Reddy added that many people would be concerned at the decision not to reduce GST and he appealed to the Government to seriously consider a reduction in the main Budget later this year.

The additional sum voted for pensions should be used to address the disparity in pensions between groups in addition to improving the general level of pensions, he said.

Mr Mahmoud Rajab (PRP Springfield) referred to the slogan of "Forward with confidence" suggested by the State President, Mr P W Botha, at a meeting with business leaders last year and which the Minister of Finance, Mr Barend du Plessis, suggested could be a "rallying cry" for 1987.

It was ironic that Mr du Plessis should make such a remark when Mr Botha had just slandered South Africa's largest bank and its chief executive, Mr Rajab said. — Sapa.

PARLIAMENT

(360) 11/2/87

Pensioners' plight: govt 'uncaring'

B/Day

HOUSE OF ASSEMBLY — Government did not care that the savings of pensioners and other small investors were being "eaten up" by inflation and dwindling interest rates, Graham McIntosh (PFP Maritzburg North) said yesterday.

Speaking during the second reading of the Part Appropriation Bill, he said inflation had exacted a high price.

Pensioners who had small fixed investments were earning less income. Their cash was worth only 85% of its previous value when it came up for reinvestment.

"They (government) don't care. The wealthy institutions and individuals move their money into the stock exchange, but most of our people have to sit bewildered and increasingly angry as they see their savings eaten by inflation and the interest they hoped to earn doing nothing to enrich them."

Referring to the situation on the Ciskei border, McIntosh said government should explain what was going on. People were being prevented from returning home and were forming large queues at the border.

On the future of the Natal College of Education, McIntosh said Education and Culture Minister Piet Clase had decided to close it despite a widely supported petition from citizens. Clase had also refused to admit people of all races to the college, despite the eagerness of many Indian, coloured and black students to attend it.

The Minister had said he was "keeping his options open" on admission of other races and this indicated he was worried about a "reformist option", McIntosh said.

However, Clase's reply to queries from the KwaZulu Department of Education "gives the lie to the Minister's commitment to reform".

The reply to the query about accommodation of black students had taken the form of a copy of the Minister's Press release on the future of the college. — Sapa.

Cape Times 11/6/87 (300)

No pension details yet

THE R200-million voted in Monday's mini-budget for social pensions has yet to be allocated for spending. A spokesman for the Department of Finance said yesterday the respective ministers in the three Houses of Parliament would meet to discuss the allocation of the funds and an announcement would then be made.

380

PENSIONER'S ORDEAL

Youths and girlfriends take over 74-year-old's house, then burn it

THE peaceful life of 74-year-old Soweto pensioner, Mrs Wilhemina Mazibuko was shattered last year when youths took over her house and forced her to flee.

Today she wanders from place to place confused and bewildered. Her burnt-out house stands empty, her life-long possessions stolen or destroyed by fire. She begs for food.

By LANGA SKOSANA

She said her problems started about seven months ago when a gang of youths took over her Zola house where she lived alone.

This happened at the height of evictions in July. During this time gangs of youths moved from house to house ordering residents to switch off their lights so that police could not easily detect activists.

Lights

The youths picked on her house, she said, because she did not switch off her lights one day. She was harassed although she told them she was sick and had fallen asleep.

Mrs Mazibuko said the youths, aged between 18 and 20 years, moved in with their girlfriends, terrorised her, assaulted her nearly every day and warned her that she would be burnt alive if she reported them to the police.

"One of them said he would bring a truck full of tyres with which to burn me and my house.

"They made it clear that my days were numbered," she said.

She said she prayed and hoped that a member of her church would call but everyone, including her neighbours for nearly 30 years, looked the other way.

"Everyone seemed scared and did not want to get involved," she said.

Mrs Mazibuko said: "I had bought a new lounge suite and these girls and boys would climb on it with their feet and also trample anything that was in my rooms.

"The girls, who seemed drugged slept the whole day on my new sofa after a heavy night of revelry.

"During one of the night parties, the whole house shook because of the stomping of feet and blaring music. I could not believe my house was shaking in this fashion," she said.

She said the leader of the gang was a mean-looking boy who carried more than one knife with him. One of the knives, she said had a hook at the end of it.

Escape

She said she managed to escape on the day the leader of the gang had barricaded her bedroom door and said he would kill her that night.

Before the youths left her house they set it alight.

All her belongings, including R600 hidden in the house, were burnt.

"I have no money to repair it because I put all my savings into buying the house. I had also not insured it," she said.

Mrs MAZIBUKO stands in the shell of her four-roomed Zola house which was burnt by youths. Now she has no place to stay.

Butcher worried

A SOWETO butcher, who closed his business for a month after a number of break-ins last year, is worried by rumours that he closed

ley Butchery in Zone 8, Meadowlands, yesterday described the

who want to discredit me", he said.

Mr Rabotapi, who

He said he closed the shop last month to reassert himself after four housebreaking and theft cases last

Help for pensioners

SOWETAN Reporter

SEVERAL welfare offices have been opened in Soweto to enable pensioners to apply for new pension payout facilities. The announcement was made yesterday by the National Council for the Care of the Aged.

These facilities will enable pensioners to get their pension money at banks or building societies.

The council also gave the names of other centres on the East Rand.

In Tembisa pensioners should contact Mrs Nokuzola Mamabolo at Room C10, Emkhathini Health Care Centre (Clinic) on Mondays and Wednesdays at 10am.

In Katlehong pensioners should contact Miss Nono Maja at the Katlehong Old Age Home, 194 Maphanga Section. Telephone 909-1066. She can also be contacted at home at telephone 909-3328.

The Soweto centres are:

- Leratong Club, AME Church Orlando East (Mondays 10am);
- Phomolong Club, Tshiawelo Centre, Moroko (Tuesdays 10am);
- Thabo Club, NG Kerk, Zone 4, Diepkloof (Wednesdays 10am);
- Tsakane Club, NG Kerk, Zone 2, Diepkloof (Wednesdays 10am);
- Thembalethu Club, NG Kerk, Zone 6, Diepkloof (Tuesdays 10am);
- Thebalabaola, Lutheran Church, Zone 5, Diepkloof (Tuesdays 10am);
- Ethopian Club, Ethopian Church, Zone 2, Pimville (Fridays 10am);
- Nobubele Club, NG Kerk, Zola (Tuesdays 10am); and
- Themba Labadala 2, Old Office (opposite Toby's garage), Zone 6, Diepkloof (Wednesday 10am).

The council has said that pensioners applying for the first time for an old age pension or those people wanting a disability grant must acquire the new ID book and a savings account book before applying.

Sowetan 13/2/87

300

PENSION FUNDS

FM 13/2/87 (300)

FEATURE

The greying of the populace

While the world's equity markets (apart from Germany) are skipping through new records virtually every week, it may seem churlish to examine the gathering demographic clouds which threaten to engulf terminally those markets somewhere around 2020. Nonetheless a bull market — indeed, any equity market able to raise new capital — depends upon a healthy flow of new demand for equities.

On current trends, that demand starts to run out early next century. It seems only a few years ago that analysts were wondering where the great riches accumulated by pension funds would find a home; between now and the end of the century attention may switch to estimating when institutions will become net sellers of shares and who, if anyone, is going to step into the breach.

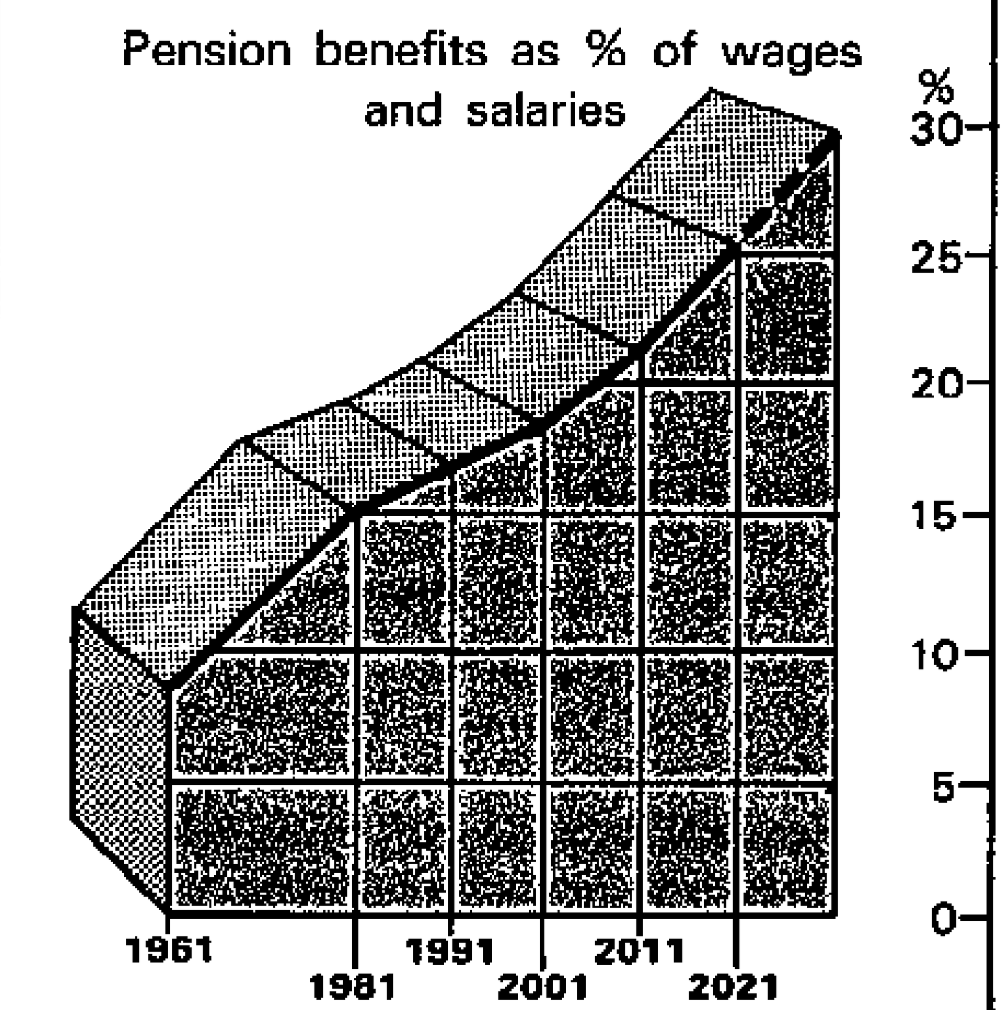
The demographic problem is easily stated. The UK government estimates the number of people of pension age will increase from 9,9m in 1984 to 12,5m in 2025, while working population stays almost static. Put another way, the ratio of pension contributors to beneficiaries falls from 2,3 in 1984 to 1,8 in 2025. A 30% increase in number of pensioners will place the flow of personal savings under pressure some time between 2010-2020; institutional cash flow into the equity market could be particularly vulnerable.

About two-thirds of annual personal sector saving is now channelled into life assurance and pension funds which together own about half all quoted ordinary shares. According to London stockbroker Philips & Drew the total cash flow (contributions and investment income minus benefit outflow) of UK pension funds and life companies was £18 billion in 1985 and will rise to £20 billion in 1986 and £21 billion in 1987. Out of those sums £5,7 billion was directed into new UK equities in 1985; it will rise to £7,5 billion in 1986 and £8 billion in 1987.

That accounted for 53% of company and government new issues in 1985 and should eat up 70% in 1987. So, unless institutional presence is maintained (or substituted) the UK market would quickly become merely a secondary market of declining value. External company financing, if possible at all, might revert entirely to the banking system.

There is no consensus among actuaries or economists when funded occupational pension schemes — most of which began life in the Sixties and Seventies — will strike balance between income and outflow. Several older schemes in the UK (and many more in the US) have already seen benefit payments outstrip contributions, but are so well padded by investment income, which has shot up in recent years, that they have not had to contemplate cutting into capital.

Rising costs



Unilever UK, for example, now receives contributions of £40m a year against benefit payments of £60m, but in 1986 the outflow was covered by investment income of £90m.

Nevertheless, new cash flow as a proportion of total pension fund assets has been steadily declining from a peak of 22% in 1975 to less than 6% in 1986. That is partly because the value of funds has grown so rapidly, but the real drain on cash flow could be exacerbated by several factors well in advance of the new century. P & D calculates that last year's cash flow to assets figure would have been as high as 10% if there had been no pension fund holidays.

Such holidays will make even more impact when government's 5% limit on surplus assets over liabilities comes into effect, while the trend towards earlier and longer retirement, higher benefits, and indexation is hardly going to staunch the outflow. Moreover government attempts to shift more people into private funded schemes, because of its own financing worries on the State scheme, could just transfer the future problem from gilts to equities.

But there is a hint of Malthusian logic in these prophecies of Armageddon for the equity market which suggest that something — if not a sudden burst of fertility — will turn up. Indeed, something may be at hand in the shape of £80 billion in overseas portfolio investment. It is as open to pension funds to run down these assets as UK equity holdings: the London market is not necessarily doomed by growth in the army of UK pensioners.

Yet the likelihood is that fund managers will do some of each: prudence suggests that a greying population should have some savings invested in younger, more productive economies. This applies to Japanese pension funds as much as UK ones.

A simpler drag on the equity demand gap is likely to come from a higher rate of saving from those continuing to make contributions. Even without a higher savings rate continuing growth in earnings will automatically boost contributions, swelling funds medium-term, as increased contributions do not immediately feed through into higher benefits.

Perhaps the problem will right itself at the supply end. GEC's buying-in its own shares may not greatly have benefited its own shareholders, but if equity redemption ever catches on — as in the US — it could prove most statesmanlike.

And selective nationalisation (or renationalisation) might always return to save capitalism. ■

Pensions to rise R20 in October

300

By PATRICK CULL
Political Correspondent

CAPE TOWN — Social pensioners of all races will receive an increase of R20 a month from October 1.

Details of the increase were give this afternoon and follow an announcement by the Minister of Finance, Mr Barend du Plessis, when he presented the mini-budget last week.

Presenting a R4 billion Part Appropriation Bill this afternoon, the Minister of the Budget in the House of Assembly, Dr Dawie de Villiers, said white pensions would get an increase from R198 to R218 a month from October 1.

This also applies to single care allowances payable in terms of the Mental Health Act.

Foster parent grants would increase from R133 to R153 a month while children's allowances would rise by R7 a month to R66.

Dr De Villiers said financial provision had been made from October 1 for the adjustment of the means test to accommodate the concessions.

Coloured and Indian pensions will rise from R147 to R167 a month and

● Turn to Page 3

C. Post 17/2/87

Pensions for all races to increase by R20 in October

300

E Post 17/2/87

● From Page 1

children's allowances from R35 to R42.

In the case of foster parents, the allowance for Indians will rise from R103,50 to R123,50, while that for coloureds will increase from R103,50 to R110,50.

In a joint statement, the Minister of Constitutional Development and Planning, Mr Chris Heunis, and the Minister of Education and Development Aid, Dr Gerrit Viljoen, said black pensions would rise from R97 to R117 a month from October 1.

The Ministers said the improved welfare pensions and allowances included old age pensions, veterans' pensions, pensions for the blind and disability allowances.

The statement added that an increase of R20 a month — from R59 to R79 — had been approved for foster child allowances, while child allowances would rise from R24 to R31 a month.

The increases will also apply to the self-governing homelands. The Government has made funds available to the Department of Development Aid to be transferred to these homelands.

The delay in implementing the pensions has been roundly criticised by the Opposition spokesman on finance, Mr Harry Schwarz, who has accused the Government of blatant electioneering in making the announcement now, but paying the pensions only in October.

Govt orders start to beachfront housing project

17/2/87 N/M

(300)

Municipal Reporter

THE Durban City Engineer has been ordered to prepare working drawings for subsidised beachfront housing for white pensioners after the council was told to start the project or face losing all Government funding.

Mr Amie Venter, the House of Assembly own affairs Minister of Housing, Local Government, told the council that an urgent interview about the project was impossible.

The minister also said that he could not guarantee that the full final cost of the project would be born by the State. The National Housing Commission has authorised R6 204 630 for the project, although the city engineer's calculations put the final cost higher.

In addition, the minister said, 'it is trusted that final planning of the project will now be undertaken as funds cannot be reserved indefinitely to the disadvantage of other equally deserving projects'.

If the project has to be aborted due to lack of funds, the preparation of working drawings, tenders and bills of quantities will cost the city R900 000.

Pensions up by R20 from October

300 DD 18/2/87

Dispatch Correspondent

CAPE TOWN — Social pensions and parents' allowances will go up by R20 to R218 a month from October 1, the Minister of the Budget in the House of Assembly, Dr Dawie de Villiers, announced yesterday.

He was introducing his "own affairs" budget and said foster parent allowances would also be increased by R20 a month to R153, while child allowances would go up by R7 a month to R66.

Single care allowances and allowances payable in terms of the Mental Health Act would also be increased by R20 to R218 a month.

Financial provision had also been made from October 1 for the adjustment of the means test to accomodate these concessions, Dr De Villiers said.

● The Minister of Health Services and Welfare in the House fo Delegates, Mr Ismail Kathrada, announced a R20 a month increase in social pensions for Indians with effect from October 1.

The new pensions will be R167 a month.

Foster parent grants would be increased by R20 to R123,30, and children's allowances would go up by R7 to R35.

Single care allowances and allowances payable in terms of the Mental Health Act would also be increased by R20 a month to R162.

● But the Opposition spokesman on pensions, Mr Brian Goodall, said yesterday that, with the current inflation rate, by the time the pension increases were paid in October they would have "evaporated".

He said that if South Africa continued to experience a real growth rate of 1 per cent social old age pensioners could expect a continuing decline in their standard of living.

He said the only way to halt this was by returning South Africa to the growth rate experienced in the 1960s.

R20 more for all social pensioners

18/2/87 Star 20

Political Correspondent

PARLIAMENT — Social pensioners are to get R20 a month extra from October 1, regardless of race, the various Ministers in charge of pensions announced yesterday.

This makes it the third year in a row the Government has granted parity increases in pensions across the board in an attempt to close the income gap — in percentage terms — between pensioners of various races.

The new pensions will be:

- Whites R218 a month (up 10,1 percent from R198).
- Coloureds and Indians R167 a month (up 13,6 percent from R147).
- Blacks R117 (up 20,6 percent from R97).

The Minister of Budget and Welfare in the House of Assembly, Dr Dawie de Villiers, said the increase in pensions for whites would cost an extra R29,9 million.

Social pensions include old-age pensions, military veterans' pensions, pensions for the blind, and disability allowances.

Foster parent grants will also be increased by R20 a month from R133 to R153, and children's allowances by R7 a month from R59 to R66.

A joint statement by Minister of Constitutional Development and Planning Mr Chris Heunis and Minister of Education and Development Aid Dr Gerrit Viljoen confirmed that black pensioners would receive R20 a month more.

Beneficiaries of the self-governing national states will also benefit from the improved welfare pensions and allowances.

Funds are to be transferred to their relevant governments.

1987

Argus 18/2/87 (300)

R20 pension rise not enough — PFP

Political Staff

THE R20-a-month increase for old-age pensioners was "totally inadequate" to counter inflation, Mr Brian Goodall, spokesman on pensions for the Progressive Federal Party, said today.

The rise, effectively 10 percent for white pensioners and 20 percent for blacks (because blacks get much less than whites in the first instance), meant that the country's indigent old people had been condemned to increasing poverty, he said.

The ministers in charge of social pensions announced yesterday that the new increases would come into effect on October 1.

For the third successive year pensioners of all race groups are to get the same increments — R20 a month. This will put white pensioners on R218 a month, coloured and Indians R167 and blacks R117.

YEARS OF NEGLECT

Mr Goodall said the principle of granting parity increases was welcomed, but the old people were paying the price of years of neglect by the Government to implement a viable pensions policy.

Mr Goodall said the only solution to the old-age pension problem would be that every economically active person must be obliged to provide for a pension and be able to transfer his contributions and his employer's contributions from one employer to another.

"Old people are today paying the price of the Government's inability or unwillingness to address this problem years ago. There have been numerous investigations since 1964, and still nothing has been done," he said.

Coloured and Indian politicians welcomed the increase.

The House of Representatives and the House of Delegates have embarked on five-year schemes to close the gap between pensions paid to whites and those paid to Indian and coloured people.

regardless of race, are to receive a R20 a month increase from October 1.

Social pensions to rise

(30) Sowetan 18/2/87

The R20 pension increase, which includes old age, military veterans and blind and disability allowances, were announced by the three "Own Affairs" Ministers in Parliament and in a statement by the Minister of Development, Mr Gerrit Viljoen yesterday.

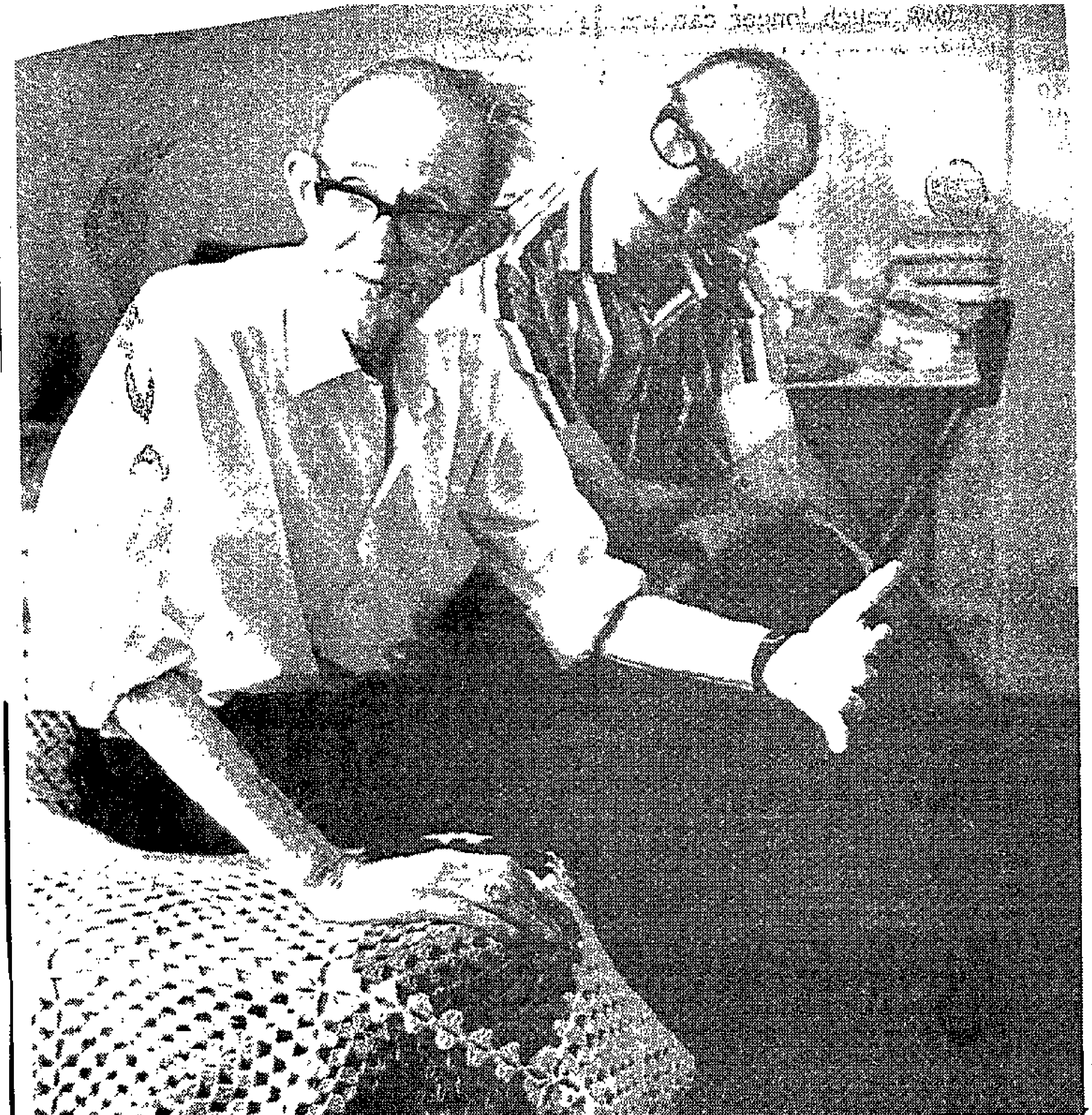
Parity

This is the third consecutive year that the Government has announced parity pension increases in an attempt to close the "apartheid" gap.

Black old-age pensions have increased 20,6 percent to R117 a month, coloureds and Indians by 13,6 percent to R167 and whites by 10,1 percent to R218.

Most other social pensions such as foster parent grants, children's allowances and Mental Health Act allowances have all been increased by varying amounts.

Parity has been maintained on all scales. — *Sowetan Correspondent.*



Pensioners Mr Jim Candlish (71) and Mr Jim Hay (68) just "muck in" to get by.
● Picture by Herbert Mabuza.

(300) 19/2/87 Star

They don't expect much to come from the R20 increase

By Janine Simon

Pensioners Mr Jim Hay (68) and Mr Jim Candlish (71) don't expect much good to come of the increased pensions or much bad to come from the lifting of rent control.

The two retired brickmakers get by on R198 a month by sharing a sense of humour and a one-room rent-controlled flat in Plein Street, Johannesburg. Free medical care and four visits a week by Meals on Wheels help them to survive.

"We don't really cope, but we get by," said Mr Hay. "We're too old to moan," he quipped.

The announcement this week of a R20 increase in pensions from October raised nothing more than a grin.

"I don't think pension increases will cope with the cost of living. As soon as they know you are getting an increase, they hammer you before you've got it and everything goes up," said Mr Candlish.

"It's a poor pension compared to certain countries, but, then, who is ever satisfied?"

Rent for their flat rose by R10 to R87 last year and despite the lifting of rent control, the two do not expect it to be increased again.

"It's our tough luck if it does go up," said Mr Candlish.

He and Mr Hay split the costs of the rent, lights and water account, telephone and food bills as well as the licence for the television set he bought second-hand after winning a jackpot.

The two also manage to pay Meals on Wheels 40 cents, instead of the required 15 cents, for the food they receive four times a week.

300

Fingerprints cannot be taken so no pay for her

GRAN'S BATTLE FOR OLD AGE PENSION

By LANGA SKOSANA

A VAAL Triangle grandmother has been battling for more than 10 years to get old age pension, but officials have been unable to help her because her fingerprints cannot be taken.

She is Mrs Selina Hlalele — about 70 — of Small Farms, Evaton, who said yesterday that officials at Government offices in Evaton and Vereeniging told her she was wasting her time and their time as "no identity documents will be issued to anyone without fingerprints."

Mrs Hlalele's hands are worn after years of toil. She used to be a washerwoman.

Said Mrs Hlalele: "I have been to Government offices many times since losing my reference book many years ago. Because I could not remember my reference book numbers, officials tried to get my prints so as to trace my identity, but each time nothing came out.

"Every year for the past 10 years or so I've spent many hours at the offices taking fingerprints and at one stage blank finger markings were sent to Pretoria in the hope that I would get a book but when I went to check I was told that Pretoria has rejected my application.

"On one occasion I took more than 50 prints and in the end officials told me that I was wasting their time and my time. They said I was spoiling their papers and told me to f . . . off."

"I don't know what to do now. The absence of the book means that I'll go starving forever," said Mrs Hlalele.

A social worker, Mrs Diane Sithole, said yesterday attempts made by her office yielded nothing.

A senior official of the Department of Home Affairs in Evaton, Mr C Scheepers said such a problem could occur with the elderly. He asked the *Sowetan* to bring Mrs Hlalele so as to investigate her problem.

An official of the Home Affairs Department in Vereeniging, Mr David Zulu, said yesterday Mrs Hlalele should treat her hands with either glycerine or vaseline to get her fingerprints to come out.

Millions for housing in pensions

300 Star 21/2/87

Big funds could provide a boost to beat the problem

By Frank Jeans

llions of rands could pour into ısing programmes if behind-ə-scenes moves lead to the der mobilisation of pension-ıd investments.

It is understood that, con-ious of its responsibility in the ıaking of housing, there is essure by the pension-fund in-ıstry on the Government to ıve the way for a massive in-ction of money into housing ock, through accepted chan-əls such as building societies.

With current total assets of bout R50 billion, the pension ınds have the means of provid-ıg a real stimulus to the housing problem and while no change in Government decree on private investment strategy can be expected now, there is no doubt it could be a further post-election bonanza for the economy.

While pension-fund managers are unanimous that their first duty is to their members, they nevertheless believe they have a vital role to play in housing and infrastructure services.

The problem lies in the fact that while pensioon funds are committed to a 53-percent prescribed investment in Government and semi-Government stock, they say a percentage of this should go into housing and not from any additional funding.

Certainly, a meagre 1 percent, say, of the R26-billion prescribed investment would represent a healthy R260-million surge for the housing scene.

The strategy might well be extended to the insurance industry which has prescribed investments of 33 percent of taxed business and 53 percent untaxed.

Mr Dorian Wharton-Hood, managing director of Prudential Assurance, says: "I would have no objection so long as it was treated as a prescribed asset."

Pension-fund involvement in housing will be one of the main talking points at the annual conference in Cape Town of the Association of Pension and Provident Funds of South Africa from March 1 to 3.

Mr A J van Ryneveld, of the board of governors of the Urban Foundation, will examine the various methods of providing the required finance.

Outlining the challenges generally, of the pension-fund industry at a Press conference yesterday, Mr Arnold Basserabie, president of the association, said: "It is expected that out of the total population of South Africa, more than 5 percent will be of pensionable age by the year 2015, compared with under four percent at present.

"In other words, from the current 1,1 million of the population of more than 64 years, this will rise to about 3 million within the next 30 years."

Pension-fund men, too, expect an announcement to be made at the conference for a breakaway from the fragmented form of the funds set-up and the establishment of a Pensions Institute of Southern Africa which will be the major voice and representative body of the industry.

Mr Gerard Ehmke, senior assistant general manager, Federated Life Assurance, will also touch on a contentious issue — the need for greater communication in pension-fund dealings with members.

Post Focus

Look before you leap away into retirement

Inflation can turn your last days to misery

(300) 21/2/87 W/E Post

Weekend Post Reporter

PEOPLE happily approaching retirement and thinking their future is secure could be in for a shock in the years ahead.

Inflation is constantly eroding their nest egg, and one expert warned this week that a pension of R2 000 a month today could be worth only about R500 in buying power in 12 years' time.

Mr Francis Maytham, manager of Old Mutual in Port Elizabeth, sounded this warning in response to complaints that insurance companies were "hounding" prospective retirees and trying to sell them unnecessary additional investments.

He and other financial institution executives said they did approach prospective retirees — but only to offer expert advice.

"With the present escalating inflation rate a pensioner should bear in mind that if he retired now with a monthly pension of R2 000, it will probably be worth R1 055 in six years' time and only R490 in 12 years," he said.

"Most people reaching retirement age may consider they have carefully planned their investments and security for the future, but the ever-escalating inflation rate could catch many badly in the near future," he said.

And financial experts agreed that once the "money game" was explained to men due for retirement, they sometimes became "dead scared" of what lay ahead and were only too pleased to take advice.

When you dream about retirement, remember what inflation could be doing to your nest egg.

Despite perceived careful planning, many people approaching retirement failed to take several factors into account.

Experts said these include:

- Failing to make full allowances for the rapidly escalating rate of inflation.
- Being unfamiliar with more lucrative investments, apart from their normal "safe" fixed deposits.
- Relying on the advice of their children, as they considered them to be the younger, well-informed and "with-it" generation.
- Not being acquainted with tax-free investments.
- Not being aware of what proportion of their pension was taxable.
- Leaving their financial planning for retirement far too late.
- Deciding to retire when, experts estimated, about 50% of men retiring could not afford to do so and would have great difficulties in keeping up their living standards.

Mr Maytham said the awareness of the high inflation rate, even by Government, was evident from the fact that the amount of the tax-free bulk payment of pension had recently been increased from R80 000 to R120 000.

Managers agreed that while most of the men might initially consider advisers a nuisance, they soon realised how much room for improvement there was for their future security.

Mr Peter Atkinson, individual life marketing manager of Southern Life, said that clients should get full professional advice.

That was why a retirement planning campaign had been launched focusing on the need to provide for this period of one's life, analysing the individual's unique circumstances and coming up with the best solution for particular needs.

Dr Zach de Beer, honorary president of the Retirement Association, stressed the importance of financial planning to ensure a happy retirement, enjoying the "golden years" without hassles.

Mr E du Plessis, assistant manager of Saambou Building Society, said many men left the final investment discussion and decisions about their bulk pension pay-outs till about two to three months before their retirement date. In addition they then relied on the advice of children or family. This could prove a serious mistake.

Expert advice was essential, he said.

"They must get away from a narrow vision and rather speak to the experts who can give them a complete picture," he said.

Council to meet traders

THE Diepmeadow Town Council this week agreed to meet the local Chamber of Commerce and Industries to discuss the rent issue — five months after the chamber's request.

The request, in a letter dated October 23 last year said that the executive of the Diepmeadow Chamber of Commerce and Industries "request to have a meeting with your executive at your earliest convenient time to discuss, inter alia, the rent issue."

The letter, addressed to the former mayor, Mr Joseph Mahuhushi added: "I do hope our request will be treated with the urgency and gravity it deserves."

At yesterday's meeting, the council recommended that the chamber should be asked to submit a memorandum of items to be discussed, "whereafter a suitable date will be determined."

The council rejected an invitation to a "National Convention for Councillors/Councils" to be held at a Johannesburg hotel on Saturday.

The convention has been organised by "Think Tank", a body that broke away from the Urban Councils Association of South Africa (UCASA).

In another matter, the council approved taxi licence applications from 62 local residents. The council had noted that due to the additional number of people using taxis, the present number of taxis could not cope.

Sowetan 22/2/87

308

pared to furnish this information.

(c) Emil Patel.

(2) Yes.

(a) 17 male prisoners.

(b) None.

(3) Yes, 6 prisoners on account of various crimes inter alia housebreaking with the intent to steal and theft, assault to do grievous bodily harm and drunkenness.

(4) Yes.

(a) and (b) Because the investigation is not yet completed, and I do not want to anticipate the administration of justice, I am not prepared to furnish this information.

(c) A murder docket is being investigated. Two members of the South African Police have been suspended from duty pending the outcome of the investigations.

(5) The investigation thusfar has not revealed such evidence.

Transporting of prisoners

452. Mr J VAN ECK asked the Minister of Law and Order:

Whether he will make a statement on the policy of the South African Police regarding the transporting of (a) female and (b) juvenile prisoners together with convicted male prisoners?

The MINISTER OF LAW AND ORDER:

(a) and (b) It is the policy of the South African Police not to transport female and juvenile prisoners together with adult male prisoners, whether they are convicted or not. Instances do occur where it is necessary to deviate from the policy eg where prisoners are transported over long distances and it is not practical or economical to utilise more than one vehicle to transport the different categories of prisoners. In such cases special provision is made and a member or members of the South African Police are transported with the prisoners to counter irregularities.

Old-age homes

454. Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning:

What was the per capita subsidy paid to old-age homes for Blacks in 1986?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

R30 per capita per month until 30 September 1986. As from 1 October 1986 the subsidy was increased to R60 per capita per month.

Hansard 23/2/87

Pensions

455. Mr B B GOODALL asked the Minister of Constitutional Development and Planning:

(30)

(1) How many Black persons in the Republic were (a) in receipt of and (b) receiving the maximum amounts payable in respect of (i) old-age pensions, (ii) blind persons' pensions, (iii) war veterans' pensions and (iv) disability grants as at 31 December 1986;

(2) what was the average annual amount paid *per capita* in 1986 to Black persons in respect of (a) each of these three types of pensions and (b) these disability grants;

(3) what will be the maximum (a) amount payable per annum to Black persons and (b) free income allowed per annum to Black persons being paid the maximum pension or grant in respect of (i) old-age pensions, (ii) blind persons' pensions and (iii) disability grants in the 1986-87 financial year?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) (a) (i) 279 097

(ii) 4 533

(iii) 1 484

(iv) 131 659

(b) (i) 181 413

(ii) 2 946

(iii) 1 113

(iv) 92 161

(2) (a) Old age pension: R1 047,68 (R87,31 per month)
Pension for the blind: R1 040,46 (R84,21 per month)
War veterans pension: R1 152,10 (R96,00 per month)

(2) (b) Disability grant: R1 049,84 (R87,49 per month)
Old age pensions: The monthly amount payable for the period March 1986 to September 1986: R79,00.
With effect from 1 October 1986 the monthly amount was increased to R97,00.
Pension for the blind: The same as old age pensions.
War veterans pensions: The same as old age pensions and an additional allowance of R5,00 per month. With effect from 1 October 1986 the additional allowance was increased to R15,00 per month.
Disability grants: The same as old age pensions.
Figures do not include those of the self-governing territories.

(3) (a) (i), (ii) and (iii) R1 038
The difference between the figures mentioned in 2 (a) and in 3 (a) (i), (ii) and (iii) is due to arrear pensions paid.

(b) (i), (ii) and (iii). From 1 October 1986 the free income limit is R270 per annum.

War veterans' pensions

456. Mr B B GOODALL asked the Minister of Constitutional Development and Planning:

How many Black (a) male and (b) female persons over the age of 85 years were in receipt of war veterans' pensions as at the latest specified date for which figures are available?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Male—February 1987—24.

(b) Female—February 1987—None.

Insurance

457. Mr S S VAN DER MERWE asked the Minister of Law and Order:

(1) Whether the South African Police provide any form of insurance against loss of (a) life and/or (b) earning capacity for (i) its members and (ii) the (aa) spouses and (bb) families of such members; if so,

(2) (a) what is the nature of this insurance and (b) what percentage of the cost of such insurance is borne by the South African Police?

The MINISTER OF LAW AND ORDER:

(1) and (2) No, but adequate provision is made for members and their families, should members die or become disable in the execution of their duties. These provisions include inter alia payment of pensions in terms of the Government Services Pension Act, 1973 and awards by the Commissioner of Workmen's Compensation in terms of the Workmen's Compensation Act, 1941, should the percentage disability justify an award. Additionally

Hansard 23/2/87

23/2/87 Hansard 300

Information regarding Cape and OFS as of 1986; information regarding Natal and Transvaal as of 19 February 1987.

Old-age homes

38. Mr B B GOODALL asked the Minister of Budget and Welfare:

(1) (a) How many old-age homes for White persons were there in the Republic as at the latest specified date for which figures are available and (b) how many aged persons can be accommodated in these homes;

(2) what total amount was spent by his Department in the 1986-87 financial year on old-age homes and facilities for aged persons;

(3) whether there is a shortage of (a) old-age homes and (b) facilities for the care of the aged; if so, (i) what is the nature of the shortage and (ii) what steps is his Department taking to overcome this shortage?

The MINISTER OF THE BUDGET AND WELFARE:

(1) (a) 405 subsidised homes.
4 homes run by the private sector for the State.
4 departmental homes.
106 private homes not subsidised.

(b) 34 550.

(2) R74 749 000 for 1985-86.
Final figures for 1986-87 are not yet available.

(3) (a) Yes.

(b) Yes.

(i) The shortage is in respect of provision for frail aged and service centres.

(ii) By the subsidisation of additional aged persons in homes and service centres to be established.

War veterans' pensions

39. Mr B B GOODALL asked the Minister of the Budget and Welfare:

How many White (a) male and (b) female persons over the age of 85 years were in receipt of war veterans' pensions as at the latest specified date for which figures are available?

The MINISTER OF THE BUDGET AND WELFARE:

(a) 931 December 1986.

(b) 154 December 1986.

Old-age pensions

40. Mr B B GOODALL asked the Minister of the Budget and Welfare:

(1) How many White persons applied for old-age pensions in 1986;

(2) how many of these applications (a) were granted, (b) were refused and (c) are still under consideration;

(3) how many of the refusals were attributable to the applicant's assets exceeding the limits laid down by the means test;

(4) What total number of White persons were in receipt of old-age pensions as at the end of 1986?

The MINISTER OF THE BUDGET AND WELFARE:

(1) 15 236.

(2) (a) 10 778.

(b) 3 513.

(c) 945.

(3) 983.

(4) 142 858.

Hansard 23/2/87

Hans 23/2

Provincial services transferred

43. Dr M S BARNARD asked the Minister of Health Services:

(1) Whether, with reference to his reply to Question No 1 on 22 April 1986, a decision has been taken regarding the report of the project team of the Commission for Administration on the transfer of provincial health and hospital services; if not, why not; if so,

(2) whether provincial health and hospital services have been transferred to his Department; if not, (a) why not and (b) when is it anticipated that they will be transferred; if so, when;

(3) whether any changes will be made to the (a) structure and (b) functioning of these provincial services when they are transferred to his Department; if so, (i) what changes and (ii) what is the reason for each of these changes?

The MINISTER OF HEALTH SERVICES:

(1) Yes, the report of the project team was accepted.

(2) No, but certain services and hospitals were identified for transfer.

(a) Falls away;

(b) It is planned to effect the transfer on 1 April 1987 or as soon as is practically possible.

(3) (a) and (b) No changes to the structure and functioning of provincial services are envisaged.

(i) and (ii) Fall away.

Pupils: number enrolled

44. Mr A SAVAGE asked the Minister of Education and Culture:

(1) What total number of pupils enrolled in (a) primary and (b) secondary schools falling under the control of his Department in the Port Elizabeth/Uitenhage area at the beginning of each school year from 1980 to 1987;

(2) whether his Department keeps a record of teachers who have been unable to gain employment; if so, how many White teachers were unable to find posts in this area in each of the above years?

The MINISTER OF EDUCATION AND CULTURE:

(1)

	(a)	(b)
1980	23 078	13 731
1981	23 099	13 209
1982	23 198	13 924
1983	23 168	14 341
1984	22 521	14 994
1985	21 602	15 459
1986	20 451	15 426
1987	19 728	16 631

These numbers do not include numbers of pupils at schools for special education which were transferred to the Cape Education Department after 1 April 1986;

(2) The Department endeavours to keep record of teachers who have been unable to gain employment, but as the records are incomplete accurate statistics are not available.

Medium of instruction

45. Mr K M ANDREW asked the Minister of Education and Culture:

(1) How many (a) primary and (b) secondary schools falling under his Department use (i) Afrikaans and (ii) English as their medium of instruction;

(2) how many such (a) primary and (b) secondary schools offer (i) Afrikaans and (ii) English as a (aa) first and (bb) second language;

(3) what are the relevant particulars, in each of the above categories, in respect of parallel-medium schools;

Hansard 23/2/87

Hansard 23/2/87

Medical schools

13. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

How many students in each race group qualified as doctors at the end of 1986 at each specified medical school falling under the control of his Department?

The MINISTER OF EDUCATION AND CULTURE:

The information is not yet available.

Medical students

14. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

(a) What is the present estimated cost to the State of the training per student for the MB Ch B degree at each of the medical schools falling under the control of his Department and *(b)* in respect of what date is this information furnished?

The MINISTER OF EDUCATION AND CULTURE:

(a) Estimated cost per student per annum:

R	University
6850	Cape Town
6606	Stellenbosch
6649	OFS
6506	Pretoria
6747	Natal
6630	Witwatersrand

23/2/87

(b) The estimates are based on the subsidy formula used for calculating the 1987 subsidies.

Teachers

15. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

What total number of White male teachers falling under his Department were doing their national service *(a)* in 1986 and *(b)* as at the latest specified date in 1987 for which figures are available?

The MINISTER OF EDUCATION AND CULTURE:

(a) 1 216.

(b) 1 258 (as on 13 February 1987).

***Per capita* expenditure**

16. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

What was the *per capita* expenditure, *(a)* including and *(b)* excluding expenditure of a capital nature, on White school pupils in (i) each province and (ii) the Republic in the 1985-86 financial year?

The MINISTER OF EDUCATION AND CULTURE:

	(a) R	*(b)* R
(i) Transvaal	2 108	1 892
Orange Free State	2 660	2 310
Cape	2 517	2 372
Natal	2 206	2 106
Department of Education and Culture	10 470	8 784[1]
(ii) Republic	2 374	2 160[2]

Hansard 23/2/87

Notes:

(1) Training centres for mentally retarded children included.

(2) Private schools excluded.

Dias quincentenary celebrations

17. Mr S S VAN DER MERWE asked the Minister of Education and Culture:

(1) Whether his Department is concerned with the central committee and regional committees charged with the preparations for the Dias quincentenary celebrations; if so, *(a)* why and *(b)* to what extent;

(2) whether these committees were previously connected to any other Government Department; if so, *(a)* to which Department and *(b)* why were they transferred to his Department;

(3) whether any members of these committees are non-Whites; if so, what is the race classification of these persons;

(4) whether any of these persons have resigned from these committees; if so, *(a)* how many, *(b)* why and *(c)* when;

(5) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes.

(a) the responsibility of the State for the Dias Festival has been assigned by the Cabinet to the Department of Education and Culture, Administration: House of Assembly;

(b) (i) the Department is represented in the National Dias 88 Festival Committee and the regional committee for Natal;

(ii) the Department is responsible for partially financing the national festival;

(2) Yes.

(a) the Department of National Education;

(b) the Department has no information regarding the factors which motivated the Cabinet;

(3) Yes, a Coloured, an Indian and a Black man;

(4) Yes.

(a) one;

(b) he was a departmental representative and had reached retirement age. In addition a member of the local committee in Cape Town also resigned;

(c) May 1986 and November 1986 respectively;

(5) No.

Expenditure

18. Mr S S VAN DER MERWE asked the Minister of Education and Culture:

What was the average expenditure, excluding expenditure of a capital nature, per school falling under the control of this Department in 1986?

The MINISTER OF EDUCATION AND CULTURE:

23/2/87

R860 613.

Old-age homes

300

21. Mr S S VAN DER MERWE asked the Minister of the Budget and Welfare:

What, in each category, was the *per capita* subsidy paid to old-age homes for Whites in 1986?

The MINISTER OF THE BUDGET AND WELFARE:

The maximum average subsidy payable per sub-economic aged per month during 1986/87 is as follows:

Category A	R166,83
Category B	R252,89
Category C	R481,96

Pensioners

22. Mr H H SCHWARZ asked the Minister of the Budget and Welfare:

How many White social pensioners in each specified category were there in the Republic as at the latest specified date for which figures are available?

The MINISTER OF THE BUDGET AND WELFARE:

Old Age Pensions	143 047
Blind Persons' Pensions	762

23/2/87 Hansard

Hansard 23/2/87

Medical schools

13. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

How many students in each race group qualified as doctors at the end of 1986 at each specified medical school falling under the control of his Department?

The MINISTER OF EDUCATION AND CULTURE:

The information is not yet available.

Medical students

14. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

(a) What is the present estimated cost to the State of the training per student for the MB Ch B degree at each of the medical schools falling under the control of his Department and *(b)* in respect of what date is this information furnished?

The MINISTER OF EDUCATION AND CULTURE:

(a) Estimated cost per student per annum:

R	University
6 850	Cape Town
6 606	Stellenbosch
6 649	OFS
6 506	Pretoria
6 747	Natal
6 630	Witwatersrand

(b) The estimates are based on the subsidy formula used for calculating the 1987 subsidies.

23/2/87

Teachers

15. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

What total number of White male teachers falling under his Department were doing their national service *(a)* in 1986 and *(b)* as at the latest specified date in 1987 for which figures are available?

The MINISTER OF EDUCATION AND CULTURE:

(a) 1 216.

(b) 1 258 (as on 13 February 1987).

Per capita expenditure

16. Mr H E J VAN RENSBURG asked the Minister of Education and Culture:

What was the *per capita* expenditure, *(a)* including and *(b)* excluding expenditure of a capital nature, on White school pupils in (i) each province and (ii) the Republic in the 1985-86 financial year?

The MINISTER OF EDUCATION AND CULTURE:

	(a) R	*(b)* R
(i) Transvaal	2 108	1 892
Orange Free State	2 660	2 310
Cape	2 517	2 372
Natal	2 206	2 106
Department of Education and Culture	10 470	8 784[1]
(ii) Republic	2 374	2 160[2]

Notes:

(1) Training centres for mentally retarded children included.

(2) Private schools excluded.

Hansard 23/2/87

Dias quincentenary celebrations

17. Mr S S VAN DER MERWE asked the Minister of Education and Culture:

(1) Whether his Department is concerned with the central committee and regional committees charged with the preparations for the Dias quincentenary celebrations; if so, *(a)* why and *(b)* to what extent;

(2) whether these committees were previously connected to any other Government Department; if so, *(a)* to which Department and *(b)* why were they transferred to his Department;

(3) whether any members of these committees are non-Whites; if so, what is the race classification of these persons;

(4) whether any of these persons have resigned from these committees; if so, *(a)* how many, *(b)* why and *(c)* when;

(5) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes.

(a) the responsibility of the State for the Dias Festival has been assigned by the Cabinet to the Department of Education and Culture, Administration: House of Assembly;

(b) (i) the Department is represented in the National Dias 88 Festival Committee and the regional committee for Natal;

(ii) the Department is responsible for partially financing the national festival;

(2) Yes.

(a) the Department of National Education;

(b) the Department has no information regarding the factors which motivated the Cabinet;

(3) Yes, a Coloured, an Indian and a Black man;

(4) Yes.

(a) one;

(b) he was a departmental representative and had reached retirement age. In addition a member of the local committee in Cape Town also resigned;

(c) May 1986 and November 1986 respectively;

(5) No.

Expenditure

18. Mr S S VAN DER MERWE asked the Minister of Education and Culture:

What was the average expenditure, excluding expenditure of a capital nature, per school falling under the control of this Department in 1986?

The MINISTER OF EDUCATION AND CULTURE:

R860 613.

23/2/87

Old-age homes

300

21. Mr S S VAN DER MERWE asked the Minister of the Budget and Welfare:

What, in each category, was the *per capita* subsidy paid to old-age homes for Whites in 1986?

The MINISTER OF THE BUDGET AND WELFARE:

The maximum average subsidy payable per sub-economic aged per month during 1986/87 is as follows:

Category A	R166,83
Category B	R252,89
Category C	R481,96

Pensioners

22. Mr H H SCHWARZ asked the Minister of the Budget and Welfare:

How many White social pensioners in each specified category were there in the Republic as at the latest specified date for which figures are available?

The MINISTER OF THE BUDGET AND WELFARE:

Old Age Pensions	143 047
Blind Persons' Pensions	762

23/2/87 Hansard

War Veterans Pensions	13 243
Disability Pensions	34 879
Maintenance Grants	16 769
Family Allowances	57
Foster Parent Grants	5 097
Total	213 854

Details as at February 1987.

Re-employment of detainees

23. Mr S S VAN DER MERWE asked the Minister of the Budget and Welfare:

Whether it is the policy of the Department of Budgetary and Auxiliary Services to *(a)* keep open the jobs of persons, and/or *(b)* re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of this Department in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF THE BUDGET AND WELFARE:

No civil servant can or will be discharged merely by the fact that he or she is being detained. The vacancy of posts or re-employment is therefore not applicable.

23/2/87 Hansard

Re-employment of detainees

24. Mr S S VAN DER MERWE asked the Minister of the Budget and Welfare:

Whether it is the policy of the Department of Welfare to *(a)* keep open the jobs of persons, and/or *(b)* re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of this Department in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF THE BUDGET AND WELFARE:

No civil servant can or will be discharged merely by the fact that he or she is being detained. The vacancy of posts or re-employment is therefore not applicable.

Re-employment of detainees

25. Mr S S VAN DER MERWE asked the Minister of Agriculture and Water Supply:

Whether it is the policy of his Department to *(a)* keep open the jobs of persons, an/or *(b)* re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of his Department in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

No civil servant can or will be discharged merely by the fact that he or she is being detained. Vacancy of posts or re-employment is therefore not applicable.

Re-employment of detainees

28. Mr S S VAN DER MERWE asked the Minister of Health Services:

Whether it is the policy of his Department to *(a)* keep open the jobs of persons, and/or *(b)* re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of his Department in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF HEALTH SERVICES:

No civil servant can or will be discharge merely by the fact that he or she is being detained. The vacany of posts or re-employment is therefore not applicable.

Drought relief

29. Mr H H SCHWARZ asked the Minister of Agriculture and Water Supply:

What was the total amount of financial assistance rendered by his Department in the form of drought relief during 1986 or the latest specified 12-month period for which figures are available?

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

R159 261 758 (1 April 1986—31 January 1987)

Conducting of activities

31. Mr S S VAN DER MERWE asked the Minister of Education and Culture:

Whether he has given any instructions with regard to the conducting of activities on 29 May 1987 at schools under this control; if so, what instructions?

The MINISTER OF EDUCATION AND CULTURE:

No, provincial education departments have, however, made arrangements in this regard.

Medical schools

32. Dr M S BARNARD asked the Minister of Education and Culture:

How many applications by students in each race group for admission to the first-year course were *(a)* received and *(b)* accepted in 1986 at each medical school falling under his Department?

The MINISTER OF EDUCATION AND CULTURE:

23/2/87 Hansard

(a) Applications received:

University	White	Coloured	Indian	Black	Other	Total
Orange Free State	447	—	—	—	—	447
Witwatersrand	792	52	371	332	1	1 548
Pretoria	838	—	—	—	—	838
Stellenbosch	693	124	—	—	—	817
Cape Town	260	43	81	53	—	437
Natal	—	25	344	153	—	522

(b) Applications accepted:

University	White	Coloured	Indian	Black	Other	Total
Orange Free State	123	—	—	—	—	123
Witwatersrand	142	12	33	23	1	211
Pretoria	224	—	—	—	—	224
Stellenbosch	165	18	—	—	—	183
Cape Town	116	20	7	7	—	150
Natal	—	2	39	37	—	78

Private schools

33. Mr K M ANDREW asked the Minister of Education and Culture:

Whether any English-medium private primary or high schools falling under his Department have admitted pupils who are not White; if so, how many of these schools *(a)* did and *(b)* did not admit such pupils in 1986 or as at the latest specified date for which information is available?

The MINISTER OF EDUCATION AND CULTURE:

Yes.

	Non-Whites *(a)* Admitted	Non-Whites *(b)* Not admitted
Cape	40	7
Natal	46	5
OFS	3	1
Transvaal	80	37

23/2/87 Hansard

Whether it is the policy of the *(a)* South African Transport Services and *(b)* Department of Transport to (i) keep open the jobs of persons, and/or (ii) re-employ persons, who have been detained in terms of security regulations without being charged; if not, *(aa)* why not, *(bb)* what is the policy of the Transport Services and the said Department in this regard and *(cc)* who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF TRANSPORT AFFAIRS:

(a) No employee of the South African Transport Services can or will be discharged and it will also not be regarded that the services of such an employee have been terminated merely because of the fact that he or she has been detained. The vacancy of posts or re-employment is therefore not applicable.

(b) No officer of the Department of Transport can or will be discharged merely because of the fact that he or she has been detained. The vacancy of posts or re-employment is therefore not applicable.

Hansard

Re-employment of detainees

493. Mr S S VAN DER MERWE asked the Minister of National Health and Population Development:

23/2/87

Whether it is the policy of his Department to *(a)* keep open the jobs of persons, and/or *(b)* re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of his Department in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

No civil servant can or will be discharged merely by the fact that he or she is being detained. The vacancy of posts or re-employment is therefore not applicable.

Re-employment of detainees

494. Mr S S VAN DER MERWE asked the Minister of Law and Order:

Hansard

Whether it is the policy of the South African Police to *(a)* keep open the jobs of persons, and/or *(b)* re-employ persons, who have been detained in terms of security regulations without being charged; if not, (i) why not, (ii) what is the policy of the Police in this regard and (iii) who formulated this policy; if so, on what basis is this policy carried out?

The MINISTER OF LAW AND ORDER:

(a) and *(b)* Concerning the members and civil employees of the South African Police, no such person can or will be discharged merely as a result of the fact that he or she is being detained. The vacancy of posts or re-employment is therefore not applicable.

Old-age pensions

495. Mr B B GOODALL asked the Minister of Constitutional Development and Planning:

300

(1) *(a)* How many Black persons applied for old-age pensions in 1986 and *(b)* how many of these applications (i) had been *(aa)* granted and *(bb)* turned down and (ii) were still under consideration as at the end of that year;

(2) what was the total number of Black persons receiving old-age pensions as at the latest specified date for whch figures are available?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) *(a)* and *(b)* (i) *(bb)* and (ii). Special records are not kept of the information rquired. A new data system is being implemented which will provide for the supply of such information in the near future.

23/2/87

Hansard

(b) (i) *(aa)*. It is estimated that 38 116 black persons were granted social pensions in 1986. This figure reflects only pensions granted by the Department of Development Planning and does not include those granted by the self governing territories.

(2) 285 853 as at 31 January 1987.

Petrol: transportation

496. Mr B B GOODALL asked the Minister of Transport Affairs:

What was the cost in cents per litre in respect of transporting petrol from Durban to the Reef as at the latest specified date for which information is available?

The MINISTER OF TRANSPORT AFFAIRS:

Hansard

Approximately 1 cent per litre by pipeline for the 1985/86 financial year.

Fuel pipeline

23/2/87

497. Mr B B GOODALL asked the Minister of Transport Affairs:

(1) What was the total revenue collected in respect of the South African Transport Services fuel pipeline *(a)* in the 1985-86 financial year and *(b)* from 1 April 1986 up to the latest specified date for which information is available;

(2) what was the total maintenance and running cost in respect of this pipeline in the 1985-86 financial year?

The MINISTER OF TRANSPORT AFFAIRS:

(1) *(a)* R240,4 million.

(b) R192,1 million till December 1986.

(2) R60,1 million.

Petroleum products

498. Mr B B GOODALL asked the Minister of Finance:

What total amount was collected in net excise duties in respect of petroleum products in the 1985-86 financial year?

The MINISTER OF FINANCE:

During the financial year 1985-86 net excise duty in the sum of R289 209 414,55 was collected on petroleum products.

Loss of foreign exchange

499. Mr H H SCHWARZ asked the Minister of Agriculture:

Hansard

What is the estimated loss of foreign exchange suffered by the Republic in 1986 in respect of *(a)* additional imports and *(b)* loss of exports attributable to drought conditions in the Republic?

23/2/87

The MINISTER OF AGRICULTURE:

(a) Approximately R60 million until July 1986.

(b) Approximately R199 million until July 1986.

Foreshore Board

500. Mr S S VAN DER MERWE asked the Minister of Public Works:

Whether the Foreshore Board is still in existence; if not, *(a)* (i) when and (ii) why did it cease to exist and *(b)* in which institutions are the powers of this Board now vested?

The MINISTER OF PUBLIC WORKS:

No.

(a) (i) With effect from 1 April 1979;

(ii) The Cape Town Foreshore Act, No 26 of 1950, provides that if the Board has achieved the object for which it has been established in terms of section 46 of the Unemployment Insurance Act, 1966, to assist contributors in the motor industry in the Eastern Cape who were prevented from performing their normal duties as a result of strikes by fellow workers, was withdrawn during 1985 on the recommendation of the Unemployment Insurance Board. No payments were therefore made during 1986.

Social pensions

260. Mr L F STOFBERG asked the Minister of National Health and Population Development:†

(1) *(a)* What total estimated amount is being spent in the current financial year on social pensions (i) in the Republic and (ii) in respect of each population group and *(b)* how many persons in each population group receive such pensions;

(2) whether the proposed parity policy or redistribution of income will affect the amounts of payments in respect of social pensions in the future; if so, in what way with reference to members of each of the four population groups;

(3) *(a)* over what period is it proposed to reach parity in respect of recipients of social pensions of each of the four population groups and *(b)* what formulas are being used for phasing this in;

(4) whether payments in respect of social pensions are made to the independent Black states and national states; if so,

(5) whether these payments are included in the amounts asked for in paragraph (1) above; if not, what estimated amounts are being paid to each independent Black and national state in the current financial year; if so, *(a)* what amounts are being transferred to such states for this purpose and *(b)* via which Government department is this done?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) *(a)* (i) R1 444 685 885.

(ii) Whites—R501 494 000
Coloureds—R416 945 000
Indians—R108 374 885
Blacks—R417 872 000

(b) Whites—213 854
Coloureds—258 117
Indians—62 126
Blacks—416 773

(2) Yes. Over and above the normal yearly increase in social pensions further financial provision will have to be made to effect parity.

(3) *(a)* House of Representatives (Coloureds) and House of Delegates (Indians) propose to reach parity within the next four financial years. As far as the Black Population Group is concerned this matter is under consideration and no final comment can be submitted at this stage.

(b) Annual improvements will depend on availability of funds so that a final formula cannot be given at this stage.

(4) Yes.

(5) No. The self-governing regions provide for social pensions on their own budgets. The amounts are not known at this stage. Every Independent Black state is responsible for drawing up its own budget. Budgetary aid is provided by the Department of Foreign Affairs to the Independent Black states in order to partially finance their budgets which *inter alia* include the payment of social pensions.

(a) and *(b)* Fall away.

/Hanzard 23/2/87 300

Religious objectors

262. Mr G B D McINTOSH asked the Minister of Manpower:

(1) *(a)* How many national servicemen who had been granted the status of religious objectors were placed in alternative service in 1986, *(b)* in which (i) Government, (ii) provincial, (iii) semi-Government and (iv) local government departments were these national servicemen placed and *(c)* how many were placed in each such department;

(2) whether any of these departments *(a)* refused, and/or *(b)* were not allowed to place, national servicemen; if so, (i) which departments and (ii) why in each case?

The MINISTER OF MANPOWER:

(1) *(a)* 493.

(b) (i) and *(c)* Department of:

Administration: House of Assembly	8
Agricultural Economics and Marketing	3
Constitutional Development and Planning	4
Environment Affairs	13
Finance	6
Home Affairs	7
Justice	7
Manpower	117
National Education	5
National Health and Population Development	36
Public Works and Land Affairs	11
Transport	7
Water Affairs	7
	231

(ii) and *(c)*

CPA: Hospital Services	14
Works Department	10
Department Nature Conservation	5
NPA: Hospitals	53
TPA: Roads	9
Hospital Services	13
Works Department	8
Transport Department	12
	124

(iii) and *(c)* None and nil.

(iv) and *(c)* Municipality of:

Beacon Bay	3
Benoni	5
Bloemfontein	2
Dannhauser	2
Durban	1
Empangeni	1
Goodwood	3
Groblersdal	2
Kingsburgh	2
Klerksdorp	2
Kloof	2
Krugersdorp	3
Ladysmith	2
Margate	3
Mossel Bay	2
Newcastle	2
Oudtshoorn	1
Pinetown	1
Port Alfred	2
Port Elizabeth	3
Port Shepstone	6
Queensburgh	14
Randburg	4
Richards Bay	2
Springs	4
Stanger	1
Uitenhage	1
Welkom	2
City Council of:	
Amanzimtoti	1
Ballitoville	2
Benoni	1
Bloemfontein	1
Boksburg	1
Cape Town	8
Ellisras	1
Ermelo	1
Fochville	1
Fort Beaufort	1
Gordons Bay	1
Johannesburg	7
Klerksdorp	1
Midrand	1
Modderfontein	1

Monday, February 23 1987

Moves afoot for formation of SA Pension Institute

23/2/87 (300) B/Day

HELENA PATTEN

The forthcoming conference of The Association of Pension and Provident Funds was likely to be an historic one, association president Arnold Basserabie said on Friday.

Views of members, who had been canvassed in past months, on the formation of the proposed Pensions Institute would be made known at the conference, starting in Cape Town on March 1, he said.

If the constitution was accepted — which he expected it would be — the institute would come into being immediately.

Basserabie said: "The principal objective of the Pensions Institute will be the promotion of the common interests of the pension, provident, retirement annuity and similar funds, plus all persons associated with such funds in Southern Africa." This would include trade unions.

In effect, the association would be changing its name and revising its constitution, said Basserabie.

The main changes would be in the much broader qualifications required for membership.

Among several speakers to address the annual conference will be Anthony van Ryneveld, member of the board of governors of the Urban Foundation. He will speak on the role of pension fund finance in the provision of housing.

Basserabie said that while pension funds recognised their first responsibility was to their members, they also acknowledged a broader responsibility to the community. Pension funds were thus prepared to commit a percentage of their prescribed assets to low-cost housing stock.

Deposits increase: aged are exempted

24/2/87

DD

300

EAST LONDON — Pensioners are to be exempted from the increase in the deposits for water and electricty of R100 to R150.

Last night the councillor who piloted the concessions, Mr Eric Whitaker, said he was amazed to see how he won support when the matter was debated in open council.

"This is a perfect example of double talk from some councillors. Behind closed doors my proposal did not find favour with the majority of councillors and it fell away.

"But as soon as it is debated in open council, I get support. It just goes to show what goes on behind closed doors and just how sincere people are," Mr Whitaker said.

At the meeting last night, Mr Whitaker said pensioners received just over R200 and it made life difficult for them to pay deposits of R150.

"I propose that we go ahead with the increase but that we exempt pensioners," Mr Whitaker said and was seconded by Mr Donald Card who had recorded his dissent earlier.

Mr Joe Yazbek also rose to say that he agreed with the exemption and the councillor with the finance portfolio, Mr Gwyn Bassingthwaigthe, said he would agreed provided it was kept to old age pensioners.

The deputy mayor, Mr Robert de Lange, asked whether they had also agreed to bring the deposits for pensioners down to R50, but was told this was not so. — DDR

Rip-off may leave elderly flat-dwellers destitute

(300) By Dan Side 26/2/87 Star

Residents of a Berea, Johannesburg, block of flats — some of whom have put their life savings into the cash purchase of their homes — have lost their money and face eviction.

The 28 residents, mostly pensioners, say they are the victims of a rip-off which has left some destitute.

Two of the elderly occupants involved, Mr George Clothier (71), a retired engineer, and Mrs Patricia Shepherd (66), a former bookkeeper who lives on a war pension granted after her pilot husband was killed in World War 2, told of their plight.

In November 1985, they advanced the bulk of their savings to pay estate agent and property dealer Mr Frederick David Niland R18 000 in cash for each of their share blocks in a company called Vista D'Elle. They thus became, they thought, owners of their R18 000 bachelor flats in the building Villa D'Este in Berea.

But yesterday, Mr John Fordham of the Allied Building Society's loan administration centre confirmed foreclosure was proceeding after the passage of a February 7 deadline for a proposed settlement.

Supposed ownership began on November 1 1985. But when the sectional title register was opened on June 24 1986, they learned their names were not included, in spite of having advanced fees to the transferring attorneys.

Instead, they found their flats were included in the 28 that Mr Niland ceded as security for a R550 000 first mortgage bond held by the Allied and a R125 500 second bond owed to a B Kaplan.

It was discovered Mr Niland had left South Africa. He was believed to have gone to be live in America, allegedly leaving more than R3 million in debt.

His sequestrated estate included houses in Northcliff and on the Natal South Coast, his Northcliff office block (Nectaria) and interests in an estimated 50 blocks of flats, Villa D'Este included.

It was learned, too, that Mr Niland's attorney, said to have held the purchase amounts in trust pending the establishment of the sectional title register, had evidently also moved overseas.

The matter was further complicated by Mr Niland pledging 14 of the 28 sections of the building to Finance in Art (Pty) Ltd as security for a loan of R60 000, according to the correspondence.

Said the letter from Allied: "Under normal circumstances, the Society would look to the seller of the shareblocks (Mr Niland) to pay any difference between the purchase price and the amount owed to the Society under its bond.

"In this case the seller has been sequestrated and there is no prospect of the society recovering any monies from his insolvent estate. In the circumstances, the society is compelled to look to its securi-

● To Page 3, Col 4

Mr George Clothier (71) and Mrs Patricia Shepherd (66) ... face eviction from their flats in Berea, Johannesburg. ● Picture by Garth Lumley.

Elderly flat-dwellers face eviction

Star (300) 26/2/87

● From Page 1

ty, ie, the 28 sections bonded to it and would normally foreclose under its bond with a view to having the 28 sections sold in execution."

The purchasers, continued the letter, would be left with no more than a claim against the insolvent estate of Mr Niland and would be unlikely to receive more than a "minimal dividend".

The building society, however, did offer an alternative to foreclosure. If all 28 purchasers agreed to pay an additional 18 percent of the purchase price, the two bondholders would absorb a loss on interest payments due and grant release certificates to allow the registration of the properties.

But all 28 purchasers had to conform to the conditions. There could be no exceptions.

Mrs Shepherd and Mr Clothier replied that they agreed to the terms, but Mrs Shepherd was not hopeful every one of the 28 would act in harmony.

Mr Clothier said all his attempts to seek assistance had been unsuccessful. The Estate Agents Board wrote: "Nilands (Pty) Limited has, in fact, been liquidated and we are led to believe Mr Nilands (sic) is now apparently residing in California, USA. Should he, however, return to the Republic we shall proceed with an investigation into such a complaint."

The Institute of Estate Agents, said Mr Clothier, insists that one clause in the offer to purchase of the shareblocks obviates claims on its fidelity fund.

PENSIONERS SNUBBED

300 Sowetan 26/2/87

Pension payout scheme collapsing

By LANGA SKOSANA

THE new pension payout scheme for blacks is on the brink of collapse because the Post Office and financial houses are refusing to open accounts for pensioners.

A spokesman for the Post Office in Pretoria said yesterday the Post Office had decided not to handle payouts for blacks because of the large number of people to be paid out.

The general manager of the African Bank, Mr Victor Sandamele, yesterday said his bank had to devise a strategy to help the aged.

He said his bank was a profit-making concern.

Paying out old-age pensions was not a sound business proposition, he said. His bank had, however, not turned anyone away.

The Standard Bank said while it sympathised with the needs of pensioners it required a minimum of R50 in its clients' books.

The South African Permanent Building Society in Jabulani, Soweto, which has for the past month been handling most applications for pensions in the township, said it had been flooded by new applications.

Problems

The manager, Mrs Connie Nkosi, said she had to ask the pensioners to stay away for a while, while the bank was sorting out problems created by the influx.

The manager of Barclays Bank, Dube, Soweto, Mr Joe Molefe, was cautious about allowing pensioners to open accounts with nil balance.

Social workers said yesterday they would try to persuade bank and building society officials to help in the new payout system.

They, however, appealed to the aged not to flood banks or building societies because the new payout scheme was being introduced in stages.

ANGER AT P.O. PENSION MOVE

(300)

Sowetan 27/2/87.

COMMUNITY groups dealing with pensioners have been angered by the decision of the Post Office to deny blacks the right to draw their monthly pension pay from its banking facilities.

They also point out that financial houses like Barclays, Standard and the African Bank have shown reluctance to start accounts for black pensioners because there is little or no profit in such transactions.

Yesterday a spokesman for the Post Office in Pretoria said blacks were not allowed to get their pension pay from it although whites, coloured and Indians can do so without hindrance.

The spokesman said the Post Office could not cope with the large number of blacks who

By LANGA SKOSANA

would crowd its facilities.

A welfare worker, Mrs Monkululeko Madalane said: "It's naked recism on the part of the Post Office to deny their facilities to blacks. It's also a shame that banks in which many blacks keep their money should not make it easy for pensioners to keep accounts from which to draw their pensions.

Disgrace

"It's a disgrace for these financial institution to require a R50 deposit from a pensioner who gets R97 a month. As for the Post Office it ought to hang its head in shame for discriminating against senior citizens of this country".

Social workers at the National Council for the Aged were disappointed about the response of a number of financial houses to applications to deposit pension money into their accounts. They said large numbers of people had been turned away from some banks and building societies.

Yesterday the Public Relations Officer of the Department of Constitutional Development and Planning, Mr Johan Oosthuizen said the Government was to introduce another scheme where black pensioners would draw their money at offices of local authorities at any time of the month.

This was in addition to the scheme that is due to be implemented in June when pensioners will have a choice of drawing their money from banks or building societies or queuing up for it at the old pay points.

He said although condition of the c... has improved, M... condition remained ...rious.

Principal

THE Northern Tr... vaal school pri... charged with ri... murder was ref... bail this week when appeared in the L... Trichardt Magist... Court with two ... men.

Mr Nyadzani Petr... Muelelwa is cha... together with Mr ... seph Makatu and ... Isaac Kgopana with ... murder on January ... of Ms Joyce M... They were not asked ... plead and the case ... postponed to March ... Mr Muelelwa is pr... pal of the Nzhele higher primary sc... in Venda.

Turfloop

THE University of ...

FM 27/2/87

PENSIONS REFORM (300)

Softly, softly

After numerous drafts and reports the Meiring Committee on pensions has apparently come up with a decision not to decide. Terms of reference of the 23-man select committee chaired by Paarl MP Kobus Meiring were:

- The manner in which satisfactory pension benefits could be provided for, or assistance given that section of the public which has no or insufficient cover;
- The compulsory preservation of pension rights by transferability or otherwise; and
- The commutation of a part of lump-sum benefits into annuities, and matters relating thereto.

In one earlier draft there were proposals for a form of preservation for those earning over R500 a month, linked to the inflation rate, to be introduced by all employers with five or more employees. There were also going to be separate rules for the self-employed, while provident fund cash withdrawals would be limited.

Earlier drafts also suggested compulsory preservation through transferability, while only four "de-freezing" instances were recommended: death; retirement; disablement; and emigration. Employees should also be entitled to a "reasonable" portion of the employer's contribution; no one should be allowed to withdraw a full retirement benefit in cash; and the State should have responsibility only for the very poor. It was also recognised that if these provisions were to be adopted an extremely good communications effort would be needed to avoid repeating the 1980-1981 fiasco.

However, the earlier draft indicated that representation from black trade unions was still not forthcoming, a major stumbling block. As a result it is not clear whether even one of the above recommendations has survived. Certainly the committee is treating a sensitive subject with great sensitivity.

Taciturnity from organised labour is surprising when one considers that a report from the Human Sciences Research Council said that most blacks interviewed were in favour of contributing to a fund which would cater for retirement; and supported the concept of individuals providing for old age.

Nevertheless, lack of black representation, and fears of a repeat performance of 1981 (when there were riots before the Preservation of Pensions Bill was shelved) spurred the committee to make *no proposals* for legislation. Instead it is to suggest a softly, softly approach.

Says Brian Goodall, MP for Edenvale and a member of the committee: "This is unique in my experience in parliament, but goes some way to vindicating the stand the PFP took in 1984, that a 'committee of interested parties' would be much better than a parliamentary committee."

Goodall welcomes the Meiring Comittee as at least a step in the right direction. Even so: "We realised we were not competent to determine the nitty-gritty. We just wanted to lay down the broad direction, including an appropriate timescale."

So in essence the committee will no more than recommend a procedure through which all parties should seek the most suitable pension dispensation for SA as a whole, involving employers, employees, trade unions and other interested parties. The key will be that maximum benefits should be provided by the private sector.

Goodall would like to see the recommended procedures laid down to be implemented "with utmost urgency — even before the general election — for the sake of all SA." He says that, though the present social security system costs a lot and costs are escalating, it does not meet the needs of existing pensioners. Nor are payments keeping up with inflation.

"Any steps taken now will take 15-20 years to solve our problem. The longer we take, the more difficult it will be to implement. This is why the matter is so urgent."

Meiring says his report was finalised last week and will be submitted to the Minister of National Health and Population Development "within the next week or two." ■

300

BUSINESS TIMES SURVEYS PENSIONS AND RETIREMENT ANNUITIES

Why blacks prefer the provident fund

A bird in the hand . . . the black workers' choice

THE trade-union movement is demanding direct representation on pension-fund boards and control of whatever funds are due to them.

In effect this would mean at least 50% representation or control in proportion to the amount of money being paid into the fund.

Taffy Adler, of the Labour and Economic Research Centre in Johannesburg says: "On the specific provision of pensions, workers are unhappy about the pension-scheme concept. Their reason is that it is a long-term benefit and a proposition for high-income earners who have been paying into schemes for a long period. Only for them, according to the unions, does a pension become worthwhile.

Tax relief

"Most black workers are lowly paid, so the percentage they contribute to a pension fund is small and the amount they get back is also small. Secondly, they see themselves as short-service employees.

"This assumption is important because even if they are not short-service employees, they feel insecure in their jobs, partly because of the extent of unemployment in the townships."

If they leave the company before pension date, the amount they receive is their contribution plus a nominal rate of interest which is considerably less than they would have received at a bank or building society.

Mr Adler says many companies make membership of a pension fund compulsory. The reason is that a company receives tax relief on its contributions to a pension fund. By paying a small interest rate to those who leave, the company retains the excess in the fund for the unquantifiable amount needed in the future.

Mr Adler says: "Generally, the rules of a pension fund state the employee must make a certain contribution.

"But they often say the employer's contribution is a certain percentage or whatever is actuarially assessed to ensure that there are sufficient reserves to meet the fund's obligations.

"So if in the opinion of the actuary, it is sufficiently funded or overfunded, the employer can stop putting in money. In Britain, legislation is being passed to prevent such a practice. But in SA it is still an advantage to companies with their own pension funds to have a surplus, saving their contributions.

"The social-security scheme run by most non-racial trade unions is the provident fund because it reflects the status of their members, most of whom are unskilled, receive low wages and see themselves as short-service employees.

Whites also

"It is not only the preferred pension vehicle of the blacks — many white workers also join provident funds.

"There are no obligations, so when members leave the company they may withdraw their own and the company's contributions plus interest. There is no commitment to the pensioner or the spouse."

Mr Adler says the ultimate difference between pension funds and provident funds is lump-sum payment. From a pension fund only a third may be paid to the member on retirement, but with provident funds the full amount is payable.

Workers want this lump sum because it is money straight into their hands without monthly trips to post offices in rural areas.

There is also a certain lack of trust that the money will always be forthcoming.

Lastly, a company pension may cause members to forfeit their State pension which many believe is their right.

In practice many black workers leave employment before pensionable age and their contributions would assist them while they were unemployed, although it would not last long.

Company contributions are seen as a form of deferred income, which most workers believe should be given to them when they leave the company.

The urgent needs of daily life and the inability to make ends meet now spur the demand for as much money as they can get. Many look to other forms of care in their old age, such as the State or their families.

Mr Adler says: "Provident funds have been proven to suit the needs of black people. When, as a group, they start to earn higher salaries and have to worry about tax then other vehicles, which may include pension funds, will be considered.

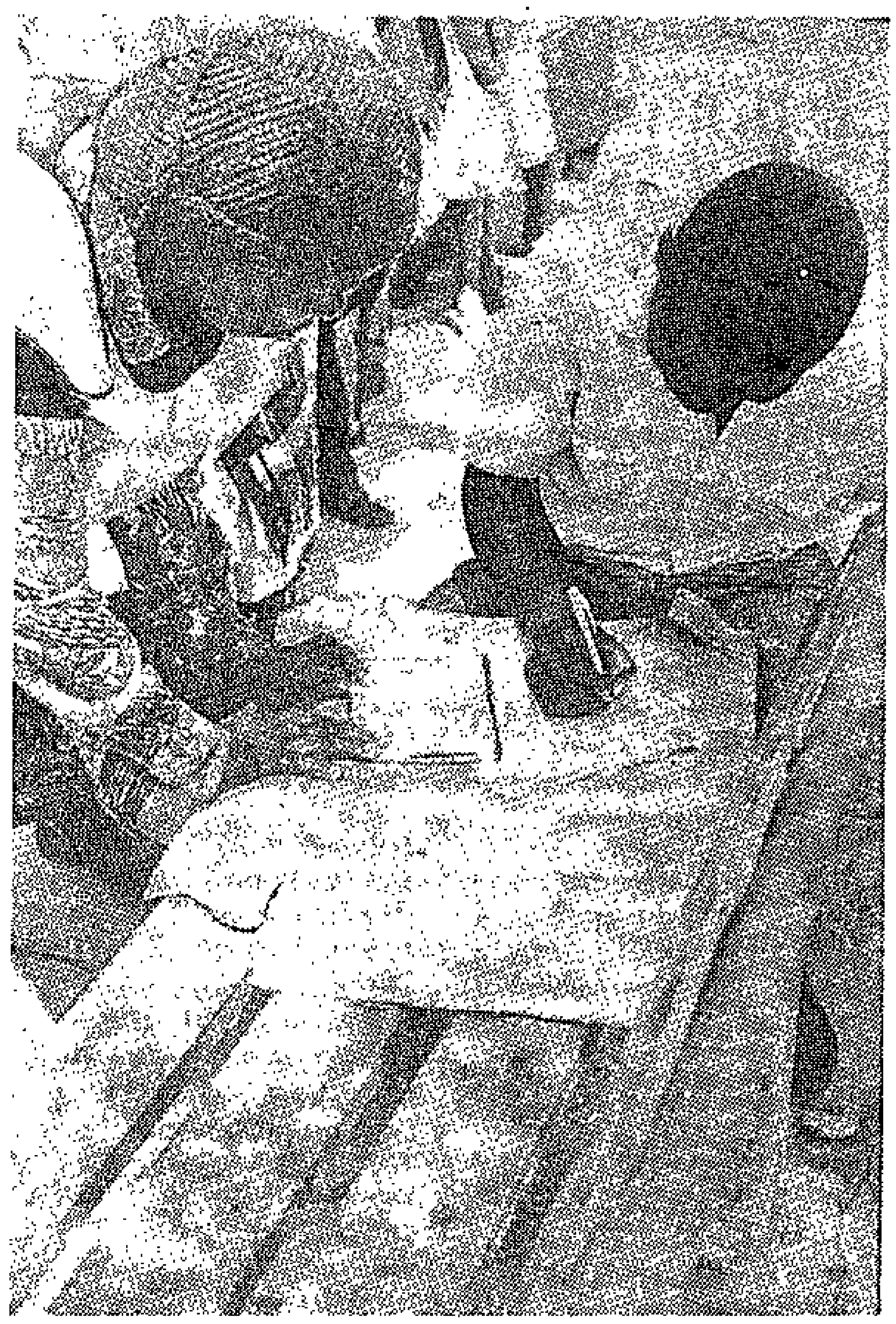
"What has happened in the debate over pensions versus provident funds is that organised labour has gone back to its memberships to find out what the problems are and what is wanted. As a result, financially viable and politically acceptable schemes have been negotiated with management.

"If this is acceptable and works, it is to be recommended. The pension-fund movement and insurance companies have listened to this, but alas the Meiring Commission has not. It did not deal with provident funds at all.

"If cognisance is not taken of this, the Government will possibly face the problems it had to contend with in 1981."

Pensioners 'raid' Building Society

9/Pens 300
1/3/87



A Perm teller helps pensioners to fill out forms.

By SELLO SERIPE

ALTHOUGH construction of Soweto's first old-age home started this week in Jabavu, the SA Permanent Building Society in Jabulani looked like an old-age centre this week when thousands of pensioners "raided" it to open savings accounts.

The "raid" follows an announcement by the Department of Constitutional Development that pensioners will no longer need to queue for their pensions, as the money would be deposited into their saving accounts.

A spokeswoman for the Soweto Para-Legal Advice Centre, Mpho Mothibedi, said that her organisation approached the Perm which offered services to pensioners.

Robert Ndlovu, 62, of Naledi, Soweto, who is confined to wheelchair, said that he welcomed the decision because it would be much easier and quicker for him to get his money.

"My grandson used to absent himself from school to take me to the local pay point and now he will be relieved," Ndlovu said.

Johanna Gasela, 73, of Zola, said the sweet-talking tricksters who used to offer pensioners lifts or escort them were now doomed.

Constance Janqasi, 60, of Naledi, said: "We used to get hard cash which could not see through us to the next pay day. Now we will be able to save our money."

Deputy-director of Constitutional Development, SJ Verwey, said that the decision was taken after the department "discovered that pensioners fainted and some died while waiting in the long queues for their money".

"We also learned that these poor souls wake up at dawn and are scorched by the sun while waiting for their money," said Verwey.

He also said his department was planning to open special pay offices in townships countrywide to relieve banks.

"So far we have received about 6 000 completed saving account forms from pensioners in Soweto and we are expecting more," he said.

Ban on cashing in pensions expected

(300) SAM 3/3/87

Finance Staff

A ban on the withdrawal of pension contributions by employees who change their jobs or are retrenched, is among decisions in principle reached by the parliamentary joint select committee investigating pension matters.

This is disclosed by the chairman, Mr Kobus Meiring, in an article in Sanlam's pension review for 1986.

Sanlam's managing director, Mr Pierre Steyn, estimates some R333 million was paid out last year by the company's group pension schemes to members or their dependants.

"It is disturbing however, that much of this resulted from retrenchments and that the unemployed used these withdrawal benefits as bridging finance.

"While acknowledging that this provided for the essentiual needs of many, it is a sad fact that as a result millions of rands intended for retirement provision were lost".

The committee is expected to complete its report early this year, says Mr Meiring, who is also deputy Minister of Foreign Affairs.

The committee reached agreement on several matters of principle as eventual long-term goals.

"Every economically active person in South Africa must provide a satisfactory retirement benefit for himself to ensure that he does not become a burden to the rest of the population when no longer economically active."

Provision must be made for the compulsory safeguarding of pension benefits by means of transferability or other measures, says Mr Meiring. No pension benefits should be allowed to be unfrozen, except in the case of certain approved occurrences like: Reaching normal retirement age; death prior to the commencement of the pension; disablement before the commencement of the pension or emigration.

Safeguards

The compulsory safeguarding of pension benefits by means of transferability must grant the member of the fund the right to his own contribution, as well as a reasonable part of his employer's, says Mr Meiring.

Pensions or an annuities should not be paid in a lump sum. The recipient should be allowed to to take no more than a third, the balance being paid out in the form of a pension.

The government will still be responsible for those who cannot provide for themselves, the committee agreed.

Mr Meiring points out that the amount spent annually on old-age pensions soared from R103 million to R1 069 million in the 13 years from 1973 to 1986 and recipients already number 825 000.

A dramatic further increase is projected for the year 2000.

Information before the committee showed South Africa's white population was ageing while the black population included a much greater number of young people.

As a result more and more people were relying on the State to provide for their old age.

The number of people over 64 was projected to increase from the current 1,1 million to 3 million in the next 35 years.

On the other hand it was estimated that 41 percent of the black population and 28 of whites were not yet economically active.

"This means that eventually a decreasing economically active percentage of the population will be responsible for caring for the aged and for educating the youth," added Mr Meiring.

The
of
in
an
me

lack Employees
promote the
etween members
e interest of

Business Report

CAPE TIMES 3/3/87

Pension fund law likely to change

300

By AUDREY D'ANGELO
Financial Editor

THE proportion of prescribed assets which life offices and pension funds are required to have is likely to be reduced soon, the deputy Minister of Finance, Kent Durr, said in Cape Town yesterday.

And the government plans to make staff pensions transferable so that employees do not sacrifice their long-term security by drawing the money and spending it when they change jobs.

Provide for old age

Durr was officially opening the annual conference of the newly renamed Pensions Institute of Southern Africa — formerly the Association of Pension and Provident Funds of SA.

He said that more than 56% of all South Africans lived in households with a total income of less than R400 a month and were therefore not in a position to make meaningful provision for their old age.

The government therefore accepted that for some time it would be necessary to provide for such people through old-age pensions.

But this would become an increasingly heavy burden on the taxpayer.

"It is therefore incumbent on all of us to assist as far as possible with the development and advancement of our people."

'Future income stream'

Durr said it was "tragic" that so many people regarded their staff pensions as a kind of savings bank and changed jobs in order to be able to draw the money and spend it.

"Some means will have to be sought whereby pensions are made not only portable but also indestructible: in other words, money ploughed into pensions must thereby cease to be money and become simply a claim to a future income stream."

Discussing prescribed assets, he said the Registrar of Financial Institutions would shortly be circulating proposals "aimed encouraging the development of a more active secondary market while at the same time lowering the present quantum of prescribed assets to be held by life offices and pension funds."

Star 5/3/87. (300)

Pensioners can face bad time in Lebowa

READERS' VIEWS

Your report in The Star of February 24 gives some indication of the appalling plight of many of the people living in Lebowa.

In any of the so-called black states it may take years for a suitably qualified person to be granted a pension. In Lebowa, however, the position is uniquely difficult.

The Lebowa Social Pensions Act contains a provision to the effect that the Secretary for Health may limit the number of pensions payable, and in terms of this provision no new social pensions have been approved since 1984.

There is no equivalent provision in the "South African" legislation, which gives a right to people who qualify for a pension.

A 70-year-old man living in Lebowa, who has been waiting for more than four years to get a pension, to no avail, remarked: "I paid my taxes to the South African Government for 40 years, and now that I need a pension they say I must go to the Lebowa Government, and the Lebowa Government does not give me a pension."

He remarks on the fact that, while numerous old people who were receiving pensions die, no new pensions are granted.

Suzanne Gordon
Benmore Gardens

LETTERS
Page 15

Mrs L. de Lange, left, Mr F. C. Victor, and Mrs S. Jordaan, at the launch of the Sats pensioners' social club in East London this week.

(300) DD 6/3/87

Sats pensioners club formed

EAST LONDON — A social club for SA Transport Services (Sats) pensioners has been launched here.

The club's temporary committee chairman is Mr Robbie de Lange. The secretary is Mrs Mary Lyons and the committee members are Mr Maurice Geyer and Mr J. Weitsz.

A spokesman for Sats, Mr Don Loxton, said the aim of the club was the upliftment of the social, cultural and spiritual aspects of retired employees' lives.

"There are about 2 800 retired staff in the region and about 2 100 are living in East London."

About 300 people attended the meeting at Turnbull Park and the newly elected temporary committee will decide on dates for future meetings to get "the ball rolling", Mr Loxton said. — DDR

PENSIONS REFORM 309 FM 6/3/87

Talking to labour

Effective communication between pension and provident funds and their members is essential. In the UK, pressure from labour has resulted in disclosure requirements being enshrined in law. "We could be faced with similar demands in the not too distant future," Gerard Ehmke, senior assistant GM Federated Life, told delegates to the 37th annual conference of the Association of Pension and Provident Funds in Cape Town this week.

Poor communication between government, management and workers about the findings of the Louw Committee White Paper dealing with the compulsory preservation and transferability of pension interests resulted in widespread labour unrest in 1980.

UK regulations oblige trustees to disclose significant information to members, prospective members, other beneficiaries and trade unions. Trustees are required to provide interested parties with rules, allied documents and basic information, and must detail the benefits and contribution structure of the fund and how the employer's contribution rate is determined.

Among other things, the basis of investment managers' remuneration, a statement of investment policy and a review of investment performance must be given each year. Each member must be told to whom enquiries should be addressed.

Trustees under the UK system must comment on the marketability, security and valuation of the scheme's assets and review financial developments during the year, Ehmke says. Audited accounts and actuaries' statements must be included in annual reports. Within 12 months from the end of the scheme year, the trustees' report has to be available to trade unions (and members, if they are interested).

Ehmke suggests that trustees should gain the support of works committees, trade unions and similar employee bodies through constant negotiation on pension fund matters. "In the main, worker representation on boards of trustees has led to a constructive atmosphere within the management of a pension scheme. It is pleasing to note that many pension funds today elect employee representation to the boards of trustees from the ranks, not merely appointing a member of management to watch over workers' interests."

However, the average worker does not have a clear idea of what a pension fund is about. As well as using videos to get the message across, Ehmke suggests that a simple document, preferably in the vernacular, is essential — particularly since "a mere copy of the rules is a daunting document to Mr Average." ■

6/3/87 (300)

Domestic workers 'should negotiate pension funds'

By Sandra Laurence

Domestic workers should start negotiating pension funds with their employers, says Mrs Violet Motlhasedi, president of the South African Domestic Workers' Union.

Mrs Motlhasedi was commenting on a new pension scheme for domestic employees, the "For You" assurance plan, launched recently by a major insurance company.

Few employers bother to make provision for domestic workers' retirement and the workers themselves are uneducated about the availability of such schemes, as well as their rights to such provision and protection, Mrs Motlhasedi says.

WORKING FOR A FUTURE: domestic workers are entitled to retirement benefits, though few employers do anything to give them such protection.

PORTABLE BENEFITS

"It is up to the employee to suggest a pension scheme of some sort with his or her employer," she says.

A consultant for the new fund, Mr John Burnett, says the chief benefit is that continued membership of the scheme is not dependent on a member's association with a particular employer; benefits are portable and can, theoretically, be transferred when employment is taken up elsewhere.

The premiums rise automatically on the first of March annually by the same amount as the consumer price index of the previous year to take account of inflation; on return members receive a lump sum equal to the contribution made on their behalf, together with full benefits of all contributions plus all the investment profits should employment be terminated due to job change, death, disability normal retirement or redundancy.

FLEXIBLE SCHEME

"The scheme is flexible," says Mr Burnett. "Contributions must obviously be linked to income earned. Employers can make up what they see as a shortfall with a lump-sum injection or can temporarily reduce payments if they are struggling financially themselves."

The advantage, he says, is that this type of scheme is part of the managed portfolio of a large financial institution and an employer will not be taking the chances that would be taken, for instance, on the stock market.

The fund also has a R5 000 life assurance benefit for all members for which no medical evidence is necessary.

Other funds have limitations on withdrawal benefits before a member reaches retirement age, Mr Burnett adds.

An independent insurance broker sees the "For You" scheme as a "definite plus because it makes employers aware".

"There is no such thing as an ideal scheme, but what I would like to see is some sort of education for the employer. The success of this scheme depends on a new employer who may not be prepared to maintain the service and then its efficiency falls away."

PROPOSAL

The broker said domestic workers tended to change jobs fairly frequently and that, in his experience, "benefits were often spent immediately and frivolously instead of providing a small pension as intended".

"For years I've been advising employers to take out unit trusts," he says.

He proposed the following scheme:

- Up to 2 years service — no benefit.
- 2-5 years service — 20 percent of contributions.
- 5-7 years service — 40 percent of contributions.
- 7-10 years service — 50 percent of contributions.
- Over 10 years service — full vesting, ie: 100 percent of contributions.

"Obviously one can fiddle around with this idea depending on the circumstances, but the advantage here is that a percentage is left in the fund as a core for the next employee. The employee who is leaving receives the percentage he deserves.

"With the 'For You' scheme, the employee gets the full sum of contributions and that is not necessarily fair."

As in all financial plans there are pros and cons for both alternatives, but perhaps the last word lies with a broker, whose view is that "in the final analysis, it does not really matter which of these alternatives you use as long as you make some sort of provision for your domestic employee on retirement. It is an area of assurance in which the South African public is vastly under-educated".

6/3/87 DD

300

The question of retirement

From Carl Hartman in Washington

Most major industrialised countries are urging older workers to retire, hoping to make more jobs available to younger people, according to a recent survey.

But the Japanese and Soviet governments are striving to keep older people in the work force. And the United States and Canada are giving new protection to veteran workers to prevent retirement against their will.

In much of Western Europe, retirement ages are declining. France now allows full pensions at the age of 60 instead of 65, and Swiss voters will have a chance to vote on a drop this year, according to the International Federation on Aging.

Early retirement has become popular in West Germany, Sweden and the Netherlands and other countries, according to a survey in Aging International, a quarterly published by the federation. Early retirement in these countries sometimes requires the finding of a small physical disability.

Many non-professional West German workers take some form of early retirement in this way, usually from about the age of 55.

Last October, the United States became the first major industrial country to make it illegal for most businesses to make employees retire at any age. Previously, employers could force members of their staffs into retirement at the age of 70.

But many Americans still want to retire early. One government study estimates that the new provision will keep only about 200 000 Americans in the work force.

Canada also is moving to keep older people working. It has banned compulsory retirement in the civil service, and the Prime Minister, Mr Brian Mulroney's government has promised an eventual ban in the banking, transport and communications businesses.

In Japan, a cabinet-level council set up by the Prime Minister, Mr Yasuhiro Nakasone, last year urged raising the retirement age to 65. Mr Noriko Yamamoto, of the Labour Minstry, said that within the next month, local governments are to contact companies that insist on retirement before 60 to advise them to raise the limits.

According to Japanese publications, about half of Japanese firms require retirement by 60.

But retirement in Japan is less likely to be permanent than in other countries.

Mr Masako Osako, a Japanese expert on older people in the work place, quotes a 1980 survey by the Japanese Labour Ministry as finding only one man in 10, between 60 and 64, "neither working nor seeking to do so".

The Soviet Union offers strong incentives to continue working past the official retirement age: 55 for women and 60 for men, according to the International Labour Organisation. Many can get full pension and full pay. The Soviet Union has labour shortages in many industries.

The ILO says there have been few takers for a Soviet plan that increased pensions for people who delay retirement, because full pay plus full pension is more attractive.

In the West, many governments emphasise making retirement more attractive.

"By far, the dominant labour market trend over the past decade as far as older workers in Western industrialised countries are concerned has been the strong push towards even earlier retirement," says Charlotte Nusberg, editor of Aging International.

"This movement has been encouraged by public policy, corporate decision-making, labour unions and even by older people themselves."

In 1970, according to figures she cites, three-quarters of American men between the ages of 60 and 64 were in the work force. The US Bureau of Labour Statistics reports that in 1986 there were only a few more than half: 54,9 per cent. There was also a decrease for women, from 36,4 per cent to 33,2 per cent. — Sapa-AP

Give aged second chance

Youthful mayoress starts her year with a plea from the heart

WINNIE GRAHAM

Johannesburg's youthful mayoress, 28-year-old Mrs Robynne Mayne, has appealed to the people of the city to give the elderly "a second chance".

Promising her support to hard-pressed older residents, she said after her inauguration this week that no one had suffered more during the on-going recession than the old people — the very citizens who had helped build Johannesburg into the dynamic city it had become.

Old people of all races were struggling to make ends meet, she said. Many were living in dire circumstances in back rooms. Some had lost their jobs during the recession and been unable to find others.

"People begin to get old at 50," she said. "Instead of making them feel helpless and useless, we should use their skills. Too many firms retrench older staff because they want to retain a so-called 'dynamic image'. This is unnecessarily cruel. Our elderly citizens are often much more conscientious than younger workers and should be given more opportunities to prove their usefulness."

'HEART OF GOLD'

Mrs Mayne will spend her term of office campaigning for the welfare of the city's people, particularly the elderly. She believes Johannesburg has a heart of gold and will respond to help fellow citizens.

"We have the resources to turn overseas disinvestment to our advantage by creating more manufacturing industries, and thereby more job opportunities, for people of all races," she said. "There are many ways of improving our situation."

Mrs Mayne's affection for things old extends to the city's historic buildings. She would like to see Johannesburg protect its heritage.

"There is so much space," she said. "So many architecturally beautiful buildings have been lost, and with it the character of the city has suffered."

She also believes the Group Areas Act will disappear and people of all races will eventually live together in Johannesburg.

"There are people who are afraid of mixed residential areas. This is not because they are against the colour of people, but because they think integration will result in increased crime. If they could be convinced their suburbs would remain peaceful, they would not object to people of colour living there."

CAPE TIMES 7/3/86

Pensions to be more equal

Political Staff

COLOURED and Indian social pensions will become the same as those paid to whites within four years, but no date has been set yet for the equalization of all social pensions.

During this financial year, social pensions are expected to cost the taxpayer R1 444 685 885.

This was disclosed by the Minister of National Health and Population Development, Dr Willie van Niekerk, in reply to a question tabled in Parliament by Mr Louis Stofberg (HNP Sasolburg).

Peril warning on pensions

8/3/87 300 STI

INSURANCE giant Old Mutual flexed a multibillion-rand muscle this week with an urgent warning to the Government on the pension funds issue: freeze payouts at your peril.

Calling for an immediate clarification of the Government's intentions, Old Mutual said any misunderstanding could lead to a serious deterioration in labour relations and a possible repetition of the widespread strikes and violence experienced six years ago.

'Freeze could lead to repeat of '81 unrest'

By ALAN DUGGAN

But Mr Kobus Meiring, chairman of the parliamentary select committee which investigated the issue, said yesterday the report would "most probably" not lead to the problems feared by Old Mutual.

Coming as it does from one of SA's biggest and most conservative financial institutions — Old Mutual is not given to involvement in overt political activity — the warning is likely to be heeded.

In 1981, the draft Preservation of Pensions Bill — aimed at the "freezing" of employees' pension fund contributions until retirement — triggered industrial unrest.

Pension funds paid out huge sums to concerned black workers who feared losing their only source of income between jobs.

The Bill was dropped amid hints that it might be reintroduced in the future.

A joint select committee, chaired by Deputy Minister of Foreign Affairs Kobus Meiring, recently completed an investigation into pension matters.

Dangerous

Although he has yet to table its report, Mr Meiring has disclosed (in an article in a Sanlam publication) that the committee has decided "in principle" to halt the repayment of pension contributions to employees who change their jobs.

Press reports have also quoted comments on the report by the Deputy Minister of Finance Kent Durr and Brian Goodall, MP for Edenvale.

And this, says Old Mutual, is where the problem lies.

Asserts General Manager (Pensions) Mr Gerhard van Niekerk: "Premature and irresponsible statements have already resulted in dangerous uncertainty."

Mr Van Niekerk told the Sunday Times that his company was concerned about the results of uninformed speculation — particularly in view of what happened in 1981.

"We want to see the committee's report published as quickly as possible. This is a matter of urgency — you can already hear the rumblings building up."

Insurance industry sources say privately that much of the industrial unrest prompted by the draft Bill in 1981 could have been avoided by a simple statement of intent.

Said one official: "It's quite possible that most black workers would have been unaffected by the proposed legislation.

"The bottom line is that a freeze on pension contributions is an ideal step in an ideal world. But this is not an ideal world, and it's a fact that black workers who lose or change their jobs often rely on the pension payout to survive."

'Why I quit'

8/3/87 STI

☐ From Page 1

directors that the flattening in Rapport's circulation and other problems were mainly due to my editorship has been so offensive that self-respect compels me to depart.

"With an expected rise in circulation and the progress of Rapport which is now expected, I could have handled the criticism.

"But there is also a definite political background to my resignation.

"With several confrontations in the past two years, even in most recent times, I am being placed under increased pressure by NP politicians.

"It is clear to me, and I have also been told directly, that many of my political insights, accents, arguments and appeals have aroused resistance among the NP politicians. This also applies to some general political reports and background articles in Rapport.

Inhibiting

"This intolerance and rejection of critical and investigative political journalism and reasonable political reportage inhibits my political freedom, integrity, honesty and open-heartedness.

"I have tried, to this very date, to formulate credibility, objectivity and balance as the philosophical basis for reform, and I have promoted the NP as the instrument to achieve it. Rapport has obviously not been heeded.

"Nor has the warning I gave that 22 percent of NP supporters are very dissatisfied with the content, style and tempo of reform.

"Meanwhile, the Independent political movement and alliance politics have emerged.

"Although I understand the emotion of it, there is still too much vagueness to test it.

"I still believe the NP has the opportunity to bring about great reform in this country, but then certain of its policies and its style will have to move in new directions.

"Rapport is so severely reproached for journalistically spelling out and arguing for this renewal within the NP, even before the election period, that it becomes impossible to maintain credibility.

"It is within the rights of politicians to differ. But traditionally it is also the honour of an editor to vacate his chair if his newspaper's political independence is contested and obstructed.

"It has been for me an exceptional experience and opportunity to have been editor of Rapport. I thank my directors, management, personnel and readers for their sustained support.

"I have not yet made any decisions or entered negotiations over my future career. I hope there will be new opportunities ahead."

(News by Raymond Joseph, 11 Diagonal Street, Johannesburg).

FULL STATEMENT BY MATIE REBELS

8/3/87 STI

TWENTY-EIGHT prominent Stellenbosch academics calling themselves Discussion Group '85 yesterday released a manifesto sharply critical of the National Party's political style.

The statement in full:

WE the signatories are members of a discussion group of teachers and researchers at the University of Stellenbosch that have met on a regular basis since October 1985.

The group was founded as a result of our concern about the deteriorating security situation in the country during 1985, as well as about the tempo and direction of reform in South Africa. The stagnation of the reform process since May 1986 has increased our concern.

Initially, the group refrained from issuing public statements and preferred to express our concern, and to encourage the acceleration of reform and negotiations between credible, representative leaders of all communities, by means of correspondence, submissions and meetings with prominent Government leaders — including the State President.

According to our judgment, this modus operandi proved to be unsuccessful. We cannot, therefore, refrain from issuing a public statement any longer.

However, we emphasise that this statement is the result of detailed and sincere reflection and discussions over a period of about 18 months.

It has no relation to recent political developments at Stellenbosch, and cannot be interpreted as a declaration of support for any political party or candidates in the forthcoming elections.

We are not only concerned about the tempo of the reform process in South Africa, but also about its character and direction.

We are convinced that the process of negotiation about the accommodation of all (particularly black) South Africans in the decision-making process is seriously retarded by the Government's hesitance to issue signs of hope for those concerned.

We understand that a new dispensation cannot become a reality overnight, and that stability has to be maintained during the transitional period. However, the Government has an inalienable responsibility to create hope for the future for *all* South African citizens.

In our opinion this hope can only be created if the Government is willing to issue a clear and unambiguous declaration of intent on two issues:

■ **FIRSTLY, ITS INTENTION TO ABOLISH ALL RESIDUES OF APARTHEID**

In this regard we specifically refer to four residues of apartheid that can, in no way, be part of the new South Africa:

The Group Areas Act

This symbol of injustice must be scrapped in its entirety as soon as possible. We very much doubt whether this scrapping will have any significant effect on the established composition of residential areas.

However, all South African citizens have the moral right to a free choice of residential area. We realise that this presented in the central Parliament of the country, and on all other levels of decision-making in such a way that they have an effective say, which is acceptable for a majority, in the decision-making process.

This implies that we recognise that a situation will eventually be reached in South Africa in which the whites, as this group is currently defined by statute, will relinquish their exclusive and decisive ability to enforce decisions which have consequences for all South Africa's people.

The broadening of democracy in South Africa requires, at the same time, the constitutional entrenchment of democratic institutions such as a representative Parliament, an independent judiciary, free elections, freedom of speech, etc. in order to protect individuals and groups against the abuse of power by the authorities.

The ideal formulated in the previous paragraph may be realised by means of different constitutional formulae. We do not argue in favour of any one specific formula because we believe that such a formula can develop only as a result of negotiations between the Government and credible, representative leaders of all communities in South Africa.

WE believe that stability and security must be protected in the transitional period during which these negotiations take place. It would therefore be reasonable for the Government to insist on maintaining power until a new constitutional formula, acceptable to most South Africans, is found through negotiations.

In view of the urgency of our situation, this transitional period of negotiations should not be allowed to continue indefinitely.

We understand the Government's difficulty, at the present moment, in finding negotiating partners on a national level who have enough influence to legitimise a negotiated deal in all black communities in the country.

This difficulty does not, however, necessarily obtain at local, regional or provincial levels. We believe, therefore, that initiatives to promote negotiations on a regional level should not only be encouraged, but that the results of these negotiations should receive serious consideration.

This obviously does not imply that such regional solutions could amount to the condoning of either continued apartheid or group domination. We believe, however, that successful regional initiatives can have a positive influence in the strife for a negotiated settlement on the national level.

With regard to the security problems, we recognise that a situation can develop in which the very survival of a stable society and a State that guarantees the maintenance of law and order are threatened by revolutionary forces.

A state of emergency in which the State obtains extraordinary powers to restore law and order is justified in such extraordinary circumstances. We believe, however, that the actions of the security

Confusion over new ID

DIANNA GAMES

ALLEGATIONS of intimidation by certain officials of the Department of Home Affairs have been made by many black people to their employers and to the Black Sash.

There has been confusion about whether pensions would be paid out to those who did not yet have new ID books, and officials of at least one school in the Cape have advised that parents may not register their children if they do not have the new ID's.

A Black Sash official says the organisation has had many reports of harassment of blacks by government officials using the fact they did not yet have the new ID as a means of denying them a service.

But a Department spokesman says the public should remember that the old pass books were sufficient identification for any process that required an ID book.

And the Department has advised that pensions will be paid out to anyone even with the old pass books as the pension number was contained in these books.

But new applications for pension payments will not be processed without a person at least applying for an ID book or temporary ID certificate.

Pensioners' ID applications are made out in a different colour ink to enable officials to identify them and rush them through.

Free cabbages for pensioners

The "great cabbage give-away" starts at the Soweto Market in Devland today when the Rebel Farmers Group starts handing out 1 million cabbages to pensioners.

The distribution of the cabbages will be handled by Mr Aubrey Tshabalala, managing director of the Soweto Market.

"I would like to call on every pensioner who can make it to Devland today or any other day until Saturday to come," said Mr Allen Texeira, spokesman for the Rebel Farmers Group.

Devland is an industrial area behind St John's Eye Hospital.

7/3/87

Anger over pension pay refusals

SOWETAN

800

By LANGA SKOSANA

APPLICATIONS by black senior citizens for payment of their pension through banks or building societies have been halted in many areas because most financial institutions are refusing to handle pension payouts to blacks.

Social workers and community leaders have been angered by the attitude of Government institutions, like the Post Office, which handle payouts to whites, coloureds and Indians, but refuse to handle those of blacks.

Frustrated social workers and angry community leaders met at the Bridgenan Memorial Hall in Soweto and decided to form a pressure group that will fight to get a better deal for black pensioners.

Rejected

Many banks and building societies have rejected applications for pension payout by blacks because "there are too many blacks" and they would require to employ many people to handle them.

They said they were money-making institutions and it was not profitable to pay out pensions. The Post Office said it could not handle pension payouts because of large numbers involved.

A Government spokesman, Mr Johan Oosthuizen told the *Sowetan* that his department was exploring ways that would facilitate the smooth payment of pensions to blacks. He said he could not speak for the Post Office which has flatly rejected to pay out pensions to blacks.

He said one way was to establish permanent payout points at offices of black local authorities which would handle payouts every day of the month. Another was permanent payout points at old age homes.

He stressed that the new scheme of payment through banks or building societies was gradual and would be implemented over many months — possibly years — and that pensioners should not panic as they would still get their money by queueing at the old pay points.

But both social workers and community leaders are upset by what they term "naked and blatant" racism in discriminating against blacks. They said the black pensioners were the very people who built the vast empires of these financial institutions.

Critical

A social worker, Mrs Nomhlobo Ndala said: "Some of these institutions don't practise what is in their slogans. The community must now look at these institutions with a critical eye," she said.

Govt is warned not to freeze pension payouts

By Mike Siluma and Janine Simon

The Government has been warned of massive industrial upheaval should it unilaterally put a freeze on pension fund withdrawals.

It is feared in some quarters that such a move would jeopardise implementation of alternative schemes being worked out by the private sector and unions.

With the Joint Select Committee on pensions due to report back to Parliament shortly, indications are that the committee will urge authorities to halt pre-pension-age withdrawals.

Mr Kobus Meiring, Deputy Minister of Foreign Affairs and select committee chairman, said recently it had agreed on the freezing of pension withdrawals, except in cases where contributors reached the normal retirement age; died before the pension began; became disabled before the pension came into operation or emigrated.

Writing in Sanlam's pension review for 1986, Mr Meiring said the committee had reached agreement in principle on several issues, including that "every economically active person in South Africa must provide a satisfactory retirement benefit for himself to ensure he does not become a burden to the rest of the population".

Of particular concern to Government seems to be the dramatic rise in State pension payouts — from R103 million in 1973 to R1 069 million in 1986, according to Government estimates.

In the same article, Mr Meiring admits that "a real problem the committee has encountered ... is that it has not yet established sufficient contact with certain trade unions".

It is this failure to consult comprehensively with, in particular, black trade unions which could spell trouble for the committee's recommendations, say critics.

Government attempts in 1981 to freeze pension withdrawals before retirement were resisted by black workers and the authorities backed down.

Speaking to personnel officers in Johannesburg recently, Southern Life Assurance Association's personnel general manager, Mr Arie van der Zwan, said "poor communication between Government, employers and employees" had ... rather than a pension fund.

Some unions, notably those in the Congress of South African Trade Unions (Cosatu), have signed provident fund agreements with employers, the most widely publicised being the one reached between Metal Box and three Cosatu unions.

A spokesman for one of the unions, the Metal and Allied Workers' Union (Mawu), Mr Bobby Marie, said workers were out of work for long periods because of the recession and were increasingly forced to rely on pension money for survival.

Low wages meant black workers faced with a personal crisis, such as a death in the family, often did not have savings to cover funeral expenses, said Mr Marie.

Benefits

Provident funds addressed many of these immediate problems.

Provisions of the Metal Box agreement, for example, would enable workers to retire between 55 and 65 and provided for retirement, disability and death benefits.

While many employers have gone along with the union push for provident funds, some managements are opposed to the concept.

Some of the main criticisms of provident funds are that they fall short of adequately addressing members' needs at retirement and allow individuals to claim lump-sum benefits without a guarantee that the money...

14/3/87 Sowetan (300)

Pension shock for grandma

SOWETAN Reporter

A SOWETO granny in her eighties was turned away when she went to draw her pension pay last week because officials said she was dead.

She is Mrs Isabel Kekana of Mzimhlope township, who has been getting payment for almost 20 years without a hitch.

When her 68-year-old son, Cecil, who has the power of attorney to draw her pay, went to the pay point at the Uncle Tom's Hall, he was ordered to bring her along.

When he brought her, they were both told that Mrs Kekana is supposed to be dead.

"We were really taken aback because this news came out of the blue. It would be understandable if someone in our family had died or a relative reported something to the authorities," said Mrs Kekana.

She said her husband Elias died 23 years ago and she has never missed payment since.

Mrs ISABEL Kekane . . . supposed to be dead.

Her granddaughter Queen said if the authorities think she is dead, they should produce a death certificate.

A senior official in the Department of Home Affairs in Johannesburg said yesterday if Mrs Kekana did not get her pay she should call at 15 Market Street, Johannesburg tomorrow and arrangements would be made to pay her.

Pensions peril

300 STAR 19/3/87

THE ISSUE of pension fund payouts, from which the Government backed off in the face of fierce opposition from black workers a few years ago, is once again staring the authorities in the eye. A Joint Select Committee on Pensions is to recommend a freeze, until retirement, on the withdrawal of pensions by employees who change jobs or are retrenched. No lesson, it seems, has been learned from the 1981 industrial unrest triggered by worker opposition to the scheme.

The problem at the time was lack of proper consultation between workers and the authorities. The chairman of the committee admits it has not established "sufficient contact" with certain unions, and yet says he foresees no repeat of the 1981 debacle. If the Government is averse to listening to the voice of the union movement it should at least heed the warning of the insurance companies: freeze pensions payouts at your peril.

Black workers tend to regard their pension money as an emergency nest-egg rather than a long-term retirement benefit. To try to inculcate the latter idea through freezing pension payouts is a laudable goal, but in attempting to achieve it effective consultation with all concerned is essential. It will ensure that all circumstances, sensitivities and attitudes are adequately taken into account. Imposing a unilateral freeze in the prevailing political climate will be the height of folly.

Cape Times 20/3/87 300

Fears over pensions report 'unnecessary'

By JANE ARBOUS

THE long-awaited report on the government inquiry into pension benefits is expected on May 18.

Confirming its completion, the chairman of the inquiry, Mr Kobus Meiring, said yesterday: "It is a pity that it can only be tabled in May because there is a lot of speculation which is totally unnecessary because the report is non-controversial."

This indicates that the report will contain more in the way of guidelines than legislation and is reassurance for anxious employees, employers, trade unions and institutions, who feared a repeat of the 1981 pensions fiasco.

This was when the government tried to introduce a draft bill to "freeze" pension contributions till retirement. The move led to widespread industrial unrest and many workers lost substantial benefits by cashing in — either by resigning or demanding to opt out of pension funds before the proposed implementation of the bill.

The bill was eventually shelved after intense protest ranging from leading business organizations to trade union leaders over the disruption and lack of consultation, despite the fact that many accepted the principles of pension preservation.

In 1984 however, because of increasing concern over the lack of adequate cover for life after retirement, a 23-member joint parliamentary select committee was appointed to hear evidence and representations on the issue. Although the report is ready now, it can only be tabled at the next session of Parliament in terms of the rules governing select committees.

The committee's brief was to inquire into and report on:

- The compulsory preservation of pension rights by means of transfer or otherwise;
- The communication of lump-sum benefits into annuities; and
- The manner in which satisfactory pension benefits could be provided for or assistance could be given to sections of the public which have no or insufficient pension cover.

Services planned for Heroes Day tomorrow

20/3/87
STAR

By Michael Tissong

Heroes Day services to commemorate the 1960 massacre at Sharpeville, in the Vaal Triangle, will be held tomorrow.

The Azanian National Youth Unity (Azanyu) said that before its commemoration services start at noon, members would clean the graves of the 69 people who were killed when the Pan-Africanist Congress (PAC) organised a nationwide anti-pass campaign under the leadership of Mr Robert Sobukwe.

Azanyu, the Azanian Youth Organisation (Azayo) and the Azanian People's Organisation (Azapo) said they would be holding services at the DOCC Hall in Soweto at noon.

Azapo publicity secretary Mr Muntu Myeza said: "March 21 symbolises all the heroes of our struggle who have fallen, and remains a hallmark of our determination for liberation.

"The campaign marked the watershed of peaceful resistance when our people were massacred for demonstrating against the dompas."

- Azapo will host services at: the Catholic Cathedral in Pretoria (at noon); the Baptist Church in Sakhile, Standerton, (5 pm); Alexandra (1 pm); Sharpeville (2 pm); Maisha, in Dennilton, (2 pm) and the YMCA in Durban.

Azanyu services will be held at noon in Sharpeville, Mohlakeng, Kagiso, Tembisa, Daveyton, Mamelodi, Seshego, Atteridgeville, Bushbuckridge, Pahamong in Bloemfontein, Galeshewe in Kimberley, Mbekweni in Paarl, kwaNobuhle in Port Elizabeth, Uitenhage and Mdantsane in East London, and Gugulethu, Langa and Mitchell's Plain in Cape Town.

Furniture dumped outside in pouring rain

Five Sharpeville pensioners evicted

380
STAR 20/3/87

By Rich Mkhondo

At least five Sharpeville pensioners and a prominent taxi owner were evicted from their houses yesterday for being in arrears with rent and service charges.

The evictions came a day after a test case brought by the Vaal Civic Association in the Rand Supreme Court was postponed indefinitely because the Administrator of the Free State, Mr Louis Botha, indicated he wished to be involved in the case.

The pensioners' furniture and possessions were dumped outside the houses in pouring rain.

It was still there last night as the families consulted lawyers.

There was a near-riot as students who were attending an athletics meeting nearby tried to prevent the evictions and only the arrival of members of the Defence Force prevented serious trouble.

Later, council police were seen taking away a youth suspected of having been involved in the disturbance.

The evicted pensioners are Mr Johannes Ntlhabe (86), Mrs Paulina Direro (73), Mr Elias Malebo (76), Mr Jacob Ranake (77) and Mr Jack Kwetle (76). The taxi owner is Mr Charles Mkwanazi (57).

Spokesman for the Vaal Parents Crisis Committee, Mr Briggs Mokolo, condemned the actions taken by the Lekoa Council as "high-handed and short-sighted".

"They are not resolving the problems affecting residents in the area. It is now about three years since we made our demands known. Instead of addressing them, they are showing signs of arrogance and disrespect by evicting even elderly people. We have been paying rent for ages without any improvement on our townships," he said.

Lekoa town clerk, Mr N Louw could not be reached for comment.

His assistant, Mr Ben Scott, said he was away yesterday and had not been briefed about any evictions.

Hundreds of rent defaulters in Mohlakeng township, near Randfontein, received a circular last night, summoning them to a township manager's office today.

The circular was distributed by the Western Rand Development Board police.

In terms of section 65 of the Housing Act, defaulters are informed about rent arrears and given seven days' notice.

Failure to settle arrears may result in eviction.

Electricity was cut off in several houses in Soweto's Zondi township, apparently because the occupants were in arrears with their rent.

Earlier, the occupants had received statements reminding them of the arrears.

Chanting students outflanked by police

20/3/87 STAR

Hundreds of Wits University students yesterday braved pouring rain to chant slogans, sing and taunt police after a day-long meeting held to commemorate the Sharpeville and Uitenhage shootings.

The meeting was called by the National Union of Students (Nusas) and the National Students Congress (Sansco), formerly the Azanian Student's Association (Azaso).

Some students did not attend lectures to be at the meeting and at about 2.15 pm a crowd gathered in Jorissen Street, Braamfontein. Riot police watched from across the street.

At about 3 pm the singing students headed for Jan Smuts Avenue, but were again blocked by police.

Then the students headed for the upper Yale Street entrance, but were halted at a locked gate by two policemen.

Still chanting, students ran to the lower entrance where riot policemen with rifles arrived in force and started deploying.

The crowd backed off and headed back to Jorissen Street.

Professor Mervyn Shear, deputy chancellor in charge of student affairs, stopped them from a march down the street, and after discussions the crowd dispersed.

STAR 23/3/87

300

ID book confusion clarified

By Sejamothopo Motau, Pretoria Bureau

Black people applying for social pensions are not expected to have the new uniform identity document.

This assurance was given by the Director General of Home Affairs, Mr Gerrie van Zyl, in a statement.

"The Identification Act of 1986 makes provision that the old reference books are regarded as an identity document until such time as the uniform identity document is issued to the person," said the statement. In practice, however, people applying for pensions were encouraged to apply for the new identity document as soon as possible.

Mr van Zyl said there had also been allegations that the Department of Home Affairs was not geared to process the shorter numbers of the old reference books and that dates of birth in the new documents were often faulty.

He said the DHA had no problem handling the old numbers.

Incorrect dates of birth might be transferred to the new documents, he said. The reason for this was that all dates of birth were taken up in the new population register as they were originally registered in the central reference book register.

The DHA corrected dates upon submission of documentary proof.

Black pensioners payment plights

Banks and building societies under fire

300

BANKS and building societies, which are turning away black pensioners wishing to open new accounts, have come under heavy fire from the black community.

The institutions are refusing to accept applications by pensioners to draw their pension money through their facilities because they fell they would become paymasters for the black aged.

The Post Office, which offers facilities to white, coloured and Indian pensioners, has flatly refused to open accounts for black pensioners.

The banks say that black pensioners should have at least R50 in their accounts — which they should maintain at all times — before they can accept them, and some building societies want pensioners to pay a R5 service fee for each of their transactions.

A street survey by *The Sowetan* yesterday revealed shock and dismay from the black community about "naked racism" practised by these institutions which claim to be moving away from discrimination.

Mr Obed Dlomo of 1464 Jabulani, Soweto, said he was shocked to learn that black pensioners were being turned away.

Mrs Sanna Mpehle of 717B White City Jabavu said the banks and building societies were unaware that many black pensioners would not draw all their pension pay at the same time.

She said these institutions stood to gain a lot instead of turning away people with lots of money. "They must do a little bit of research and they will be surprised by the results," she said.

Mrs Bertha Msimango of 282 Molapo township, Soweto said these institutions should open more branches in the townships instead of turning pensioners away. If they did not want to do that, the black community would then decide what to do.

Mrs Linah Mthembu of 852 Zola 3 said black people seem to be the only ones who get discriminated against. People ought to do something to end the discrimination, she said.

Mrs Nonkululeko Madalane, a field worker for the Advice Bureau at the Bridgeman Memorial Hall, Soweto, said a pressure group has been formed to approach these institutions to open their facilities to black pensioners.

She said it was a shame that these institutions which relied heavily on the support of blacks should turn away fathers and mothers of their clientele.

"We want to speak to them once more, and if they persist in their attitude, the only road that will be left open for us is to appeal to black community," she added.

- Social workers have temporarily stopped issuing application forms to pensioners to apply for their pay to be deposited in banks or building societies. This has resulted in delays in the gradual phasing out of the queueing system of payment.

'Granny went to wrong pay point'

(300) Sowetan 24/3/87

By SOWETAN Reporter

SOWETO granny, Mrs Isabel Kekana, who was not paid her pension two weeks ago because she was said to have died, was paid her money last Friday.

The district representative of the Department of Home Affairs in Johannesburg, Mr S Linford, said yesterday none of his officials could have told Mrs Kekana at a pension pay point that she was supposed to be dead.

"They do not carry files and records of people to pension pay points. The correct facts are that Mrs Kekana applied to have her pension transferred from the Orlando West pay point to Senoaone. The application was approved.

"Instead of going to her new pay point, Mrs Kekana went back to Orlando West where her pay voucher was not available. She was then asked to come to Johannesburg where she would get her pay. This thing about her being dead is not true," Mr Linford said.

He said it was correct that her family was asked to bring her to the pay point because officials wanted to ascertain whether she was alive or not.

"It is standard practice every year in March that people who have powers of an attorney should bring people for whom they draw money to the pay point to certify that they are still alive," Mr Linford said.

'Meals on Wheels' for Randburg aged

Randburg's aged are now able to benefit from the "Meals on Wheels" scheme which has been granted permission to set up a kitchen in the town.

A report released by Randburg Town Council said that at least 25 aged persons in Randburg qualified for the "Meals on Wheels" service.

The Council agreed last night to allow "Meals on Wheels" to have free use of the kitchen facilities at a medical clinic in Selkirk Avenue, Blairgowrie.

Randburg councillor, Mrs Megan Leathwhite (PFP) congratulated the council for providing these facilities for "Meals on Wheels" but pointed out that, compared with other Reef municipalities, Randburg was doing very little for its aged.

"Randburg is a lonely place for the elderly. There is little transport and no facilities catering for the 60-plus group. Randburg has many recreation centres for the young, but what about our senior citizens?" Mrs Leathwhite said.

She urged the council to consider seriously the establishment of a service centre for the aged where they could enjoy meals, recreation facilities, medical attention, a library and even a hairdresser.

3P

26/3/82 Star

'Kicked on his private parts'

A NUMBER of the accused who allegedly murdered Ms Rosaline Maki Sikhosana were assaulted, threatened and one of them kicked in his private parts by the police, their lawyer submitted in the Pretoria Supreme Court yesterday.

Mr David Soggot, appearing for the 11 accused, also submitted that Ms Dudu Mofokeng was fetched by the police from her home in Duduza, Nigel, in the night wearing only pyjamas and a gown shortly after Ms Sikhosana was murdered near the local cemetery on July 20, 1985.

Mr Soggot also alleged that Ms Mofokeng was assaulted and threatened by Sergeant Joel Msibi. One of the accused, Mr Jacob Tshabalala (22) was kicked in his private parts by a policeman nicknamed "Vulture" said Mr Soggot.

Warrant Officer Daniel Scott, who was the investigating officer at the time, yesterday denied these allegations.

Assault

He was testifying in the trial of 11 men and women, including two youths aged 15 and 17 years, who have been charged with Ms Sikhosana's death. They have pleaded not guilty before Mr Justice Hartzenberg and two assessors.

Mr Soggot put it to Warrant Officer Scott that some of the accused including Ms Matlakala Elizabeth Motaung (28)

'IN THE NAME OF HUMAN DECENCY'

Plea for black pensioners

By LANGA SKOSANA

THE Transvaal Association for the Care of the Aged yesterday made an impassioned plea to banks, building societies and the Post Office to allow black pensioners to open accounts with little or no money in their books.

Their plea follows the refusal by three institutions to permit blacks to draw their pension pay from their facilities.

Banks, building societies and the Post Office have said "blacks are too many" and they could not cope in paying them out and some have said the Government is shifting its responsibility of paying out the aged to private institutions.

In a letter to these institutions, Mr Jimmy Rasekoala, chairman of the association, said in the name of human decency these institutions should waive the stringent conditions of demanding a R50 balance in the books of pensioners.

He said: "The history of pension payouts among the black communities has been a nauseating one. Our fathers and mothers, builders of this great industrial giant which is Transvaal, have been penned in their thousands over the years into community halls, municipal offices or even worse in any available soccer field to receive their pension pay.

"These poor people of God have had to suffer the degradation and humiliation of receiving their pension money in public and in all types of weather."

He said the queueing system of payment was allowed to grow over the years without check.

"Every year the queues grow longer and longer at these pay points. That these elderly people start queueing with the break of dawn is not an exaggeration . . . someone had to call a halt to this dehumanising process whereby our fathers and mothers are herded like animals to receive what is rightly theirs after building the South African nation," said Mr Rasekoala.

Indignity

He said people of other races do not suffer these indignities and appealed to banks to waive the R50 required to enable blacks to draw their pension pay from these institutions.

Yesterday a number of elderly people visited the Advice Centre at Bridgeman Memorial Hall, Soweto, where they were told by community workers that applications for their pay to be deposited at banks or building societies have been temporarily halted until these financial institutions respond to pleas to allow blacks to open banking accounts.

A field worker for the Advice Centre, Ms Nonkululeko Madalane, said a pressure group has been formed to look into problems related to opening accounts at financial institutions by blacks.

COMMENT

Telephone: (011) 673-4160

27/3/87. Sowetan.

Help black pensioners

(300)

We are most impressed by the impassioned plea from the Transvaal Association for the Care of the Aged, to banks, building societies and the Post Office that black pensioners be allowed access to accounts with little or no money in their books.

We have focused on the serious problems facing black pensioners when they have to collect their pension.

The result was that the old system, which was indeed dangerous and full of problems for elderly people, was phased out.

No longer were they required to stand in long queues on such days.

It was agreed that they could collect their pension through banks and other institutions.

Some banks tried to help but later changed their minds when they found the job somewhat overwhelming. Others were even less sympathetic. They would only allow pensions to be collected if the pensioners opened bank accounts and have a minimum balance of R50.

This we consider to be quite unreasonable.

We understand the problems banks face as the number of pensioners in some townships is large.

They have to provide a new system to handle the job.

Still, we feel if all the banks helped the problem would be lessened.

Finally, there is simply no way that the Government and the Post Offices can shirk the responsibility of providing this service.

The fact that other races get the service at post offices, makes it the responsibility of the state to see that blacks also get their pensions in this way.

New ID a curse in some areas

STAR 31/3/87

300

By Jo-Anne Collinge

Many would-be pensioners have found the new identity document more of a curse than a blessing, the Johannesburg Black Sash reports.

In some instances pension applicants have been told that their application must be postponed until they have their new IDs.

According to the Black Sash, one Johannesburg pension applicant was told to return in April as the office was dealing only with identity document applications.

The official policy of the Department of Development Planning is that identity document and pension applications should be taken simultaneously, says deputy director Mr S J Verwey.

He said the old documents presented administrative problems as the computer had been programmed to take the new-format ID number.

But this was not a good enough reason to delay the pension application, he explained, and added that formal instructions to process pension and ID applications simultaneously would soon be sent out to all pension clerks.

Retirement problems building up

1/4/87
8/Day
300

HELENA PATTEN

THE Institute of Life and Pensions Advisers (ILPA) should urgently address the problems of retirement, said Graeme Hill, outgoing president, at ILPA's annual induction banquet in Cape Town last week.

He said the number of people over the age of 64 would treble from 1,1-million now to more than 3-million over the next working life-span.

Some 21 000 people retired each year from pension funds and some 270 000 individuals were recipients of such pensions. Including 350 000 old age pensioners, more than 600 000 people were receiving a pension.

The cost of State old age pensions amounted to R720m and the admirable view that all pensions should be equalised irrespective of race would cost R455m, an increase of 63%.

Hill said retirement funding problems surrounding small business would need attention because the growth of cottage industries and the informal business sector would generate many more independent entrepreneurs with small staff complements.

Government should employ tax incentives to encourage the retired to use their knowledge, wisdom and experience for the benefit of society.

Hill said: "The unfortunate official attitude towards retirement annuity sales seems to persist. There was a misguided perception that people would queue to buy retirement annuities. As a result, we saw the introduction of the differential commission scale. The upshot was obvious and retirement annuity sales plummeted."

CAPE Times 1/4/87 (34) 300

Stiffer-penalties call by council for aged

ship

By JOHN VAN DER LINDEN

THE South African National Council for the Aged has called for heavier sentences for criminal assaults on the aged.

This was yesterday announced by the director of the council, Mr S C A Eckley, who said the council had over the past year become increasingly concerned by the alarming increase in crime against and assaults on elderly people in South Africa.

He said the council had launched a four-point programme in an attempt to promote security among the aged.

The Minister of Law and Order, Mr Adriaan Vlok, had been asked urgently to establish an action committee of departments and the private sector with a view to implementing a national plan of action to improve security for the aged.

The Minister of Justice, Mr Kobie Coetzee, had also been approached and asked to consider heavier sentences in an attempt to curb the crime wave against the elderly.

He said the council had also urged all welfare organizations and churches involved in care for the aged, to take drastic action in identifying and eliminating areas of high risk.

Some suggestions made were that:

- The aged be provided with advice and practical assistance to secure their premises.
- Courses be presented to the aged in close liaison with the South African Police, to increase security awareness.
- Neighbourhood patrols be initiated in high-risk areas.

The council also urged all senior citizens and their families to accept responsibility for their own safety by better preventive measures.

Mr Eckley said two guidelines on safety measures were available, namely Safety for Senior Citizens, compiled by the SAP and available from all police stations, and the council's brochure, Prevention of Crime, available from the SA National Council for the Aged, PO Box 2335, Cape Town 8000.

Meanwhile, police have offered a substantial reward for information which will lead to the arrest and conviction of the killers of 80-year-old Tamboers Kloof spinster Miss Erna Becker.

Miss Becker's body was found, with hands and feet bound and with a piece of cloth wound round her neck and face, in the lounge of her double-storey Upper Union Street house.

Any information may be given to Detective Warrant Officer Mike Barkuizen at ☎ 93-41035.

300

Group formed to relieve the 'nightmare'

STAFF REPORTER

RYBURG TERRACE in Hanover Park was set up as a last refuge for the elderly. Instead, it became a nightmare.

The recent murders of two elderly women was the climax of a grim existence there, with Terrace residents complaining of gross neglect in the last few years.

"But changes are certainly taking place since the brutal murder of our two elderly friends," said a resident.

The Hanover Park Advice Office Forum and other community organisations had a hand in pressing for the changes. They called on Hanover Park to assist the elderly, and a group was formed to support residents.

It all started at a recent meeting run by Hanover Park community organisations when residents decided to draw up demands to be put to the City Council.

Demands

A group of about 30 people marched to the rent office on March 22 to hand over the demands to: Provide more security, lighting and proper burglar proofing and a security fence around the Terrace; employ a full-time nursing sister; reduce the rent of R32; do something about the outside bathrooms which cause Terrace residents discomfort and leave them open to attack, and decrease rent for the unemployed.

A representative of the group said a meeting followed with the head of City Council housing, Mrs Eulalie Stott, but she could promise "nothing definite".

Mrs Stott said residents never complained to her about gangsters. Of all the homes for the elderly, Ryburg Terrace was the most comfortable. Houses consisted of a kitchen, private lavatory and living room.

"But future homes should definitely have proper security. It's a shame people have to be put behind security fences and walls to protect them from society," she said.

Terrace residents agreed with the demands and said appalling security conditions have always been a source of fear.

"We have always been open to attack and we have complained about it," said a resident.

Another resident said the absence of lighting made conditions worse.

Residents also complain it is very cold in their small houses during winter, and that they need a nursing sister.

About 72 people live in the the 36 houses at the Terrace. Several could stay with relatives, but they value their independence too much. They prefer to stay there despite their problems.

Mrs G Begg and Mrs V Miller outside their home in Ryburg Terrace, Hanover park, where two elderly people were recently murdered.

consisting of white officials appointed by the Minister

Council to be lenient with some, tough with others

EVICTIONS: NEW TURN

Sowetan 7/4/87

300

By JOSHUA RABOROKO

THE Soweto City Council is going to be tough on rent defaulters but will be sympathetic to pensioners, the unemployed and those who simply cannot afford to pay, town clerk Nico Malan said yesterday.

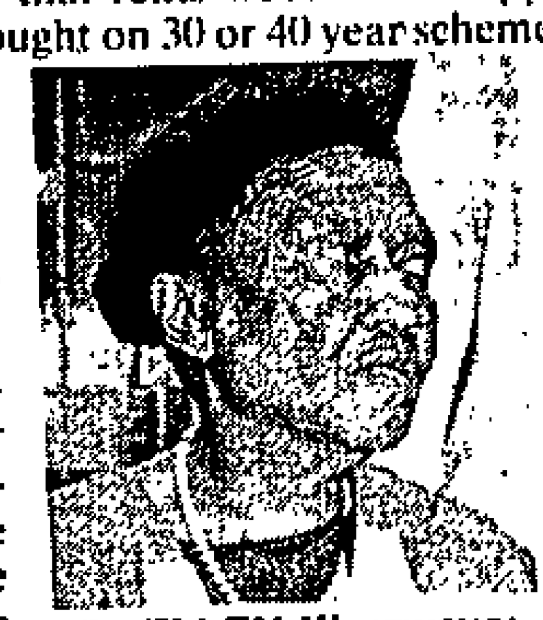
The crisis took another turn yesterday when residents interviewed said they were prepared to pay electricity and water bills but believed they had paid off their houses and thus did not have to pay rent.

Mr Malan also hinted that rents would be scrapped in some areas because these houses had been bought on 30 or 40 year schemes.

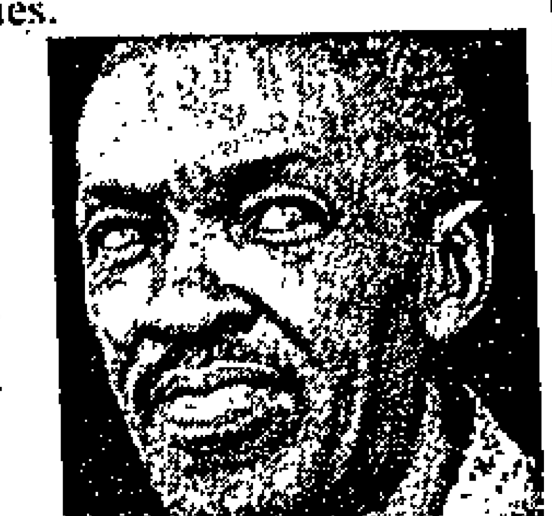
"All I am prepared to say is that we have made some proposals to the Government and these are being considered," he said.

Reacting to the eviction threat by Mr Malan, Azapo secretary-general, George Wauchope, said the council should stop evicting people for the sake of peace in the townships.

This follows the judgment handed down last week by Mr Justice Goldblatt in the Rand Supreme Court that the council had the right to evict residents. Three residents had challenged the council's right to do so after it had started with evictions last year.



Dr ELLEN Khuzwayo: Leaders should give direction.



Mr AMBITION Brown: Legal action to be taken against the council.

Mrs JOYCE Kalaote: Homes paid-off.

Mr SOKESIMBONE Dlamini: Pay essential services only.

Urged

More than R160 million is owed in rents in townships throughout the Transvaal.

After the court ruling, Mr Malan urged residents to pay up their rents to avoid eviction.

Mr Malan yesterday said the council has made certain proposals to the government concerning the restructuring of rent in Soweto because some homes had been bought under the 30-year and 40-year schemes.

He conceded that they would have to redeem rent in some of the homes, but others would have to continue paying their rent, which he said was minimal in most cases.

"We have been sympathetic towards residents and never evicted them on a permanent basis because all those whom we took action against have re-occupied their homes.

"The council will be sympathetic to pensioners, the sick people, the unemployed and all those who cannot simply afford to pay, but each case will be treated on merit," he said.

Dr Ellen Kuzwayo said it was painful that leaders who could be giving direction on the rent impasse were in detention, because people were now confused.

A resident, Mrs Joyce Kalaote, urged councillors to negotiate with residents because most of the homes in Soweto have long been paid off.

Mr Sokesimbone Dlamini said Soweto residents should only pay essential services because 'they have long paid off their homes.

Sofasonke Party's Mr Ambition Brown said his party would take legal action against the council for evicting the people because they were paying high rentals.

Mine pension funds going industrial

(300) 7/4/87

By Frank Jeans

The Mines Officials and Mine Employees Pension Funds, which are backing the central Johannesburg office development on the prime site at 60 Main Street, are moving into the industrial park business with sights set on Midrand.

The group has again signed up Oakwood Ventures to handle the R25 million project on 10 ha. It is also managing the R30 million Main Street development.

Central Park in Midrand will be in the company of some leading names — Merck, Sharpe & Dohm, Johnson & Johnson, Adcock Ingram, BMW and Burroughs.

Mr John Penny, Oakwood's chief executive, says: "The tremendous growth potential of Midrand is well known and to accommodate future needs in this area, clean industry parks are essential.

"Over the past 10 years, import substitution has become a strategic growth industry."

Central Park will be modelled on United States technology parks, such as those in Silicon Valley, California, Salt Lake City and Phoenix.

"The architectural aim of the project will be to create a design which blends with the characteristics of real estate," says Mr Penny. "All buildings will complement one another."

Black pensions still bi-monthly

(300)

Cape Times 10/4/87

By PETER DENNEHY

BLACK pensions, which are paid only every two months, will still be paid bi-monthly for most pensioners despite a promise to rectify the situation by April or May this year, a financial administrator said yesterday.

In January, the Department of Constitutional Development and Planning announced that by this month or next black pensioners would need only to submit their bank account numbers and money would be deposited into these by the 10th of each month.

But Mr Syd Eckley, a director of the South African National Council for the Aged (Sanca), said the department had told him it could be years before the new process was introduced.

"Expectations have been raised by announcements in the media," he said.

Mr Faan Verwey, a deputy director of the department concerned with the financial administration of welfare, said the announcement had been of "ministerial approval in principle" for the monthly pay-out into bank or building society accounts.

Next week a new computer system would be tested, he said. It was hoped the system would be used from May, but this would not mean payments would then be monthly.

Better progress had been made with the payment of pensions directly into accounts. Those who had accounts and had applied for it could have their pay-outs effected this way from June.

Pensioners to be paid out at cop stations

(300) Sowetan 13/4/87

SCORES of Soweto pensioners will have to collect their pensions from police stations instead of post offices, a spokesman for the GPO said yesterday.

The decision was taken after several post offices were closed due to the continuing strike by an estimated 9 000 post office workers on the West Rand.

- Those people who usually receive their pensions at Meadowlands Post Office will be paid out at the Meadowlands Police Station;
- Those who are paid out at Orlando Post Office will be paid out at the Orlando Police Station;
- Those who receive pensions at Chiawelo Post Office will be paid out at the Moroka Police Station; and
- Those paid out at the KwaXuma Post Office will be paid out at the Jabulani Police Station.

Black pensions row

TOWNSHIP local authorities are angered at the refusal of post offices and banks to handle payouts to black pensioners, allegedly because there are "too many blacks".

United Municipalities of SA president Tom Boya said in Johannesburg yesterday: "Why then are they able to process all other financial transactions by 'so many' blacks at their institutions?

"We regard their reason as an excuse because they are not going to make any profit from the payouts," he said. — Sapa.

Refusals spark row on black pensions

380 09.14.4.87

JOHANNESBURG — Local township authorities have expressed anger at the refusal of post offices and banks to handle payouts to black pensioners allegedly because there are "too many blacks".

The president of the United Municipalities of South Africa (Umsa), Mr Tom Mboya, said in a statement yesterday local councils around the country were up in arms at the refusal of the Post Office, banks and building societies to handle black pensions.

"The fact that most of the banks and building societies have refused to process the pension pay outs to blacks through their facilities because there are too many blacks, is completely unacceptable to us.

"Why then are they able to process all other financial transactions by "so many" blacks at their institutions? We regard their reason as an excuse as they are not going to make any profit from the payouts.

"It is further very ridiculous of the Post Office to flatly reject to pay out pensions to blacks while on the other hand they are able to cope with all the mail to and from all the black communities," he said.

Mr Mboya said a number of black communities had formed pressure groups to fight for a better deal for black pensioners. He urged the government to establish permanent payout points at offices of the respective black local authorities. — Sapa

BUSINESS 300/188

PENSIONS

'Allow employees to be directors of funds'

By MAGGIE ROWLEY

SOUTHERN Life directors have strongly urged employers to allow democratically elected employee representatives to serve on the boards of pension fund trusts and to involve them in the decision-making process.

In their annual report, the directors say the widely divergent perceptions of pension fund benefits, the prospect of laws prohibiting workers from cashing in accumulated assets on withdrawal of service as well as the requirement that 53 percent of pension fund benefits be invested in prescribed Government stock, had created a sense of suspicion about the pension fund industry and continued to aggravate feelings of distrust.

Southern's chief executive officer, Mr Neal Chapman said in an interview today that there was an increasing awareness and interest among trade union members over how their pension fund contributions were being invested.

A Government commission of inquiry was presently studying the role of financial institutions and examining whether or not prescribed Government stocks should rather be on a voluntary basis.

"Black workers would prefer to see their pensions invested in areas where it would assist the black community," he said.

The origins of the growing debate on pensions can be traced to May 1966 when the Cilliers committee of inquiry tabled the concept of preservation of benefits, prohibiting the encashment of accumulated assets on withdrawal of service.

While there could be no argument with the principle, the recommendations failed to take cognisance of the different perceptions of pension fund benefits held by different groups, the directors say.

Since 1966 various State inquiries have been commissioned, culminating in the publication of a draft bill in August 1981 which gave rise to widespread national industrial unrest, mass withdrawals and a general deterioration in labour relations and trust.

The recession had resulted in wide-scale retrenchments, particularly among labour-intensive industries.

"As a result, more attention is being paid to the withdrawal benefits of pension funds provide. One of the perceptions concerning the pension fund is that it is there to provide cash benefits on withdrawal, either to alleviate the hardships that follow redundancy or being fired," they say.

A recent HSRC investigation showed that 53 percent of urban blacks agreed that pension contributions should be paid out during times of unemployment.

"It is hardly surprising, therefore, that these blacks should feel aggrieved at the prospect of the imposition of legislation which prevents them from enjoying, as they perceive it, the fruits of the pension fund and indeed from having the very contributions they have set aside in the past returned to them. Some workers regard preservation as a device in introduced by the Government to impound their benefits.

"This together with related issues such as the legislated requirement that 53 percent of pension fund assets be invested in prescribed Government stock, has created a sense of suspicion about the pension fund industry and continues to aggravate the feeling of distrust," the directors say.

They welcomed the "good sense" and the open stance taken on consultation and debate in the report of a parliamentary select committee, under the chairmanship of Mr Kobus Meiring, which investigated pension fund matters.

WELCOMED ATTITUDE

"This reflects a new and welcomed attitude from the authorities. In this spirit of open debate and honest discussion, we believe that a repetition of the problems that we have had in the past can be avoided or the effects thereof minimised.

"In accordance with this spirit, we would strongly urge employers to allow elected employee representatives, who owe their position to the employees, to serve on the boards of pension fund trusts and to involve these representatives in the decision-making process of the pension fund concerned," they say.

Mr Chapman said that workers also needed to be counselled and educated as to the need to look after their futures through a pension scheme or annuities.

Black anger over pensions

9 Press
19/4/87 (300)

Pictures
ANDRIES MCINEKA

TOWNSHIP local authorities have expressed anger at the refusal of post offices and banks to handle payouts to black pensioners, allegedly because there are "too many blacks".

Tom Boya, president of the United Municipalities of South Africa, said in a statement that local councils around the country were up in arms at the refusal of the Post Office, banks and building societies to deal with black pensions.

"The fact that most banks and building societies have refused to process the pension payouts to blacks through their facilities because there are too many blacks, is competely unacceptable to us," he said.

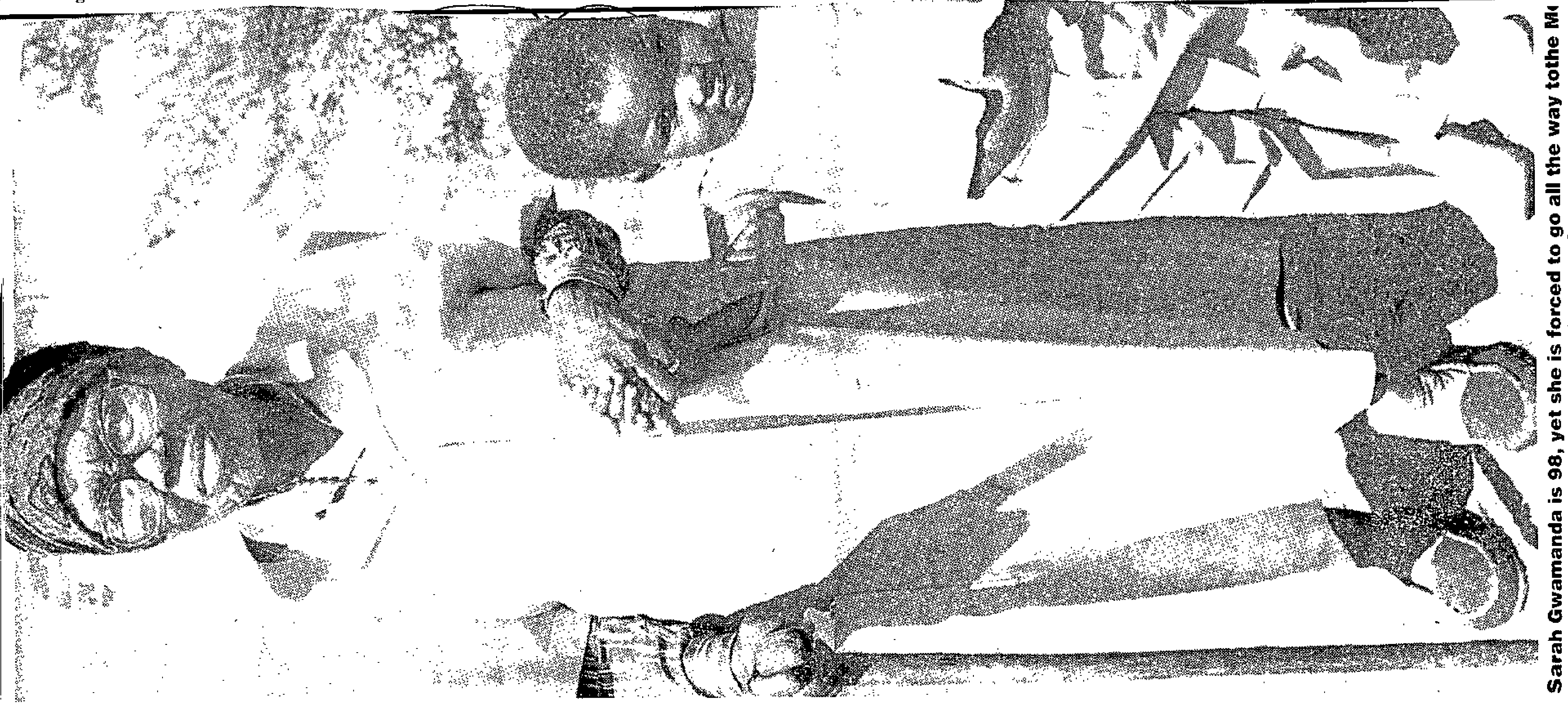
"Why are they able to process all other financial transactions by 'so many' blacks at their institutions? We regard their reason as an excuse because they are not going to make any profit from the payouts.

"It is ridiculous of the Post Office to flatly reject to pay out pensions to blacks while, on the other hand, they are able to cope with all the mail to and from all the black communities."

Boya said that a number of black communities had formed pressure groups to fight for a better deal for black pensioners.

He urged the Government to establish permanent payout points at offices of the respective black local authorities. – Sapa.

These grannies wait patiently for their pensions outside Moroka Police Station.



Sarah Gwamanda is 98, yet she is forced to go all the way tothe M‹
dowlands Police Station to collect her pension.

300

BUSINESS DAY, Thursday, April 23 1987

Ucasa Pension Fund trustees to be elected

SOPHIE TEMA

NEW members for Ucasa Pension Fund's national board of trustees will be elected before July.

The fund — which provides employee benefits to council staff — has about 12 000 members drawn from 80 councils.

The fund's executive committee said an amended deed of trust had been accepted that made provision for the democratic election of a new representative national board of trustees.

It said: "The Ucasa pension fund is a strictly non-racial, non-political body solely concerned with the provision of employee benefits.

"Since its inception two years ago, the fund has been managed by the present board of trustees.

"In view of the fact that the fund has now been satisfactorily consolidated, democratic elections will be held countrywide to give employees appropriate representation, through elected representatives, from council level right up to national board level."

The new dispensation will become operative before July.

The committee said: "The fund's executive committeehas negotiated agreement with associated institutions of pension funds and all other local authority pension funds in SA, whereby members can transfer accrued benefits from any one fund to another."

360

CAPE TIMES 25/4/87

Tax and the elderly: Du Plessis replies

Financial Staff

RAISING the tax threshold for the elderly, and the ceiling for their allowable medical expenses, are among actions taken to help retired people, Minister of Finance Barend du Plessis says.

Replying yesterday to letters from retired people complaining about their tax burden in a period of inflation, the minister said it would be impossible to exempt all pensions from tax, because the rich would avoid paying their fair share by putting large portions of their incomes aside to be returned to them tax-free when they are older.

The government did, however, encourage people to provide for their old age by exempting pension contributions from tax throughout their working lives.

It also allowed special tax concessions to individuals making additional provision for old age through life policies and annuities, as well as to the insurance companies underwriting business.

"The important question, then, is the degree to which retired people should be taxed on their income — income, that is, not previously taxed.

"For many years now, the retired have enjoyed special deductions, whereby they have paid less tax than younger people with the same income.

"The justification has been that by virtue of their age they have had to face greater outlays in order to maintain a reasonable standard of life — on medicines, special foods, shoes and such like."

The minister said it would be impossible to exempt elderly people from paying GST, since this would be open to abuse.

"The solution lies elsewhere: By increasing the limit for deductible medical costs for the elderly and by raising their tax thresholds. In other words, complete tax exemption for a great portion of their income, only after which they will come into the tax net.

"One should always remember that the tax system must remain equitable towards younger people with the same income, but who are raising a family."

The minister said that: "For those above 65 the tax threshold has been raised to no less than R9 112 and R7 357 for married and unmarried respectively. And *all* their medical costs are now deductable.

"For ages 60 to 65, deductible medical costs increase to R4 000 and R3 000 for married and unmarried respectively.

"Since the elderly frequently have difficulties with the handling of provisional tax assessments, exemption from this requirement is granted to those above 60 with an income not exceeding R20 000 and derived from pension and investment income above."

Letters

Argus 27/4/87 300

WRITE TO: The Editor, The Argus, PO Box 56, CAPE TOWN, 8000

Barend talks of tax relief for pensioners

THERE have recently appeared a number of letters by our older citizens complaining of the tax burden they carry. I should like to reply comprehensively to such letters from your readers.

The Government continues to encourage people to provide for their old age. To that end, pension contributions are exempt from tax — in other words, that portion of their income is completely free of tax during their working life. It is, however, only right that when they do retire and receive a return on their own contributions, interest thereon, and their employers' contributions, all of which are exempt from tax, that income should be taxable. If it were not so, the well-off could pour their surplus funds into pension funds and get it all back tax free — when they "retired".

The Government also allows special tax concessions to individuals making additional provision for old age through life policies and annuities, as well as to the insurance companies underwriting this business.

The important question, then, is the degree to which retired people should be taxed on their income — income, that is, not previously taxed.

For many years now, the retired have enjoyed special deductions, whereby they have paid less tax than younger people with the same income. Justification has been that by virtue of their age they have had to face greater outlays in order to maintain a reasonable standard of life — on medicines, special foods, shoes and such like.

But inflation and fluctuating interest rates as we have known them of late have dealt the retired person a heavy blow, as he is not in a position to protect or increase his income in the face of price rises.

Apart form the authorities' general economic policy measures, such as the continuing campaign to contain inflation — no simple or easy matter — there is thus only one way of helping the self-supporting retired person, and that is by bringing him tax relief on his income.

It would be impracticable, for example, to exempt the elderly from GST — how could this be controlled? Everyone would suddenly be "old" or get grandma to do their purchasing.

No, the solution lies elsewhere: By increasing the limit for deductible medical costs for the elderly and by raising their tax thresholds — in other words, complete tax exemption for the greater portion of their income, only after which they will come into the tax net. One should always remember that the tax system must remain equitable towards younger people with the same income but who are raising a family.

In the nature of things the Government can never say it is doing "enough" for the elderly and the retired; ideally we would certainly like to do more, but our limited resources mean that we can meet only the most pressing needs, particularly at a difficult time such as this.

We are thankful, however, that over many years we have been able to give special attention to the problems of the elderly; indeed, in the face of continuing high inflation we have gone even more out of our way to do something concrete for them as the following details for recent financial years will show:

1984-1985:

As in most of the preceding years, both tax thresholds and the medical cost deductions were raised.

People over the age of 70 become liable for tax only when their *taxable income* ie after all the approved deductions, exceed R6 883 married and R6 075 unmarried, while the ceiling on their allowable medical expenses is abolished — all such costs are now deductible.

For those aged 60 to 69, the threshold rises to R5 383 married and R4 575 unmarried, while the ceiling for medical costs rise to R3 000 married and R2 250 unmarried.

1985-1986:

The qualifying age (70) for maximum medical benefits is reduced to 65, to extend the benefit to more people.

For those above 65 the tax threshold is raised to no less than R9 112 and R7 357 for married and unmarried respectively. And all their medical costs are now deductible.

For ages 60 to 65 deductible medical costs increase to R4 000 and R3 000 for married and unmarried respectively.

Since the elderly frequently have difficulties with the handling of provisional tax assessments, exemption from this requirement is granted to those above 60 with an income not exceeding R20 000 and derived from pension and investment income above.

1986-1987:

No specific concessions could be made for them, but the elderly shared in the general reduction of five percent in income tax.

1987-1988:

In this year's "mini-budget" further tax reductions were announced, which, although not specifically directed at the elderly, will mean that the threshold for those above 65 will be raised to R9 966 for the married and R8 033 for the unmarried. The corresponding thresholds for those above 60 but not yet 65 are R7 433 and R5 500 respectively.

All South Africans share in the services provided by the state — the security of the country, roads, schools, hospitals, research, dams and so on; and alls should therefore help meet the costs.

It is one of the most difficult tasks there is, to spread these costs — in other words, the tax burden — equitably and evenly.

Ministers of Finance must, I fear, simply accept that they will always be criticised by someone for giving too little or taking too much — perhaps both.

We therefore seek constantly to cut Government expenditure, something however that is not easy in a developing country like ours with its many needs. To that end our whole tax system has recently been examined by a high-powered commission.

We cannot, unfortunately, satisfy all our retired citizens, but I do hope that these particulars will serve to create a better grasp of the problem and to impart a better perspective.

BAREND DU PLESSIS
Minister of Finance
Cape Town

May 8 1987 (300) Sowetan 8/5/87

No money for 'dead' woman

A SOWETO pensioner, Mrs Jersey Moshumo (80), has been battling for the past five months to get her pension payout, unaware that officials think she is dead. And when she was on the verge of giving up hope, she turned to the *Sowetan* yesterday and cried: "Please help me. I don't know what I have done for my pension to be stopped."

By LANGA SKOSANA

The *Sowetan* has discovered that officialdom has classified her as dead. She was not told this. Officials kept telling her there was no money for her and that she should try next time.

She has been to the offices of the Department of Home Affairs in Market Street, Johannesburg about six times.

Claim

"They would tell me to go to my pay point but each time I got there I was told there was no money. And when I went to complain at Market Street I was told to go and try at my pay point the next pay day," said Mrs Moshumo.

Last week she was ordered to return on June 30.

A spokesman for the Department of Home Affairs in Johannesburg said yesterday some people, who said they were Mrs Moshumo's relatives, came to claim funeral expenses for Mrs Dolly Rampuru, who was Mrs Moshumo's sister.

Instead of filing the claim in Mrs Rampuru's favour, the clerk registered Mrs Moshumo's name causing her pension to be cancelled immediately.

The spokesman apologised to Mrs Moshumo and advised her to call at any pay point in Soweto so her pension pay could be reinstated.

MRS MOSHUMO . . . officials said she was dead.

Arrest at roadblock

A SUSPECTED African National Congress guerilla has been arrested and a consignment of arms seized by police near Zeerust in the western Transvaal, police reported on Wednesday.

The arms were in a car en route from Botswana, the SAP said.

'Traders must

Poem dedicated to pensioners

SIR — Kindly publish this poem for me in your paper. It's a dedication to all pensioners who are presently encountering problems in getting their payments:

300

S/Tan
25/5/87

Unthankful Load

This world is a bundle of ungratefulness
How it has lost its touch of kindness
Man's respect has now gone to the dogs
His behaviour useless as ash from burnt out logs

These very old and wrinkled hands we now cast aside
Are the very hands that built this country through toil and tide
They brought us up under difficult conditions
They were the ones that made all the decisions

Today they are roses without petals left in the cold
For the mere fact that they are now tired and old
It hurts for without them there could have been no me
Of course they were the ones who opened my eyes to see

Can't we just for a second stop and think
That the old man out there in the street also needs water to drink
He needs this money like the air we breath
Let's be kind even if it can be for a spell so brief

LUCKY SEFAKO (Snr) **Mohlakeng**

trend looked set to continue until ...

BUSINESS DAY, Tuesday, May 12 1987

'Financial needs of all must be met'

Long-term-target pension system is recommended

300

CAPE TOWN — The joint parliamentary committee on pension benefits has come up with proposals for preparing a new long-term-target pension system.

It has also called for urgent attention to be given to a dispensation which provided for the financial needs of all economically active people.

In its report, the committee has not recommended any detailed prescriptive "answers" or legislative steps to pension-related problems — which have been the subject of several official investigations during the past 25 years.

Instead, it has adopted a more cautious approach, merely outlining a number of basic principles around which it believes a new system should be framed.

The committee recommends that its role should now be taken over by a more broadly-based independent body — established as a matter of urgency — which will comprise pension experts, employee, employer and State representatives.

Its primary task would be to work out details of a suitable pension dispensation; and any working models subsequently formulated should be fully tested for validity and broad acceptability in a scientific research study by a body such as the Human Sciences Research Council (HSRC).

Some of the guiding principles set out by the committee were:

☐ The State will have an ongoing responsibility to provide for those who have not been able to provide for themselves.;

☐ The principle of self-provision with employer support where applicable should underlie the system;

☐ Any future system should allow the ultimate objectives to be achieved by various means;

☐ Voluntary and negotiated preservation at sufficiently high level must be encouraged. All preserved amounts should be seen to include a fair share of employer contributions and a fair return on the amount invested, while appropriate tax incentives and disincentives could be provided to all parties involved;

☐ A dispensation which will provide for satisfactory retirement benefits is proposed as a basis for further discussion.

As well as these principles, the committee recommended the means test should be amended to provide encouragement to the provision for even smaller pensions; and to remove the inconsistencies which exist between the treatment of private means in the form of lump sums and income.

Furthermore, it declared that the favourable tax treatment on lump sums vis-a-vis pensions should be addressed and rectified.

And, in recognising the need for prescribed asset requirements by pension funds, a wider range of investments in that area should be allowed.

CHRIS CAIRNCROSS

THE decision of the joint parliamentary committee into pension benefits not to be prescriptive in its recommendations for a new pensions system was expected to be greeted with relief by the pensions industry.

Particularly welcome was its refusal to recommend a freezing of pension fund contributions, in that it was feared such a step could damage labour relations.

Initial response from the pensions industry yesterday was that a difficult and sensitive task had been done with great understanding.

Institute

'Stop investment in SA'

PLEASE INFORM YOUR ORGANISATION

"Nothing is OK at the OK"

SUPPORT THE OK WORKERS' STRIKE !

Fellow Workers

OVER 10 000 OK WORKERS THROUGHOUT SOUTH AFRICA HAVE TAKEN LEGAL STRIKE ACTION IN SUPPORT OF THEIR DEMAND FOR A LIVING WAGE:

WORKERS DECIDED TO STRIKE BECAUSE THEY ARE SICK AND TIRED OF WORKING FOR SLAVE WAGES.

THEY ARE FED UP WITH BEING TREATED HARSHLY. OVER THE PAST TWO YEARS, OVER 2 000 WORKERS HAVE BEEN DISMISSED FROM OK STORES.. WAGES AT OK ARE LOWER THAN THOSE AT MOST OTHER SIMILAR COMPANIES. MANY WORKERS ARE STILL EARNING LESS THAN R300 A MONTH - EVEN IN LARGE CITIES LIKE DURBAN , PRETORIA AND JOHANNESBURG.

LAST YEAR, OK MADE AN AGREEMENT WITH THE UNION THAT IF THEIR PROFITS ARE MORE THAN LAST YEAR, THEY MAY REVIEW WAGES. THEY DID MAKE MORE PROFITS, BUT HAVE REFUSED TO NEGOTIATE A WAGE REVIEW.

INSTEAD THEY HAVE OFFERED R85 FROM NEXT APRIL ON AN ANNIVERSARY DATE SYSTEM IE. WORKERS GET THE INCREASE ON DIFFERENT MONTHS DEPENDING ON WHEN THEY STARTED WITH THE COMPANY. SOME WOULD GET THIS INCREASE ONLY IN 1988 IF WE AGREE WITH OK.

WORKERS HAVE TOTALLY REJECTED OK'S OFFER. WE SAY THAT WORKERS MUST SHARE AND CONTROL THE WEALTH THAT THEY CREATE.
WE WILL NOT ACCEPT PEANUTS

THE CAPITALISTS HAVE BEEN OPPRESSING AND EXPLOITING US FOR A VERY LONG TIME TO MAKE THEIR SUPER - PROFITS.

NOW WE SAY NO MORE

WE ARE FIGHTING FOR OUR RIGHTS.
WE ARE FIGHTING FOR A LIVING WAGE, FOR OURSELVES AND FOR ALL WORKERS.
WE ARE FIGHTING FOR JUSTICE. LET THE EXPLOITERS BEWARE:
WE WOULD RATHER DIE (FIGHTING) THAN LIVE AS SLAVES.
DON'T BREAK OUR STRIKE! PHAMBILI NOMZABALAZO WE SOCIALISM!
ISSUED BY CCAWUSA.

OK CARES FOR PROFIT NOT PEOPLE!

WORKERS UNITE

ISSUED BY CCAWUSA.
268 Jeppe Street
Johannesburg
2001

Pension preservation problem still unsolved

S TAR 13/5/87

Finance Staff

DURBAN — Labour expert Mr Barrie Horlock and major insurance group Old Mutual have welcomed important pension fund recommendations of the Meiring Parliamentary Joint Committee.

Mr Horlock, chairman of the SA Employers' Consultative Committee on Labour Affairs (SACCOLA), said that employers generally would be pleased with the pragmatic findings — the major one being an absence of recommended legislation on preservation of pension benefits.

The sensitive issue of pension preservation caused a wave of strikes a few years ago when an enforced freezing of pay-outs was mooted. Those proposals were then put on ice and the whole subject has been investigated afresh by the Meiring Committee.

Mr Horlock said the committee had obviously listed to SACCOLA's representations. It had set out a number of principles and had recommended the establishment of a committee to take the work further.

SACCOLA supported this because joint consultation with the union movement was essential to provide a long-term solution.

Mr Horlock said that employers "must encourage voluntary preservation as an interim measure as the problem has not been solved." Employers already were talking to unions about establishing alternative benefit programmes.

Legislation, at this stage, would have had serious implications for the process — "which is clearly identifyng the needs of differing income groups".

He said the various groups involved were becoming more aware of other issues which influence saving for retirement. Meanwhile, Old Mutual also said it strongly supported the findings.

Any legislation could have led to a serious deterioration of labour relations.

SOWETAN, Thursday, May 14, 1987

360 Sowetan 14/5/87

4 gunmen grab pension money

By LANGA SKOSANA

HUNDREDS of pensioners were left penniless in KwaThema, Springs, on Tuesday when robbers grabbed about R20 000 which was to be paid out to them.

The incident happened at the Civic Centre pay point in front of scores of people who were waiting in a queue to get their pay.

Eye witnesses said four gun-toting robbers burst into the hall where officials of the Department of Home Affairs were sorting out the money and pay vouchers of the pensioners.

Two shots were fired which sent scores of elderly people running for cover in offices and toilets.

One of the Home Affairs clerks, Mr Jacob Tladi, who was standing at the counter next to the money ran away when the second shot rang next to him.

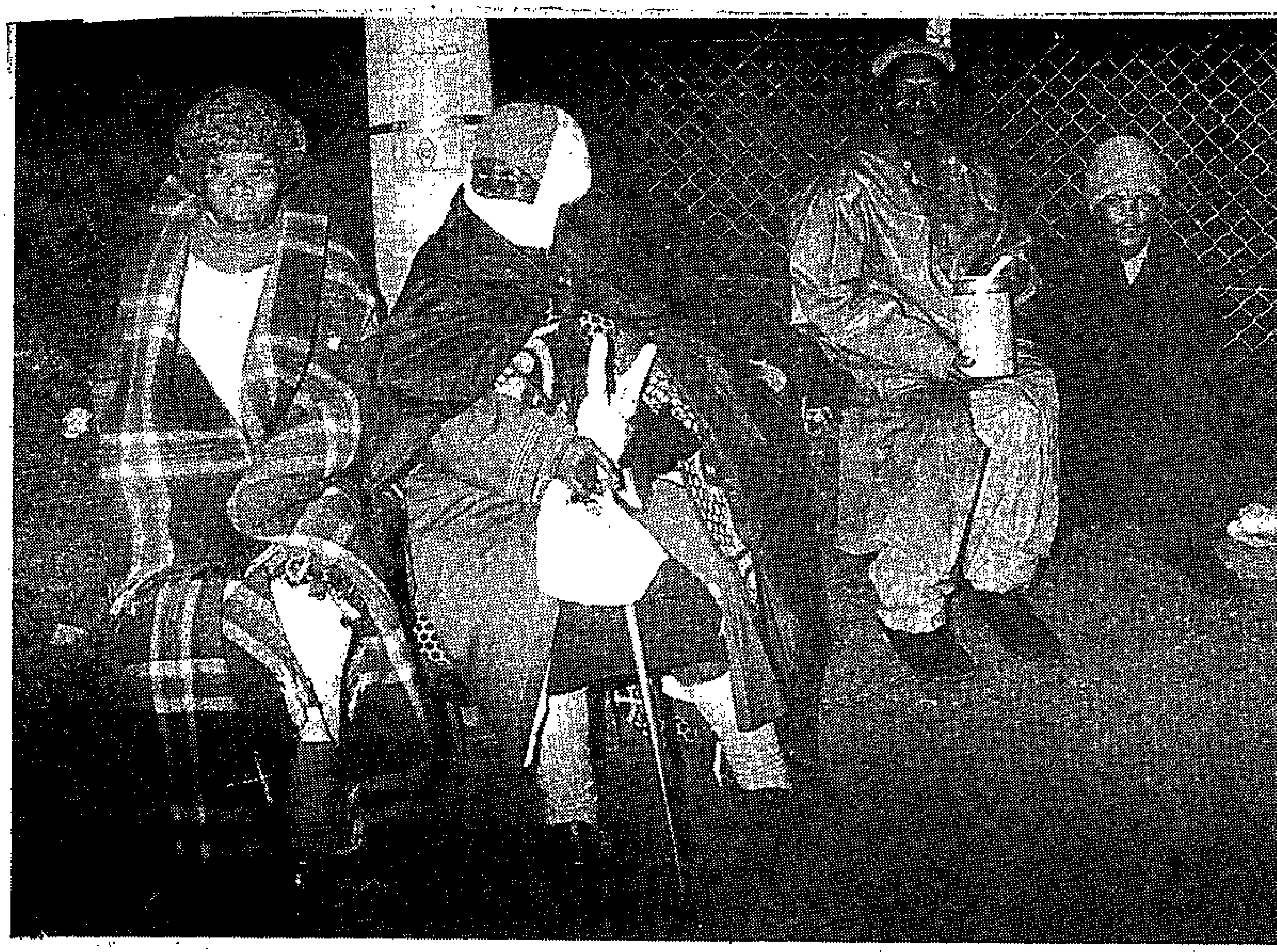
Man shot

A man who had come to collect pension for a relative was hit and fell down.

The robbers took about R20 000 which was on the counter and fled leaving behind about R110 000 tucked under the counter, Mr Tladi said.

Frightened pensioners received minor injuries from the stampede and were also treated on the spot for shock by bystanders.

The East Rand Murder and Robbery Squad is investigating the incident. The pensioners who were stranded were paid out yesterday.



WAITING, WAITING, WAITING ... Muffled against the cold, wet Cape winter, this small group of old-age pensioners were found queuing for their bi-monthly pension payouts outside the Guguletu Civic Centre at 1am one morning this week. Asked why they started to queue so early, they replied that by 2 or 3am there were already "hundreds" of people waiting in line for payouts — and those who arrive at the payout ~~point too~~ late have to go without their payments for another day. Picture: OBED ZILWA

CAPE TIMES 14/5/87 300

(300) (858) (664) DD 15/5/87

The members of the committee representing the dismissed East London municipal workers, from left, Mr A. M. Sikhutshwa, Mr W. M. Mlawu, Mr S. Mpushe, Mr W. Vewa and Mr H. Honono, are seen here after talks with the workers.

Dismissed staff fear pension loss

Dispatch Reporter

EAST LONDON — Several workers dismissed by the municipality yesterday have long service records and are worried about losing their pensions.

Mr Alison Nduna, a father of seven children who lives in Cambridge location, said he was due to go on pension in October this year.

"I'm worried about this because I had hoped to go off nicely on pension," Mr Nduna said.

Mr W. Mangele, of NU3 in Mdantsane, said he had worked for the municipality for 30 years and that he was concerned because he was also due to go on pension.

Mr B. Manyhanyha said he too was supposed to retire after 26 years service, while another dismissed worker, Mr S. Mavela, said he had given 24 years service.

Another dismissed worker, Mr L. Fodo, was also scheduled to retire next February.

The acting mayor, Mr Robert de Lange, refused to comment on the matter, but a senior councillor, Mr Donald Card, said the council would obviously not like to lose the services of men of such long standing — and that a full report on the matter would be sought.

"I have not been informed of the matter, but obviously employer-worker relationships in this time is of crucial importance to a major employer such as the municipality.

"Be that as it may, I believe council will have to get a detailed report on this matter and will have to assess the situation as well as investigate whether all the correct industrial relations proceedures had been followed."

The councillor with the environment and culture portfolio under which the cleansing department falls, Mr Patrick Kay, was in Transkei yesterday and could not be reached for comment.

Tracing the events which led to the men being dismissed, the director of personnel and management, Mr Leon Deetlefs, said the workers had first complained about a supervisor in 1985.

"They were asked to lodge their complaint with the head of the department and that an inquiry would be held. An inquiry was held and it was found that the supervisor had not done anything wrong. Allegations could not be proved.

"Then about a week before the general election, they staged a sit-in and our inquiries revealed that they had eight other minor grievances which were subsequently resolved.

"We suggested that they go back to work as the strike was illegal. We asked them to follow the proceedure and to choose representatives for us to negotiate with, which they subsequently did.

"The representatives were then interviewed by the director of culture and environment, Mr Albert Janse, and a member of my department and they were told to lodge a formal letter of complaint. A formal hearing would then be held.

"They then staged another sit-in and said they were not prepared to make any statements and asked that the supervisor be dismissed. We pointed out that we could not dismiss the supervisor without a formal hearing, but the workers did not accept that.

"They were then given formal written warnings about the sit-ins and later engaged in another sit-in today. We gave them 30 minutes to return to work and negotiated again with their representatives. The 120 who did not want to work gathered on the premises and collected another 80 workers who were not involved in the matter.

"These 80 workers have been given warnings and told to return to work tomorrow and we asked the rest to leave the premises and to collect their pay, which they refused to do."

Mr Nduna . . . due to retire in October.

Mr Deetlefs emphasised at all times they had complied with the Labour Relations Act and had insisted on the correct procedure being followed. The Department of Manpower had also been kept informed about the matter.

Mr Deetlefs dismissed speculation in radio reports that the municipality had considered calling in the South African Defence Force to help out with the refuse collection.

"We've never considered or discussed that," he said.

PENSION REFORM (300)

Vote for pragmatism

Arnold Basserabie, MD of Federated Life, has paid tribute to the findings of the Meiring Committee on Pension Benefits, published last week. "By the year 2015, unless steps are taken soon, the State, and hence the taxpayer, could find itself facing a bill for old age pensions some 400% more than during 1986, in real terms", he says.

In attempting to come to grips with the complex problems, the committee has taken a pragmatic approach by addressing problems specifically of a SA nature — a combination of first- and third-world economies. Traditionally, pension schemes tended to satisfy the needs of the more sophisticated employee.

The report proposes no legislation, but rather highlights the matters to be fully addressed and recommends the "urgent appointment of a committee of experts to deal with these issues." It should also have representatives from employer and employee bodies and the State.

Guidelines have been laid down for further deliberations. It is to be hoped that participation by the emerging trade unions, not forthcoming up to now, may materialise.

In detail, recommendations include a need for further investigation into the reduction of State involvement, an extension of prescribed asset requirements (not everyone will go along with this), realistic interest returns on contributions, and the allocation of part of an employer's contributions to the employee.

"All this should encourage trade union participation," says Basserabie. "I think the lessons learnt from the unrest that followed the Louw report in 1980 are well remembered.

Satisfactory progress

"Before compulsory preservation is contemplated the dialogue and consensus called for by the committee can only encourage satisfactory progress. The fact that the private sector is required to play a major role in the future of the pensions fund industry plus the call to reinforce economic growth and employment is a further indication of the very positive findings," he says.

Significantly, the committee notes that its report will promote urgent steps towards providing "retirement benefits for all economically active people." Presumably those out of work, and those losing jobs, will remain wards of the State.

It is to be hoped that the committee's own sense of urgency is shared by Pretoria, and that its recommendation of further investigation will not just lead to more years of delay. ■

'New deal for pensioners'

By LANGA SKOSANA

THE Department of Development and Planning is looking at new ways of paying out pensions to blacks in the wake of the refusal by banks, building societies and the Post Office to help in paying out black pensions.

The deputy director of the department, Mr S J Verwey said yesterday his department would ask various local authorities to make their offices available for pension payments which may be drawn on any day of the month.

He said he made personal visits to various offices in the Cape Province, Orange Free State and Transvaal where he had talks with regional authorities on the concept of the new payout system. He returned yesterday from a visit to Venda.

He said pensioners who have accounts at banks and building societies would start being paid on a monthly basis from July 1.

The old system of payment will continue operating and those pensioners without accounts will continue getting their money after every two months.

He hoped this system of payment would be phased out as soon as the availability of offices has been obtained from local authorities. It would take from six months up to three years for it to be finally abolished, Mr Verwey said.

The chairman of the Transvaal Association for the Black Aged, Mr Jimmy Rasekoala slammed the banks, building societies and the Post Office for refusing to cater for black pensioners.

"These banks and building societies are what they are today through the toil and sweat of the black people whose grandfathers and grandmothers they are now rejecting," Mr Rasekoala said.

300

Sowetan 18/5/87

(300) Sowetan 18/5/87

YOU can help to make life easier for an aged person

FOCUS

By LANGA SKOSANA

OLD age has become synonymous with hardship among many blacks.

A large number of elderly people say they have been neglected by their families, abandoned by society and exploited even by the church.

This distressing picture has emerged from interviews the *Sowetan* has conducted among the elderly in the past six months, when it started spotlighting the plight of the aged.

It has led to a novel idea which is gaining popularity in the townships, that individuals should start "adopting a granny".

By "adopting a granny" each member of the community would undertake to sponsor an elderly person, helping out in errands and chores that would make life a lot easier for the old person.

The move started because the Government, the private sector and the community at large are pointing fingers at each other with none wishing to take responsibility for the care of the aged.

YOU can help people like her.

The Government maintains that South Africa is not a welfare state and all individuals should look after themselves when they grow old; the private sector feels it is government's duty to provide facilities for the aged of all races while the community does not want to carry the burden imposed by apartheid and centuries of exploitation.

The result is that thousands of frustrated, miserable dejected elderly people are destined to a lonely and painful life with no-one caring.

A black doctor, Dr Mamphela Ramphela, who made a study of the elderly in the Cape Peninsula found that many black families have totally abandoned their aged.

She also uncovered a grim picture of people, at an age where they should be able to sit back and reflect on a long life, facing worse poverty and hardship than when they had the youth and energy to cope.

She also found that the community is neglecting them and the church does not give support.

"The churches are seen as exploiters who are only interested in their tithes. Some of the old people I talked to said their priests didn't even know where they lived and that they only continued to attend services because it meant that they would get a decent burial," Dr Ramphela noted.

Since the *Sowetan* started its investigations it found that 100 percent of the people were against the present pay-out scheme where pensioners are made to stand in long queues to receive their bi-monthly pay.

Officials of the Department of Community Development also found the scheme inadequate and have agreed to make pension payments through banks and building societies on a monthly basis.

But the snag is that banks and building societies say they are only interested in making a profit and do not want to be paymasters for the aged. One bank asked why the Post Office — which pays out pensions to whites, coloureds and Indians — did not want to provide the same service to blacks.

The Post Office has maintained its racist attitude and has given feeble answers to *Sowetan's* inquiries. It says there are too many black persons and the computer is not designed to deal with such numbers.

Schemes

The deputy Director for Development in the Department of Planning, Mr S J Verwey, said on Friday that he had investigated new ways of paying out black pensioners and would implement a scheme where municipal offices would be used for payment on a regular basis. He said black pensioners could draw their money at any time of the month.

In the meantime, he said, these pensioners who want to apply to open accounts at banks and building societies should do so as the present system of payment is being gradually phased out.

The chairman of the Transvaal Association for the Aged, Mr Jimmy Rasekoala, wants more than just abolishing the iniquitous system of payment for black pensioners.

He said the black elderly were the most exploited group, receiving about R97 a month, while whites get about four times that amount and coloureds and Indians about three times as much.

"There should be parity in pay for all," Mr Rasekoala declared. He felt that this would stop the neglect and dehumanising of the black aged.

And in spite of the neglect and the indignity pensioners suffer from their families, the most sickening aspect is their exploitation by crooks and fly-by-night operators.

At various pay points in black townships, businessmen, hawkers and crooks about to take away the little the grandmas and grandpas receive on pay day.

On such days "business" starts as early as 4.30am when the weary and hungry pensioners start queueing up for their pay. Some of the businessmen force the elderly to buy items they don't need.

Respectable members of the community and even one Soweto councillor have been seen to trade in the exploitation of the elderly.

The exploitation does not end on pay day. Throughout their lives the aged have been robbed of their homes by people pretending to care for them. In Tladi township, Soweto, a granny is said to have signed a will giving her house to a man who bought her a pair of cheap shoes. She is at present living as a sub-tenant with relatives.

Others who suffer are those who sometimes find themselves declared "dead" by officials and have their pension pay stopped.

Some of the people who are making a concerted effort to improve the lot of the aged are social workers employed by the National Council for the Aged (telephone 23-6146), various welfare groups throughout the country and a few individuals.

In spotlighting the plight of the aged, the *Sowetan* wants every member of the community to participate in whatever way to make life a lot easier for the elderly.

Social workers agree that increased pay will solve many of the shortcomings faced by black pensioners but they also stress that community involvement in the care of the elderly is essential to ease the pain.

The chairman of the Soweto Care for the Aged, Reverend Tom Mbabane, and his executive have started building a 200 bed old age home in Soweto which will be completed in the first half of next year. The home will cost about R4-million.

Advice Bureaux such as the Bridgeman Memorial Bureau in Jabulani township, Soweto, have piloted a scheme to help the aged apply to get their pension money through banks and building societies.

The Bureau's chairperson, Mrs Nonkululeko Madalane, is appealing to individuals to start "adopting a granny".

Sponsor

She explains that "adopting a granny" only involves each individual nominating a granny or grandpa to sponsor them. The sponsorship does not mean taking out money to buy lavishly for the grandma.

What people could do, she said, is simply to help old people with their daily chores such as running errands for them.

She feels that bypassing a granny or grandpa's home on your way to work or back from work just to say "hello, how are you" is enough sponsorship.

Political comment in this issue by A Klaaste and J Thloloe. Sub-editing, headlines and posters by S Matlhaku. All of 61 Commando Road, Industria West, Johannesburg.

● Write to the Editor at PO Box 6663, Johannesburg 2000. Nom-de-plumes can be used, but full names and addresses should be supplied or the letter will not be published.

ARGUS 19/5/87 300

Pension increases generally welcomed

The Argus Correspondent

JOHANNESBURG. — Representatives of civil servants' organisations today expressed satisfaction with the announcement that pensions were to be increased by between 10 and 20 percent but said the increase was not keeping pace with inflation.

Civil, military and South African Transport Services pensions will be increased by between 10 and 20 percent on June 1.

All military pensions will increase by 10 percent.

The Minister of National Health and Population Development, Dr Willie van Niekerk, and the Minister of Transport Affairs, Mr Eli Louw, last night set out the terms of the pension increases.

For each completed year after retirement pensioners are to receive one percent with a minimum of 10 percent and a maximum of 20 percent.

Mr Louw expressed his appreciation for the good work of transport services' pensioners during their term of service.

In response the Public Servants' Association (PSA) said: "This increase will alleviate the plight of pensioners. But the current rate of inflation has caused a real erosion in the income of pensioners."

PSA vice-president Mr Stan Davis said the introduction of the increase with effect from June as opposed to October, which was usually the position, was welcomed.

How to benefit from lump sums

By DIRK A PETERSON

RETIRING members of pension funds face extraordinary difficulties in making the best possible decisions on commutations.

The problems mainly arise from the interplay of severe inflation, high personal tax rates, highly negative real rates of return and the interplay of non-economic factors.

Commutation is the conversion of an annuity into a lump sum up front; the change of monthly income into a capital sum, payable on retirement date. Pension funds may not allow more than one-third of the pension to be commuted.

The calculation uses so-called commutation factors varying from member to member, depending on his age and that of his spouse. A typical factor is 12,5 and an annual pension of say R15 000 commuted to the allowed maximum of one-third would result in a lump sum of R62 500, viz. R15 000; 3 x 12,5 with a remaining pension of R10 000 a year. In other words, one-third of the future pension has been capitalised into a cash payment of R62 500 on retirement date.

The decision to commute must take account of personal circumstances. Pension fund rules, retirement annuity rules, income tax implications, investment considerations and so on provide a framework within which the decision must fall.

FUTURE INCREASES

Commutation reduces the pension payable, and thus future increases in pensions that may be granted. A monthly pension of R1 000 increased by eight percent a year becomes R1 469,33 a month after five years. If one-third is commuted from the R1 000, the remaining pension after five years comes to R979,55 a month.

Commutations are sometimes made without due regard to the adequacy of the remaining pension. Hardship can occur if the lump sum is not wisely invested.

Commutations enjoy exceptional tax treatment. No tax is levied on such funds up to R120 000, or if the product exceeds that figure, R4 500 multiplied by the number of years during which a member belonged to the fund.

With monthly pension payments fully taxable it appeals to reduce such payments by taking a non-taxable lump sum. But of course the commuted pension will earn income which may well be fully taxable, so that on income flow no tax savings are made.

Nevertheless, the lump sum offers opportunities to change the nature of the income derived from its investment by using, for instance, tax-free channels.

The tax formulae for lump payments provide a few favourable options.

The way in which "years" are defined in the Act makes it possible for members to increase the tax-free sum. "Years" include back service purchased, making such purchase attractive. And keeping in mind that the Income Tax Act allows one to deduct from income up to R1 800 a year expended on the purchase of back service, the exercise becomes a very worthwhile one.

The definition of years in the Act is such that one can choose as norm any fund to which one belongs giving the greatest number of years of membership.

The number of years for a commutation at say age 67 or 65 starts to run from that early date onwards, even if the commutation ultimately is taken from a fund which was joined only later in life.

The taxable portion of the lump sum receives favourable tax treatment, too. It attracts tax at the average rate applicable to the income in the year of assessment during which the lump sum is paid and not, as is normal, at the marginal rate.

It is the total income for the year ending February 28 that counts and by receiving a lower pension for as long a period during the tax year as possible, rather than a higher salary, one's taxable income and with it the average tax rate comes down.

The taxable part of the lump sum is ignored for tax-rate calculation. Thus if total taxable income comes to R20 000 the average tax rate comes to 15,2 percent, not at the marginal rate of say 40 percent.

The rules of the fund should be queried as to their content on widow pension benefits. In some funds the benefit is determined as a percentage of the pensioner's pension, for example two-thirds of the pension paid to the member. Commutation obviously has the effect of reducing the widow's pension.

In other funds the widow's pension is based on the pension before commutation.

A number of people will have taken out retirement annuities as a further source of income. Contributions to such funds (RAs) are tax-deductible up to R1 750 or R3 500 less pension-fund contributions, or 15 percent of income from other than employment sources, whichever of the three is the highest.

TAX-FREE PORTION

The Income Tax Act deals with lump-sum payments by pension funds and retirement annuity funds as one. The tax-free portion is related to the sum of all such payments.

If the tax-free amount comes to say R80 000 and one can commute say R90 000 from a pension fund and say R20 000 from retirement annuities, what should be commuted from where?

If the pension fund has a good track record on increases it probably pays to commute the maximum from one's retirement annuities (R20 000 in our example) and the balance of R60 000 from the pension fund, leaving the remaining pension as high as possible to benefit from future increases.

Tax-free sums have been increased regularly and if the maximum of say R120 000 is now commuted tax-free from the pension fund, with the maturity date of the retirement annuities pushed out by say three or four years, the chances of having a higher than R120 000 amount tax-free then seem good. In four years' time a further commutation, tax-free, may be possible.

● **Dirk Peterson is chairman of the board of trustees, Nedbank Group Pension Fund.**

The inflation-buster

A PLAN to protect pensioners against spiralling inflation — introduced by Old Mutual pensions more than a decade ago — has proved itself the top long-term inflation-buster in the pensions industry, says the Mutual.

Under the Mutual's "Pension-Plus" system, pensioners' income increased by an average of 13,59% a year during the past six years — a higher increment than salary increases for the same period.

"After giving our 'Pension-Plus' system sufficient time to prove itself over the long-term, we are now satisfied that it is a major mechanism to protect pensioners against inflation," says Old Mutual pensions GM Gerhard van Niekerk.

Record total

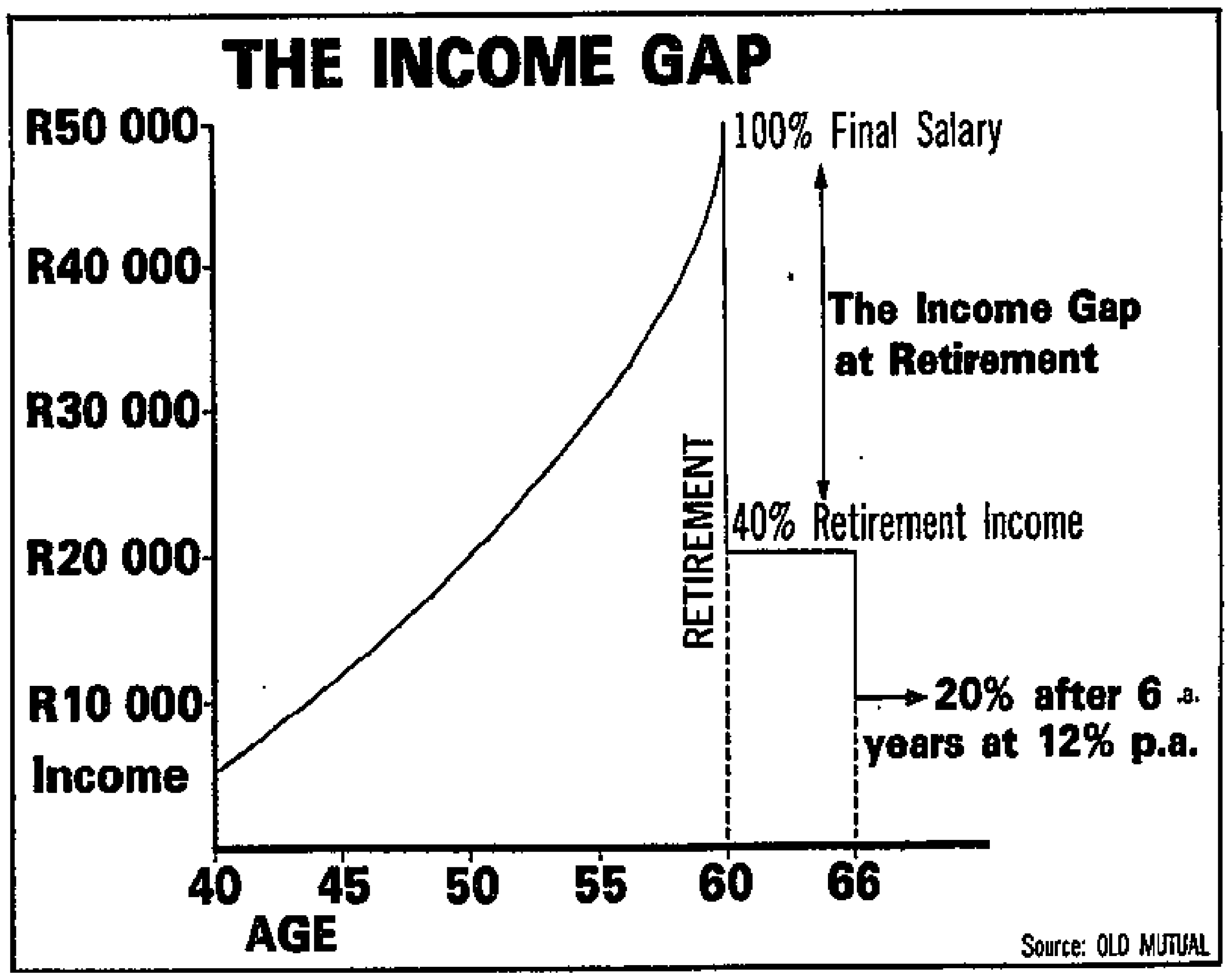
For the year ending December 31, 1986, Old Mutual declared a record total "Pension-Plus" bonus of 14,65%. This is split into a basic bonus of 6,4% — which is added to monthly pensions — and a terminal bonus of 8,25%. The latter is paid in a lump sum.

It is common knowledge, says Van Niekerk, that fixed-income pensioners are "most vulnerable" to the ravages of inflation.

The reason is simple. Inflation escalated from 5,5% in 1971 to 11,5% in 1976, touched 20% recently, drastically diminishing the buying power of the fixed-income pensioner (the present dip to 16% "cannot be relied upon to continue").

For many pensioners, "the older they get the poorer they get". Van Niekerk tells that "we realised in the late Sixties that inflation was becoming a reality of life, and what this would mean to pensioners".

By the time inflation reached the double-digit level (10% in April 1973) "our 'Pension-Plus' product was already established on the market".



"Pension-Plus" enables a pensioner to expect his pension to keep on increasing each year throughout retirement, with the added guarantee that his increased monthly pension will never be reduced, even in the case of a serious depression — through offering pensioners a direct share in Old Mutual profits in the form of annual increases in pension as well as cash bonuses.

This is achieved, says Van Niekerk, "by withdrawing his pension entitlement from a specific fund at retirement and investing it directly with Old Mutual as part of its 'Pension-Plus' investment pool".

"Obviously, the kind of growth 'Pension-Plus' offers means additional funding." And while the Mutual carries the risk of ensuring continued growth after retirement, "we look to employers to pay the additional costs involved while a person is still employed".

Van Niekerk pays tribute "to the measure of social awareness displayed by many South African businessmen" — more than 300 business concerns employing thousands of potential pensioners participate in "Pension-Plus".

One of the worst

There are already 2 824 pensioners participating in "Pension-Plus," in terms of a contract between the pensioner himself and Old Mutual.

The cash bonuses paid out to the 2 824 "Pension-Plus" pensioners on February 1, 1987, totalled R2,4m, concludes Van Niekerk.

□ BUSINESS DAY concurs that inflation after retirement is one of the worst financial problems that anyone faces.

Employees should do their best to ensure that they have access to a pension which provides for as much escalation as possible to take care of the problem.

Protect post-retirement position

3. ACCORDING to Liberty LIfe, there are several ways to protect your post-retirement position aginst inflation. Where possible, one should buy an escalating pension, but augmentation of one's contributions before retirement — where cash flow permits — will also help. Ben Lipschitz, Liberty's GM (pensions), recommends that:

□ Pensioners in "money-purchase plans" (i.e., where the credit at retirement date is used to buy an annuity) — who are generally free to choose their pension fund format — "should seriously consider buying a pension with a built-in increase".

(Business Day notes that this will be at the cost of a lower initial pension — but retirees should bite the bullet, as the alternative of a pegged pension carries an illusory *initial* impression of being better off than you really are in inflationaary times).

4. Lipschitz notes, when considering pensions generally, that there has been criticism of pension funds "for reporting excellent investment returns and not matching these with inflation increases granted to pensioners". The practice has been to limit increases to 50% of the CPI in most cases — because to give more "may raise pensioners' expectations" to levels which may not be capable of being met in future years.

And to inflation-proof pensions completely "would mean trebling or quadrupling the costs of funding" and very few employers "are willing to underwrite inflation". Suggestions have been made to link all or part of a pension to a portfolio of assets, "but the fluctation in income may prove unpopular".

□ One other avenue is to augment one's pension fund contributions. Lipschitz urges everyone to "start augmenting as early in your working life as you can".

Other future options like "save as you earn" have proved popular in the UK. Monthly payments, tax-deductible, are accumulated, together with interest "in various investment media" for a minimum period of five years, after which they are payable free of tax. "Government in SA should consider this option."

[redacted]

Augmentation, says Federated

ONE WAY to protect yourself against inflation during the period of employment is through augmentation of your corporate pension scheme by additional retirement contracts. Arnold Basserabie, MD of Federated Life, says that pension fund returns have, over the past few years, "been high enough to handsomely counter inflation". But he cautions people not to assume "automatically" that their pension fund will provide fully for their retirement.

A further major problem is loss of pruchasing power through further high inflation *after* retirement. While the number of funds providing pensions which grow after retirement is increasing, the inflation rate "is simply too high to allow this benefit to be provided at a realistic level while keeping the cost reasonable".

This means, says Bassarabie, "that the onus to supplement his pension continues to rest with the individual". Admittedly, the amount which can be set aside for additional retirement benefits varies from person to person, "but a figure of 15% of income less the individual's pension fund contribution is usually accepted as being within the reach of most employees".

The additional savings, says Bassarabie, "can well be any variety of investments" — amongst the most popular being a retirement annuity either with or without life cover.

Federated's deputy GM (occupational pensions) Hennie Snyman adds a note of warning about corporate pension funding. Some employers are reluctant to assume liability for pension schemes which offer benefits based on the level of salaries at or near retirement, because of the risk of making a lifetime pension commitment based on rapidly-rising salaries towards retirement date — because inflation is expected to make an unquantifiable contribution towards much higher nominal money salaries in the future.

Says Snyman: "Inflation can easily upset estimates of future costs," leaving pension funds uncovered in terms of their liabilities to retirees. So companies are tending to favour pensions based on "money purchase schemes" — i.e., pensions based on the credit in the fund at retirement date, which is then used to purchase an annuity calculated actuarially by a life office.

300 whole page

Edited by Robin Friedland

Pensions bureaux — a vital service

INDIVIDUALS about to retire should consult a pensions bureau or other independent adviser, as much crucial information about selecting a pension will not be imparted to them by many pension fund managers.

Wally Pope, MD of Wally Pope Computerised Pension Bureau, argues that personal attention to pension pre-planning is vital. To take one important issue — all retirement annuity funds and "a great many" pensions funds are untied, which means that the credit accruing to the retiree may be used to purchase the pension from *any* registered insurer in the market at the time of retirement "at the best rates available".

But despite this degree of flexibility, there is "minimal competition" in this sector of the market. The reason is that there is no obligation on the insurer which manages the pension fund to remind the retiree of his rights, although he would have been informed of them at the time he entered the pension fund in question.

Evidence

By the time the pension plan ma-ures, says Pope, most members have orgotten their rights, and "it is not in he insurer's interest" to do so — ince it "could lead to loss of business o competitors".

Pope says there is evidence that nore than 90% of retirees merely ccept the pension offered by the inurer who managed the fund to which e or she belonged. Backing up this rgument, says Pope, is evidence of he disparity in pension rates offered y various insurers (see this page).

But the issue of pension rates does ot exhaust the value of the advice hich a pensions bureau can offer its lients. Says Pope: "The timing of etirement can make a material difrence to benefits, too." The pension ates quoted by insurers will depend n several factors — like life expenncy, which relates to age and sex, as ell as current interest rates at the me of retirement, coupled with the surer's expectations about the trend interest rates over the calculated e expectancy of the retiree.

If interest rates are high but on a wnward trend at the time of retireent, argues Pope, it becomes advangeous to retire from a pension fund rlier rather than later.

But the resources made available through forced retirement from a pension fund (or voluntary retirement from an RA fund) can be deployed most effectivly at this juncture. One possibility is to deploy a portion of the pension to pay the premiums on "matching" life assurance, which is frequently available as part of the contract to supply a pension without medical evidence and at standard rates for age and sex.

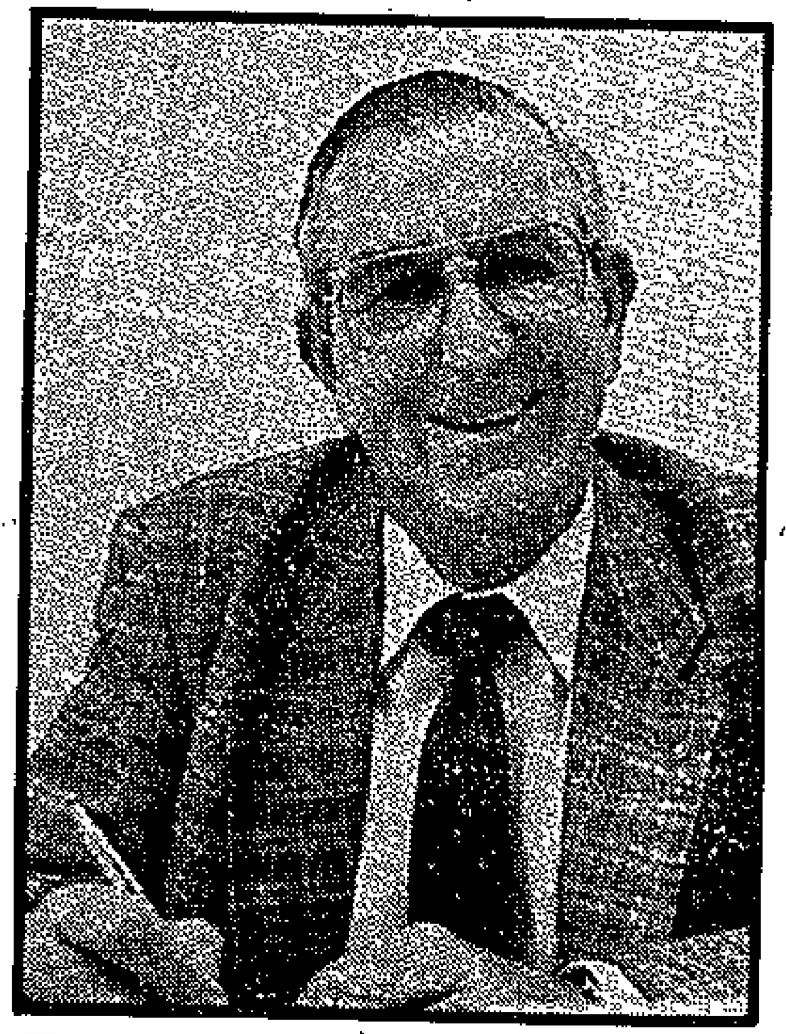
On the death of the pensioner, the proceeds of the life policy become payable to the surviving spouse and can be used to purchase a pension for the duration of that survivor's life. As the survivor will be older, the rates obtainable will be higher than when the retiring spouse acquired the original pension.

Another possibility — depending on precise circumstances — is to invest in an RA scheme (i.e., while there is earned income to justify the deduction for the contributions). When the pensioner reaches the age of 70 or factually retires from economic activity, the proceeds of the RA will augment the original pension.

Another possibility is to purchase a (reduced) joint life and survivor pension for the retiree and his or her spouse. Yet another option, which Pope dismisses as "strangely popular" — but not amongst his clients "who are given fuller details of all their options" — is a pension guaranteed for life but with a minimum period of 10 years.

Pope charges a small nominal fee for his services, refundable in part if he earns commission from his client through the purchase of a pension on his behalf.

☐ BUSINESS DAY endorses Pope's arguments in the main, but subject to one important qualification — the need to hedge against inflation *after* retirement.



☐ POPE . . . personal attention vital

Care needed

MD OF Vantage Pension Administrators Leslie Zulberg says that the factor "most likely to have an influence" is the state of health of the pensioner. The importance of health in determining rates is such that it pays the pensioner himself to put sentiment aside if he is in poor health. Under these circumstances "it makes good business sense" for him to opt for a form of continuity of payment after death.

One way is to purchase a pension guaranteed for a fixed period (but see Pope's strictures on this form of contract — Business Day). Another is to buy a pension payable over the joint life expectancy of the retiree and his or her spouse.

An example of relative costs is as follows: assuming a (male) member of a fund retiring at 65 has a wife who is three years younger, then a pension over their joint lives will pay R457 per month, against R500 per month over the life of the retiree alone. Zulberg argues that the small difference makes the joint life pension far preferable.

Another attractive option for the retiree whose health is questionable is to buy a "back-to-back" life policy funded out of the pension without evidence of health, as recommended also by Pope.

On the other hand, if the retiree is in apparently robust health, especially if he has few personal responsibilities, he might decide "to take the highest possible pension" and ignore any form of guarantees or back-to-back arrangement.

Three case studies show disparities

A MALE atorney aged 70, with a credit of R211 506 available, was offered pensions for life ranging from R3 850 to R3370 per month — a difference of some 12,5% measured against the higher amount.

An ex-mine captain aged 60 was offered monthly pensions ranging between R2 859 and R2 296 — a difference of close to 20%. A male chartered accountant aged 64 was offered pensions between R1 005 and R905 per month, showing a disparity of about 10%.

26/05/87
300

Pension fund vs deferred compensation — be warned

DEFERRED compensation schemes, while sometimes superficially attractive, are not nearly as well protected legally as a properly constituted corporate pension fund.

AA Mutual Life's assistant GM (pensions and group schemes) Joe Gates warns of many pitfalls in deferred compensation schemes. "Beware," he says, "the gift-bearing employer." An employee offered such a facility — usually funded by way of a salary sacrifice — must beware t "hidden potential flaws".

A pension fund is constituted as a separate legal entity, distinct from both employer and employee. Its assets are secure from the "fortunes and failure of both parties". The employer may not benefit from the fund, and the only claim against its assets is "in terms of the registered rules".

Creditor

In the case of deferred compensation, all that the employee has is what the lawyers would call "a personal claim" against his employer. The assets underlying the service agreement belong to the employer, who may deal freely with them even with the employee's knowledge.

If the employer becomes insolvent, the employee will be no more than a concurrent creditor for the amount of salary sacrificed to the scheme, for what that may be worth in the particular case.

Gates says that, "restrictive as the Income Tax Act and the Pension Funds Act may be," they protect members in ways which deferred compensation schemes cannot. Thus contributions must be paid to a fund within seven days.

And as a pension fund does not have to meet the requirements of a "conforming" or "standard" policy under the 6th Schedule of the Income Tax Act, flexibility in benefit design is readily achieved. There is also relative certainty that the earnings of the fund itself will remain untaxed.

There is also no risk of a defective or even non-existent service agreement — "an important ingredient" making for the tax efficiency of a deferred compensation scheme.

26/05/87

30

SA Legion: Military pensions 'a pittance'

AM645 26/5/87 300

Staff Reporter

THE South African Legion says military pensions are a pittance and it has reacted with "extreme disappointment" to the announcement that they will be increased by 10 percent.

In a statement from Major-General I S Guilford, national president of the ex-serviceman's organisation, the legion appealed to the government to reconsider the plight of military pensioners and relate increases directly to the consumer price index.

He said military pensioners were in a special category.

"Many of them, particularly those who have been severely disabled, are totally dependant on their pensions as their ability to obtain employment in the open market is either non-existent or severely restricted," he said.

"The bulk of those in the 100 percent severely disabled category are on the lowest scale and at present receive only R600 a month. The 10 percent increase will thus take them to R660 a month."

Very conservatively, if annual increases had been tied to the consumer price index since 1976 when the pension was established at R300 a month, they should already have been on a minimum of R900 a month.

Deferred

"It is therefore clear that the military pensioner has been very much neglected over the years and it is high time the government and public were made aware of their plight," said Major-General Guilford.

The legion was glad that the increases would be effective from June 1 instead of October 1, but this was only rectifying the wrong perpetrated two years ago when approved increases were deferred for six months.

Military pensioners deserved nothing less than the relating of pensions to the consumer price index because their sacrifices, injuries which had severely limited their earning capacity and made it impossible to supplement their pensions, were made in defence of their country.

"We must not forget that many of them have wives and children to support on the pittance they receive," he said.

Cape Times 27/5/87 (300)

Rising costs may cut her family link

By RENEE MOODIE

MRS Florence Bailie of Wynberg is 83 years old and can no longer read or write because of failing eyesight.

To her, the telephone is an essential means of communication with her children and grandchildren, who are spread as far afield as Johannesburg and Namaqualand — but she is afraid that rising costs may eventually take this precious link from her.

PHONE LINK... Mrs Florence Bailie at the telephone which is her only link with her family. Picture: RICHARD BELL

It was announced in Parliament this week that telephone rentals were to increase from R11 to R15 a month and telephone unit charges from 12c to 13,5 cents.

"When I turned 80 I got an extra R10 a month, but that doesn't go far and everything just keeps going up.

"I am lucky, my children are very good to me but there are many elderly people who do not have even that privilege," she said.

Mrs Bailie is not the only pensioner to be angered by the latest postal and telephone tariff increases.

She said yesterday several people living in her pensioners' complex had also complained about the increases.

"One lady even said she would have to give up her phone," she said.

She said that the residents of the complex also relied on their telephones for safety and security.

Mrs Bailie worked in a variety of government jobs before her retirement at the age of 60. "I also worked during the war. Come to think of it, I've done a good bit for my country, and I paid taxes all those years," she said.

300

SECURE-AGE: Aid for the elderly

The Cape Times today launches SECURE-AGE — a new service spearheading a campaign aimed at creating awareness and helping combat crimes against the elderly. In association with Gray Security Services, SECURE-AGE offers a reader advice service whereby elderly readers may submit specific problems of security in writing — and have them answered by the experts.

VICIOUS attacks on Capetonians, particularly the elderly, are increasing at a terrifying rate and this year alone, the Cape Times has reported numerous crimes against the elderly, even in their own homes.

Among several incidents reported were:

□ In January, a 73-year-old man was robbed of his watch in Bree street, and a woman of 83 was robbed of her handbag containing R100 in the lift of a block of flats in Camps Bay;

□ In February, a Gardens woman was robbed after two men knocked at her door and asked for water; an 83-year-old was throttled and stabbed by a young woman who entered her home in Ottery; and a 76-year-old woman, who said she has been mugged four times in the past few years, was hit from behind and robbed of her handbag in Loop Street;

□ In March, two elderly people died and three more were badly injured during a brutal "reign of terror" which ripped through a flats complex for the aged in Hanover Park. In the same month, an 80-year-old woman was murdered in her Tamboers Kloof home, and two elderly sisters were attacked in their flat in the same area days later.

□ Earlier this month, a 74-year-old Southfield resident lay bleeding on his bedroom for three days after an intruder had stabbed and robbed him.

Local MPs, councillors and welfare organizations have called for stronger official action to protect the elderly as well as public awareness of their elderly relatives living alone.

The Cape Times shares this growing concern and today launches SECURE-AGE.

In association with Gray Security Services, a well-known Cape Town security organization, the Cape Times offers a reader advice service for the elderly whereby readers may submit specific problems of security to SECURE-AGE in writing. Letters will be answered by Gray Security Services, who, drawing on their wealth of expertise and experience with security services, will suggest the best solutions available.

Awareness is the foundation of any security system and Gray Security Services maintain that it is possible to reach an acceptable level of personal security on a very low budget, just by being aware of what the risks are, and adjusting activities accordingly.

SECURE — AGE

The Cape Times

in association with

GRAY SECURITY SERVICES

Some of the suggestions they make are as follows:

In the Home:

Fit burglar bars on windows and serviceable window catches.

Fit strong locks on external doors and a spy-hole in the front door.

Consider locks for internal doors.

Keep external doors locked at all times.

Never open doors to strangers, but communicate through a window instead.

Don't put all your faith in door safety chains, they might not be as strong as you think.

Leave a light burning and the radio or TV switched on if you are going out and expect to be home after dark.

Outdoors:

Try to vary the times of routine trips by an hour or two.

Carry only the cash you actually need.

Go out in the company of a friend or neighbour when possible, rather than alone.

Avoid badly-lit or lonely routes on foot.

Carry a bag only if absolutely necessary.

Aim to get home before dark.

In general:

Remember there is generally safety in numbers — get to know your neighbours so you can mutually assist each other in personal and home protection.

These are just some of the most basic, common-sense suggestions to being aware of your own safety. If you, as a senior citizen, have problems or queries concerning your own security that you would like to have answered by the experts at no charge whatsoever, send your query in writing to:

SECURE-AGE, c/o The News Editor, Cape Times, Box 11, Cape Town, 8000.

Group Areas Act

*26. Dr F HARTZENBERG asked the Minister of Justice:†

(1) Whether the Attorney-General of the Transvaal was recently requested to direct that prosecutions by suspended against persons contravening the provisions of the Group Areas Act, No 36 of 1966, in the White residential area of Zeerust; if so, (a) (i) on what date and (ii) by whom was this request made and (b) what was the Attorney-General's response to it;

(2) whether he will make a statement on the matter?

Hansard 2/6/87

†The MINISTER OF LAW AND ORDER (for the Minister of Justice):

(1) I arranged for enquiries to be made at the Attorney-General and he states that he did not receive such a request. I myself am also not aware of such a request.

(2) Falls away.

Own Affairs:

Accommodation units

Hansard

*1. Mr P G SOAL asked the Minister of Local Government, Housing and Works:

How many accommodation units for aged White persons were built in the Johannesburg municipal area with financial assistance from the State in 1986?

300

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

374 units.

2/6/87

Parish Road Primary School

*2. Mr R R HULLEY asked the Minister of Education and Culture:

(1) Whether the proposed Parish Road Primary School in Constantia is to be built in the near future; if not, when is it anticipated that this school will be built; if so,

(2) whether the working plans for the construction of this school have been finalised; if so, (a) in which financial year will construction commence and (b) how many pupils will it be possible to accommodate in this school?

Hansard 2/6/87

†The MINISTER OF EDUCATION AND CULTURE:

(1) No, not for the present. However, when pupil numbers justify such a step, the school will be built.

(2) Yes, (a) and (b) fall away in view of (1).

Deputy director of education: posts

*3. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether he has decreased or intends to decrease the number of posts of deputy director of education for the province of Natal; if so, (a) why, (b) by how many and (c) with effect from what date;

(2) whether he has increased or intends to increase the number of posts at senior management levels in the central office of his Department; if so, (a) why, (b) how many such posts have been or are to be created and (c) with effect from what date;

(3) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE:

(1) No, posts at this level are created/abolished by the Ministers' Council on the recommendation of the Commission for Administration after an evaluation of posts.

(a) falls away,

(b) falls away,

(c) falls away;

(2) no, see (1) above;

(3) yes.

2/6/87 Hansard

After an evaluation by the Commission for Administration of senior posts in the various provincial education departments, the Ministers' Council, acting on the advice of the Commission for Administration, decided to abolish one post of Chief Director (Deputy Director of Education) in each of the Transvaal, Orange Free State and Natal Education Departments.

In the course of establishing the Department of Education and Culture, Administration: House of Assembly as a policy-making education department, a particular need for senior managerial posts at the head office of the Department was identified. After the Commission for Administration had made the necessary evaluation, the Ministers' Council, on the recommendation of the Commission, decided to institute three additional posts of Chief Director at the head office of the Department. These posts are at present being filled in accordance with the normal procedures.

Mr R M BURROWS: Mr Speaker, may I enquire from the hon the Minister whether his department made submissions to the Commission for Administration on the functions that are to be carried out by the Deputy Director's Chief Director in his department.

†The MINISTER OF EDUCATION AND CULTURE: Mr Speaker, the reply to that question is that the head office of the Department of Education and Culture has a particular obligation and responsibility regarding the extent of the functions and the responsibility attached thereto. It was submitted to the Commission for Administration, who conducted an investigation, and decisions were taken on the grounds of their findings, as was set out in the reply to the question.

Teachers' associations

*4. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether he or his Department has devised and/or suggested guidelines for the recognition of teachers' associations; if so, what are these guidelines;

(2) whether these guidelines have been submitted to any bodies for comment; if so, (a) to what bodies and (b) what is the closing date for comment;

(3) whether he will make a statement on the matter?

Hansard 2/6/87

†The MINISTER OF EDUCATION AND CULTURE:

(1) Yes, draft guidelines have been drawn up but will only become available after final negotiation;

(2) Yes,

(a) to the Federal Teachers' Council,

(b) 30 June 1987;

(3) No.

Director of Education

*5. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether he appointed the Director of Education of Natal in an acting capacity with effect from 1 April 1987; if so, why was he appointed in this capacity;

(2) whether, subsequent to appointing this person in an acting capacity, he appointed him in a permanent capacity with retrospective effect to 1 January 1987; if so, why was he appointed (a) in a permanent capacity and (b) with retrospective effect;

(3) whether the Natal Education Department had an acting as well as a permanent director of education during the period 1 January to 1 April 1987; if so, (a) why and (b) what additional cost did this involve;

(4) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes, to effect continuity because permanent appointments at this level are made by the Cabinet on advice received from the Commission for Administration and a final decision from the bodies concerned was not yet available;

Hansard 2/6/87

Plight of the black pensioner

NEWS 26/8/87

300

David Wightman LOOKS AT THE BLACK PRESS

A LIFE of hard work by a black person reaps few rewards. Often neglected by their families, elderly people face poverty and hardship in the townships, alone and miserable.

Their plight, especially the payout scheme for pensioners, is under scrutiny.

Most black pensioners today have to stand in long queues at township offices to receive bi-monthly payouts. Some queue from as early as 4.30am, facing a long, tedious wait, becoming easy prey for the hawkers, conmen and tsotsis who hang around nearby.

It is unquestionably an indadequate system. Although the Department of Community Development is to phase it out and has agreed that pension payments can be made through banks and building societies, there has been little progress as the banking fraternity is not keen to do this.

There would be little profit for them and they do not wish to become simply the paymasters for the aged. The banks point the finger at the Post Office, which pays the pensions of whites, coloured and Indians but for some reason refuses to do so for blacks.

Now the Department of Planning is investigating new ways of paying pensioners, mooting a system in which black pensioners would be able to withdraw their money at any time of the month from various municipal offices.

Langa Skosana, in outling this in the Sowetan, also focuses on the need for community involvement in care of the aged. One novel idea gaining popularity in the townships is that individuals "adopt a granny", undertaking to sponsor an elderly person by running errands and doing chores for her. Just a visit to say "hello, how are you?" is sufficient, he says.

□□□□

Another social problem outlined in Ilanga is that of black taxis — now a vital form of transport in the townships.

In a long editorial comment, the paper says that many taxi drivers are often rude, arrogant, ill-mannered and uncaring about the needs and comfort of their passengers. The taxis are dirty, their drivers irresponsible.

The paper calls on the South African Black Taxis Association to get to grips with the matter.

□□□□

Percy Qoboza, in his column *Percy's Itch* in City Press, takes a delighted dig at the KwaZulu bill which abolishes titles such as Chief, Paramount Chief, Kaptein and Hoofkaptein. From now all chiefs will be referred to as Inkosi.

Newspapers will be expected to refer to Chief Buthelezi as Inkosi Buthelezi, he writes, and in the very next sentence describes him as Chief Buthelezi.

□□□□

The Sowetan says that after the election South Africa has assumed a macho image. Blacks will just have to sweat it out, says the paper, and "pray for the best."

□□□□

A new Muslim-owned hypermarket has overcome the problem of opening during the present fasting month of Eid by including a prayer room in the building. Post Natal, read mainly by members of the Indian community, points out that some Muslims pray five times a day and that when shopping here they will no longer have to keep rushing off to the mosque.

The newspaper also has a page one story about 16 people who work for a parachute manufacturing company — storemen and riggers — who were offered an opportunity to test the product. The novices, mainly Indian men, were told by their boss to go and jump — which, with some courage, they did. All made it unscathed (apart from one who sustained light leg injuries) and agreed afterwards that sky diving was just plain sailing.

PLEA FOR PARITY IN PENSIONS

Sowetan 3/6/87

BLACK leaders and the community have called on the Minister of Finance, Mr Barend du Plessis to make equal pension payments to all population groups when he announces his budget today.

By LANGA SKOSANA

They said every year the Government makes promises to wipe out the pay gap but never keeps its word.

At present pension payouts to blacks amount to R97 a month while whites get R202 a month.

The regional representative of the National Council for the Aged, Mrs Thapelo Mzizi said yesterday pension payouts play an important role in the livelihood of many blacks.

"When one thinks that the R97 is supposed to feed, clothe and pay rent and other bare necessities, one wonders how the black pensioner copes," she said.

She said over the years there has been talk of bringing parity between black and white pensions but no tangible steps have been taken to close the gap.

"When will parity be reached?" she asked.

Mr Bonani Mlambo from Naledi township, Soweto, said since he left work three years ago and started earning a State pension, his standard of living had deteriorated to such an extent that his family sometimes depended on neighbours for food.

He called on the Minister to alleviate his suffering by equalising pension pay.

The chairman of the Alexandra Township Association for the Aged and Disabled Persons, Mrs Marjorie Manganyi said the Minister should think of the "forgotten" group of pensioners when he gives out pensions.

She also called for parity in pension payments.

Good news for some pensioners 'but plight of most not eased'

300

Star 4/6/87

By Janine Simon

Government savings bonds for over-60s partly solved problems of over-60-year-olds in the middle-income group, but but did not alleviate the plight of most of South Africa's 1,1 million pensioners, the National Council for the Care of the Aged said yesterday.

The bonds, aimed at providing savings for older people whose investments faced erosion by inflation and low interest rates, were introduced by the Minister of Finance, Mr Barend du Plessis, yesterday.

They will be available to over 60s only, in multiples of R100, with a R500 minimum and R200 000 maximum per individual. Interest will be paid at the rate of 15 percent a year, taxable after the first R1 000.

'FINE GESTURE'

Director of the national council Mr Sid Eckley said the 15 percent interest was a "fine gesture" but slammed the fact that all interest after the first R1 000 would be taxed.

The council had asked both the Margo Commission and the President's Council for "granny bonds" and had stressed that at least the first R5 000 interest be tax free.

"Inflation and low interest rates are problems, but the real issue is the incentive to save. People are being taxed and then taxed again on their savings."

Individual taxation had increased by 400 percent over the past seven years and this now contributed almost 60 percent of State revenue. But individual buying power had decreased to the extent where a R100 grocery shop in 1980 now cost R270, Mr Eckley said.

Mr Eckley said he agreed that the fund could not be administered with small intitial deposits but said aged people should be allowed to top up their savings with amounts of less than R100.

The bonds did nothing to address the problems of most of the aged, Mr Eckley said.

The council's pleas to have the R20 pension increases, announced in February's mini-budget, implemented from July 1 rather than October 1, had been ignored. "Pension increases have already been eaten by tariff increases, such as telephone rentals."

The council had also hoped that disparity in pensions would have been directly addressed and money allocated to meet the backlog in community services for the aged.

Council research had shown that there were an estimated 250 000 aged people needing services, comprising 154 000 blacks, 61 000 whites and 45 000 coloureds and Indians.

Of the 250 000 people, 25 percent also needed sheltered housing. There were 30 000 destitute black aged people in South Africa, Mr Eckley said.

State plan to aid aged causes waves

'Granny bonds' rock building societies

STAR 4/6/87 300

By Gareth Costa

The announcement by the Government yesterday that it is introducing "granny bonds" carrying 15 percent interest has raised the anger of building societies, which fear the consequences for home-owners.

The societies may be forced to increase interest rates on deposits to protect their critical supply of long-term funding from flowing into the Government savings scheme.

This, in turn, will put pressure on them to increase the mortgage rate to maintain their profit margins — already under pressure with the banks' foray into the home-loan market, which has resulted in cut-throat competition.

The SA Perm's senior general manager, Mr Brian Kemmey, says the new scheme has created a serious distortion in the market.

"The consequences will be severe. It is obvious the Perm will have to protect its considerable share of the over-60s market by finding some way to meet this competition, probably at the expense of profit margins and mortgage rates."

Inflation ravages

The Government's move took managers completely by surprise, and most feel peeved that they were not consulted and given the opportunity to make a plan themselves within the free market for protecting senior citizens' money from the ravages of inflation.

Many of the building societies have been making concerted efforts in gaining a larger share of this lucrative sector of the market by offering a 0,5 percent premium interest rate to pensioners.

But the building society rates are about 10 to 11 percent — still way short of the 15 percent to be offered by the Government.

The Government's luring 15 percent interest rate is sure to ease the flow of funds into building society coffers. Another cause for concern is the investment maximum of R200 000, which is high.

See Pages 4, 13, 7M—10M.

Delighted senior citizens celebrate the introduction of "grannybonds" by the Government yesterday. Many senior citizens live off the interest on their savings and the bonds are designed to

(2) No, see (1) above;

(a) and (b) because a vacancy for the post of Director of Education existed as from 1 January 1987.

(3) Technically, yes; executive authority was however vested in one person only during this period;

(a) the senior official available acted since a substantive vacancy existed,

(b) no additional costs were involved, since a person acting in a post of this nature is not paid acting allowances;

(4) No.

Mr R M BURROWS: Mr Speaker, arising from the reply of the hon the Minister to paragraph (1) of the question, did I understand him correctly to say that the approval of the Cabinet is required for the appointment of an own affairs Director of Education?

†The MINISTER: Mr Speaker, that is quite correct. Appointments in certain posts higher than a certain level are approved by the Cabinet.

WEDNESDAY, 3 JUNE 1987

†Indicates translated version.

For written reply:

General Affairs:

Hansard

Financing formulae

13. Mr R M BURROWS asked the Minister of National Education:

(1) Whether he has drafted common financing formulae for the spending of State moneys in education in South Africa; if not, why not; if so, (a) when will they be made public and (b) what bodies were involved in the final discussions on these formulae;

(2) whether he will make a statement on the matter?

The MINISTER OF NATIONAL EDUCATION:

(1) Common financing formulae for education departments in South Africa have already been drafted, but have not been formalised as general policy, as certain parties concerned still have to be consulted.

(a) The actual formulae as well as a strategy for implementation will be announced as soon as the negotiations have been completed.

(b) The final discussions regarding the formulae for education, excluding universities and technikons, must still take place.

(2) No.

Own Affairs:

Hansard 3/6/87

Housing assistance

2. Mr P G SOAL asked the Minister of Local Government, Housing and Works:

What amount was spent by the State in respect of housing assistance to the White population group in the latest specified financial year for which figures are available?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

R77 378 559.

Cape Town: housing units

12. Mr S S VAN DER MERWE asked the

Hansard (300) 3/6/87

Minister of Local Government, Housing and Works:

How many accommodation units for aged White persons were built in the Cape Town municipal area with financial assistance from the State in 1986?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

None, but various projects are being built and R3 694 259 has been spent on planning of projects as well as on the renovation of existing units.

School buildings

13. Mr S S VAN DER MERWE asked the Minister of Local Government, Housing and Works:

(a) How many school buildings were constructed by his Department in 1986 and (b) what was the average capital cost of constructing these buildings?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

(a) 19 School buildings have been completed.

(b) R3 241 394.

3/2/87 Hansard

THURSDAY, 4 JUNE 1987

†Indicates translated version.

For written reply:

General Affairs:

Westbrooke Estate

56. Mr P G SOAL asked the Minister of Public Works:

Whether his Department is undertaking any construction work on the Westbrooke Estate in Cape Town; if so, (a) what construction work, (b) for what purpose, (c) at whose request is this work being undertaken and (d) what is the total estimated cost involved?

The MINISTER OF PUBLIC WORKS:

(a) Yes.

The erection of a durable and functional decorative fence (partially supplemented by a wall faced with Table Mountain sandstone) round the estate. Necessary repair and renovation work also had to be done in and to the dwelling including the upgrading of services like the electrical wiring. Paving has been laid in the vicinity of the dwelling and the storm-water drainage has been improved.

(b) To improve the safeguarding of the estate and the general condition of the dwelling as well as the access round the dwelling.

(c) The work in and round the dwelling has been undertaken on the initiative of the Department of Public Works and Land Affairs while the security measures have been executed at the request of the South African Police.

(d) R1 870 000.

FRIDAY, 5 JUNE 1987

†Indicates translated version.

For written reply:

General Affairs:

Members of Parliament: visits abroad

41. Mr D J N MALCOMESS asked the Minister of Foreign Affairs:

Whether any members of Parliament were

Hansard

Govt warns if shift too large . . .

'Granny bonds' rate may drop

CAPE TIMES 5/6/87

300

By JANE ARBOUS

IF there is a significant shift of money to the new "granny bonds", the tap will be switched off and the special 15% interest rate dropped, the CE of policy in the Department of Finance, Gerhard Croeser, said yesterday.

Croeser was responding to persistent questioning by Perm Building Society MD Bob Tucker at the annual Old Mutual/Nedbank Budget Forum for clarity on the savings scheme for people over 60 which was announced in the Budget.

Tucker told the Business Report afterwards that he expected the government to drop the rate after taking in between R300m and R400m and that "they could easily fill this quota within two to three months".

Market consequences

He said: "If the terms of these bonds are the same as the old Defence Bonds, the rate will drop on existing and new bonds."

In the symposium, Tucker said a great deal of money was at stake with important market consequences.

The building society movement alone had between R8 and R9 billion of "granny money" which on the same one-year fixed deposit as the new bonds, was earning 10,5% interest.

Not only would building society rates have to go up but so would mortgage bond rates and this would contradict the stimulatory effect of the Budget package.

If the government did not intend to provoke competition, then the only other possibility was that it would "close off the tap" after getting in a certain amount of money "which makes it seem they are not sincere about the plight of the over-60s".

Tucker also queried the fact that in terms of the new scheme, someone over 60 who had R200 000 in savings was more deserving of the 15% rate than for instance, a 34-year-old widow with children to support.

He also pointed out that there would be a significant amount of "round-tripping" — where people would withdraw huge amounts of money from banks and building societies, deposit it in the new bonds at the higher rate, and withdraw it again when other rates rose.

Croeser said it was not the government's intention to compete with the building societies and referred to the drop in the Defence Bond rate to 12% as an indication of this.

It was also not the government's idea to draw in a lot of money to the "granny bonds", and although it was difficult to predict the impact, he said he did not share Tucker's fear that people would move across in droves.

Although he expected general interest rates to rise and off-set a significant move to the new bonds, if this did not happen, there would be a cut-off point and the 15% rate would be lowered.

☐ Meanwhile, the introduction of the "granny bonds" from July 1 has caused a storm in the rest of the savings market who warn of the inflationary effects should they lose money to the bonds.

Wrong way

Alan Benn, chairman of the participation bond company in the J H Isaacs group, warned: "The government cannot expect these lending institutions to lie down and die.

"They will fight back with the only tools that are available to them, and that is to increase substantially the interest rates for investors and borrowers.

"In my view it is the wrong way to solve the problem."

New deal for elderly on the way

W/End Argus 6/6/87

BUSINESSMAN OF

By DEREK TOMMEY
Finance Editor

SOUTH Africa's senior citizens learnt this week how important their savings were for the economy.

They also learnt how little bargaining power they had when it came to determining the price paid for their savings.

But their position is now expected to improve following the bombshell announcement by the Minister of Finance, Mr Barend du Plessis, on Wednesday that he is to introduce a special senior citizens savings bond which offers a much higher return than that obtainable from a building society or from an investment in a participating mortgage bond.

Aware that they could anger thousands of people as well as lose thousands of depositors if they openly opposed the new bonds, building officials indicated today that they are reviewing their rates and expect to announce by the end of this month increased deposit rates and — unfortunately for house buyers — mortgage rates.

Some societies, it seems, are still undecided whether to raise only the deposit rates offered to the 60-plus group or to raise deposit rates for all investors.

Mr du Plessis, in introducing the bonds, said they were aimed at helping the aged whose only or major source of income is interest on their savings.

Individuals aged 60 and over can invest up to R200 000 in the bonds, which carry a rate of interest of 15 percent a year payable quarterly, which can be redeemed after 12 months.

The best rate an investor aged 60 or over can obtain at present from a building society is 12,5 percent a year, payable quarterly, on a 37-month deposit.

Most participating mortgage bond schemes are giving a return of 12,5 percent, though J H Isaacs, which recently opened in Cape Town, is paying 13,5 percent for the present year on all new business.

The building societies initially protested against the high rates being paid on the senior citizens bonds.

Officials said that the bulk of the money they received came from people aged 60 or over, and who would be attracted by the higher rate of interest being offered to them. They said the bonds could drain large sums of money from their coffers if they left their rates unchanged.

Mr John Gafney, finance director of the Natal Building Society, said this week that the new bond was a serious threat to the societies.

"The bonds will affect hundreds of millions of rands, not just the petty cash."

These remarks were echoed by Bob Tucker, managing director of the SA Perm, who said a great deal of money was at stake with important market consequences.

But by the weekend the building societies appeared to be coming round to accepting that the new bonds were a fact of life and that they would have to live with them.

They apparently realised that in opposing the bonds they ran the risk of alienating the thousands of elderly people who had to live on savings interest and who had experienced a serious drop in real income in the past few years.

An investment adviser pointed out that the aged had been badly hit by inflation and sagging interest rates and that the new bonds were to some extent a life-saver.

Although inflation has been increasing, interest rates had been steadily falling. In the past two years, with interest rates falling from 17 percent to 12,5 percent and prices rising by about 50 percent, the real income of people living on savings income had probably halved.

He estimated that the average couple on pension probably had about R50 000 in savings. An investment of this amount in the new bonds would increase their income by about R125 a month, which though small would still be extremely welcome.

Even the 15 percent offered on the new senior citizen bonds was not a positive return. With normal tax having to be paid on the interest, the investor in these bonds will probably get only a net return of around 12,5 to 13 percent, which is still well below the inflation rate of 16 percent.

He said the tragedy was that old people did not understand inflation and did not realise why their capital was shrinking. They only knew they were getting poorer and had no means of remedying this.

The expected increase in mortgage rates would be a burden on house buyers. "But they have their lives ahead of them, and in time could expect to make fantastic capital gains," he said.

The investment world is now waiting to see whether the new senior citizen savings bonds will lead to reduced interest in unit trust investment by the elderly.

Many of them were unwilling investors, forced into units by the low interest they were receiving from building societies. But with interest rates now showing signs of improvement, stock brokers believe there is a possibility that many of the elderly will now take their money out and reinvest it in the new bonds.

Govt 'Granny bonds': the storm continues

MAGNUS HEYSTEK
FINANCE EDITOR


MR BOB TUCKER

The controversy surrounding the so called "granny bonds" continued to rage in financial circles yesterday with government and private sector spokesmen in a war of words about the effect these bonds, which offer depositors aged 60 years and over significantly higher interest rates than those offered by building societies, banks and other deposit-taking institutions.

Mr Bob Tucker, managing director of the SA Perm, described the move as a "disaster" for the building society movement and said that to protect their interests, deposit rates, and consequently mortgage rates, would have to rise by at least two percentage points.

Dr A M Pretorius, director-general of Finance, however, said yesterday that the building societies were "overreacting", while other business leaders felt that the building societies were looking for reasons to increase their mortgage rates.

"While some switching of funds from banks and building societies can be expected, the government does not expect to draw more than R300 million from pensioners under this scheme," he said at a post-Budget seminar jointly hosted by Assocom and the Economic Society of SA yesterday.

"Defence Bonds have been in existence for years now offering substantially higher rates than deposit rates offered elsewhere in the market, but that did not result in a flood of money from depositors," he said.

Defence Bonds are still paying 14 percent, fully taxable,but this rate will drop to 12 percent from July 1, a measure announced in this week's Budget speech.

This compares with the top-rate of 12,5 percent presently being paid by building societies

Economists were also questioning statements made by building society spokesmen that deposits up to R10 billion can be placed in jeopardy by "granny bonds".

They pointed to the fact that the total assets under control of the building society movement amounts to roughly R25 billion. To say now that R10 billion of deposits is in danger of being switched to "granny bonds" is patently absurd, they claim.

In Cape Town Dr Gerhard Croeser, head of financial planning at the Department of Finance, indicated that the interest rate to be paid on "granny bonds" could be dropped if it in fact resulted in a flood of money.

He also indicated that the Government expects no more than between R300 and R400 million to be invested in these instruments.

The controversy, however, highlights the dire need for investors, and especially aged people who rely on their investments for income, to recieve real rates of return after tax.

Even at 15 percent, investors are still seeing their wealth eroded with inflation at levels above 16 percent. The matter is obviously far worse for investors at building societies who are, at present deposit rate levels, earning a negative rate of return of more than 8 percent, after taxation is taken into consideration.

Although the Government from time to time warns that the present interest rate structure cannot last indefinitely, a sudden turnaround in interest rate levels is contrary to government economic policy who wants a higher growth rate at virtually any cost, as this week's Budget clearly illustrated.

If the introduction of "granny bonds" contributes to higher mortgage and other interest rates, there is no doubt that this scheme will immediately be abandoned or severely curtailed.

SOWETAN, Tuesday, June 9, 1987

'Racist' PO policy under fire

By LANGA SKOSANA

POSTAL workers plan to put pressure on the Post Office authorities to change their "racist" policy of barring black pensioners from drawing their pay from the post office.

The president of the Post and Telecommunications Workers' Association (Potwa), Mr Vusi Kumalo said yesterday one of his association's demands during their three-week strike recently was that black pensioners should not be discriminated against.

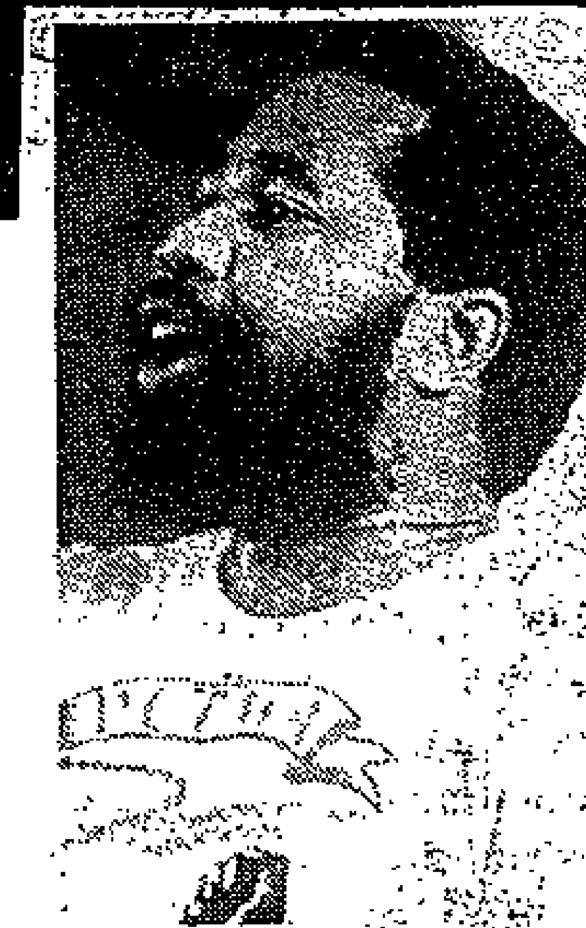
He said this problem had not been resolved.

He said: "The post office facilities are open to white, coloured and Indian pensioners but not black. Why? We want to know why our fathers and mothers are being made to suffer and stand in long queues in all sorts of weather simply because they are black. The post office must answer this one."

Other community-based groups have voiced their anger at the Post Office for practising apartheid and have sworn to pressurise it to abandon its racist policy.

Last week the Progressive Federal Party member of Parliament for Houghton, Mrs Helen Suzman, attacked the Government for providing few postal facilities for blacks in an area such as Soweto, where about 40 000 pensioners would have to get their pay from only five post offices.

A National Council for the Aged social worker, Miss Khosi Lisa yesterday said banks and building societies have refused to pay out pensions to blacks. She said one bank pointed out that it was the post office's duty to pay out black pensions.



MR VUSI Khumalo ... president of Potwa.

CAPE TIMES 10/6/87 (300)

Post association out to help pensioners

JOHANNESBURG. — The Post and Telecommunications Workers' Association has taken up the plight of black pensioners who have to wait in long queues during wintry weather to get their pension payouts from council offices in the townships.

Potwa's president, Mr Vusi Khumalo, told Sapa the union was concerned that black pensioners suffered hardship, waiting in queues for payouts while other race groups could get paid out at their nearest post office.

The union had been approached by welfare organizations who shared this concern and had decided to put pressure on Post Office authorities to handle black pension payouts.

"We would love to see the Post Office opening its doors to all population groups in the country. If they can extend the facility to other racial groups, then they should open their doors to the rest of the community," said Mr Khumalo.

The issue had been one of the grievances raised in the recent strike at the Post Office, he said. As part of the settlement of the dispute, management had agreed to set up a joint committee to look into the feasibility of handling black pensions.

"So far we have not been approached by management regarding the committee. It looks like now that the heat is off they are no longer interested in pursuing it," he said. — Sapa

Subsidies for 'rural disabled' criticised

STAR 18/6/87

300

By Janine Simon

Delegates to a rehabilitation conference criticised government pensions and subsidies to disabled people in rural areas, saying they encouraged dependence on the State.

The conference, the third of its type in southern Africa, focused on rural rehabilitation and was attended by 140 delegates. It was held in East London by the South African Federal Council for Rehabilitation of the Disabled.

Conference chairman, Mr Lage Vitus, said government money would be more beneficial if spent on basic transport and health infrastructure and on raw materials, tax incentives and a system of government contracts to workshops for the disabled.

He added: "Many delegates felt they did not want pensions or subsidies as they made disabled people dependent on the Government."

Grants did not address the problems of isolation, unemployment and lack of facilities for the disabled in rural areas — who form an estimated 60 to 70 percent of all disabled people in South Africa.

INVESTIGATION

Mr Vitus said the conference discussed ways to help disabled people become independent and that the Federal Council's affiliates would investigate use of protected workshops to train rather than employ disabled people.

The council's affiliates comprise the national councils for mental health, the deaf, the blind and the physically disabled, as well the National Tuberculosis Association, National Epilepsy League and Disabled People of South Africa.

Said Mr Vitus: "We need to train people so they can go home and set up small businesses and home industries.

"We need to identify the materials available in a community and its needs.

"The mechanics of setting up an industry and marketing techniques were also discussed.

"Delegates were advised that goods be marketed on quality rather than 'charity'."

Training of community-based rehabilitation workers was also discussed. A kwaZulu occupational therapist, Mrs Pam Haynes, is to investigate adaptation of a Unesco manual on primary health care to meet their needs.

(iii) Tracing and treatment of contacts.

(iv) Health Education.

(v) Participation in the interdepartmental committee providing advice to authorities responsible for providing services.

Campaign mainly centered on Natal.

Cholera

26. Dr M S BARNARD asked the Minister of National Health and Population Development:

How many (a) cases of and (b) deaths from cholera were reported in respect of each race group in each province for each month from January 1986 to the latest specified month for which figures are available?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

During 1986-87 all cases of cholera occurred in Natal among Blacks.

1986	Cases	Deaths
Jan	43	0
Feb	38	0
March	0	0
April	0	0
May	0	0
June	0	0
July	0	0
Aug.	0	0
Sept	0	0
Oct	0	0
Nov.	0	30
Dec.	0	0
1987		
Jan	0	0
Feb	0	0
March	0	0
Total	84	0

Social workers

27. Mr P G SOAL asked the Minister of National Health and Population Development:

(1) What total number of (a) White, (b) Black, (c) Coloured and (d) Indian social workers are registered with the Council for Social and Associated Workers;

(2) how many social workers does his Department employ;

(3) in respect of what date is this information furnished?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1)

White	4 391
Black	1 025
Coloured	694
Indian	332
Total	6 442

(2) (i) There are seven posts for social workers in the Welfare Section of which six posts are filled.

(ii) There are forty nine posts for social workers in the Department's Mental (Psychiatric) Health Branch.

(3) As at 1987.05.30.

Medical technologists

63. Mr P C CRONJÉ asked the Minister of National Health and Population Development:

(1) Whether his Department is responsible for the training of medical technologists; if not, who is responsible for their training; if so, (a) (i) how many students were studying medical technology in 1986 and (ii) where were they studying in each case and (b) how many completed their academic training in 1986;

(2) whether any medical technology students have been placed at Government institutions to complete their practical training in 1986; if so, how many;

(3) how many posts for qualified medical technologists (a) existed and (b) were vacant at institutions under his Department's control as at the latest specified date for which information is available?

HoA

23/6/87 Hansard

23/6/87 Hansard

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) No. The various Technikons and the Medical University of Southern Africa are responsible for such training;

(2) Yes, 67 medical technology students.

(3) (a) 654.

(b) 13 as at 30.4.1987.

Atmospheric lead levels

95. Mr R R HULLEY asked the Minister of National Health and Population Development:

(1) What are the latest average recorded atmospheric lead levels measured at urban locations during (a) summer and (b) winter at (i) Cape Town City Hall, (ii) Port Elizabeth City Hall, (iii) Durban City Hall, (iv) Johannesburg City Hall, (v) the Munitoria, Pretoria, and (vi) Arcadia, Pretoria;

(2) in which years were these measurements taken?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) The following averages for lead are all expressed in micrograms per cubic metre.

23/6/87

	(a) Summer	(b) Winter
(i) Cape Town City Hall	1,22	1,92
(ii) Port Elizabeth City Hall	0,79	1,14
(iii) Durban City Hall	0,45	0,98
(iv) Johannesburg City Hall	0,63	0,86
(v) Munitoria, Pretoria	0,68	1,31
(vi) Arcadia, Pretoria	0,77	1,63

Hansard

(2) Summer period: October 1986 to March 1987. Winter period: April 1986 to September 1986.

The acceptable level for lead in air is taken as 2,5 micrograms per cubic metre (monthly average).

Pensions

97. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) (a) What amount of money was there in the (i) Government Service Pension Fund, (ii) Associated Institutions Pension Fund, (iii) Temporary Employees' Pension Fund, (iv) Authorities' Service Pension Fund and (v) Authorities' Service Superannuation Fund, and (b) what percentage of each pension contribution was contributed by the (i) individual and (ii) State, as at the latest specified date for which figures are available;

(2) what total amount did the State contribute to each of these funds in the 1986-87 financial year?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) (a) As at 31 March 1986.

(i) R9 576 981 458.

(ii) R2 047 251 782.

(iii) R1 266 064 185.

(iv) R673 003 827.

(v) R30 357 697.

(b)

(i) Government Service Pension Fund: 26,68%.
Associated Institutions Pension Fund: 32,89%.
Temporary Employees' Pension Fund: 33,33%.
Authorities' Service Pension Fund: 32,89%.

HoA

Hansard 23/6/87

300

Hansard 2 3/6/87

Authorities' Service Superannuation Fund: 43,48%.

(ii) Government Service Pension Fund: 73,32%.
Associated Institutions Pension Fund: 67,11% (by the Institutions).
Temporary Employees' Pension Fund: 66,67% (by the State and Institutions).
Authorities' Service Pension Fund: 67,11% (by the Authorities).
Authorities' Service Superannuation Fund: 56,52% (by the Authorities).

(2) Final figures not yet available.

State pension scheme

98. Mr R M BURROWS asked the Minister of National Health and Population Development:

Whether, with reference to his reply to Question No 628 on 25 March 1986, the actuarial valuation of each State pension scheme has been completed; if not, (a) why not and (b) when is it anticipated that it will be completed; if so, (i) what is the total actuarial liability resulting from the purchasing of such pensions for past services in respect of each specified State pension fund and (ii) in respect of what date is this information furnished?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

No.

(a) The necessary information required from some employers is not readily available.

(b) November 1987.

(i) Quantification of the liability resulting from the purchase of pensionable service requires investigation of the records of each individual purchaser. In view of the extent of the task this information is not readily available.

(ii) See (i).

300

Vehicles purchased

108. Mr C J DERBY-LEWIS asked the Minister of Transport Affairs:

How many vehicles in each specified category were purchased by the State in each of the latest specified three years for which figures are available, from each of the companies whose names have been furnished to the Minister's Department for the purpose of his reply?

The MINISTER OF TRANSPORT AFFAIRS:

Category	Volkswagen 1984/85	Volkswagen 1985/86	Volkswagen 1986/87	General Motors 1984/85	General Motors 1985/86	General Motors 1986/87	Nissan 1984/85	Nissan 1985/86	Nissan 1986/87
Motor Cars									
751 to 1 550 cm^3	105	—	—	10	—	—	230	201	—
1 551 to 2 500 cm^3	115	—	—	86	21	—	40	70	2
2 501 to 3 500 cm^3	—	—	—	—	—	—	5	—	—
3 501 to 5 000 cm^3	—	—	—	—	—	—	—	—	—
Over 5 000 cm^3	—	—	—	—	—	—	—	—	—
6- to 8-seaters	—	—	—	—	—	—	—	—	—
Specially converted	—	—	—	—	—	—	—	—	—
Light Commercial Vehicles									
Light delivery trucks									
0,5 ton	—	—	—	110	—	30	—	—	—
0,75 ton	—	—	—	125	—	50	—	—	—
1 ton	—	—	—	—	50	82	—	—	—

23/6/87 Hansard

Category	Volkswagen 1984/85	Volkswagen 1985/86	Volkswagen 1986/87	General Motors 1984/85	General Motors 1985/86	General Motors 1986/87	Nissan 1984/85	Nissan 1985/86	Nissan 1986/87
0,5 ton, 4×4									
0,75 ton, 4×4	—	—	—	—	60	—	70	80	91
1 ton, 4×4	—	—	—	—	—	—	25	35	58
Panel Vans									
0,5 ton	—	—	—	—	—	—	16	5	—
0,75 ton	—	—	—	—	—	—	1	60	52
1 ton	—	—	—	—	—	—	2	4	1
0,75 ton, 4×4	—	—	—	—	—	—	—	4	3
1 ton, 4×4									
Medium Commercial Vehicles									
Light delivery trucks									
1,5 ton	—	—	—	—	—	—	—	—	—
1,5 ton, 4×4	—	—	—	—	—	—	—	—	—
Panel vans									
1,5 ton	—	—	—	—	—	—	—	—	—
Heavy Commercial Vehicles									
Trucks									
2 ton	—	—	—	—	—	—	—	—	—
3 ton	—	—	—	—	—	—	—	—	—
5 ton	—	—	—	46	81	—	—	—	—
7 ton	—	—	—	6	55	4	—	—	—
10 ton	—	—	—	—	2	—	48	—	50
5 ton, 4×4	—	—	—	—	—	—	—	—	—
Tip trucks									
3,5 m^3	—	—	—	—	—	—	—	—	—
5,5 m^3	—	—	—	—	15	—	21	—	6
2,5 m^3, 4×4	—	—	—	—	—	—	—	—	—
Cycles									
Motor cycles	—	—	—	—	—	—	—	—	—
Pedal cycles	—	—	—	—	—	—	—	—	—
Station Wagons									
1 551 to 2 500 cm^3	80	—	—	110	36	—	—	—	—
2 501 to 3 500 cm^3	—	—	—	—	—	—	—	—	—
3 501 to 5 000 cm^3	—	—	—	—	—	—	—	—	—
4-wheel drive	—	—	—	—	—	—	—	—	—
Passenger Buses									
8- to 12-seater, light	—	—	—	—	—	—	130	164	30
13- to 19-seater, light	—	—	—	—	20	—	—	—	—
20- to 29-seater	—	—	—	—	4	—	—	—	—
30- to 40-seater	—	—	—	—	7	10	—	—	—
41- to 50-seater	—	—	—	10	—	10	—	—	—
Miscellaneous	—	—	—	—	—	—	—	—	—
Ambulances	—	—	—	—	—	—	—	—	17
Total	300	0	0	503	351	186	588	623	310

UBS ups mortgage rate

Societies act on granny bonds threat

(305)

11/7/87 B/Day

MORTGAGE rate hikes are a pre-emptive move by building societies to combat pressure on their funding by the introduction of government granny bonds today.

Post offices and banks throughout the country have been inundated with enquiries about the new bonds, which offer senior citizens 15% on 12-month deposits.

Building societies were increasing mortgage rates to protect their funding and remain competitive with the government bonds, said Trust Bank economist Ulrich Joubert.

"They are trying to put pressure on government, as granny bonds are additional competition for total funds available for investment," he said. He believed societies' reactions had been premature.

A senior banker said granny bonds were a well-intentioned step by Treasury, but ran contrary to Reserve Bank intentions as the economy was drowning in liquidity with little demand for credit.

Finance Minister Barend du Plessis

KAY TURVEY

budgeted to receive R520m on all Treasury Bonds including the granny bonds. Financial institutions fear this sum will be considerably overrun.

A finance spokesman said last night the reactions to granny bonds would be watched closely and the position re-considered if necessary.

NBS, the SA Perm and Saambou are reported to be offering special rates for the over 60s on new competitive investments to retain their depositors.

The UBS is to raise bond rates to 14,5% effective on new loans today and on existing loans from August 1. The increase brings UBS rates in line with the Allied and the Perm, which lifted rates to 14,5% last month.

A UBS spokesman said the increase followed the upward movement of interest rates on retail fixed deposits and special savings in recent months and was

● To Page 2

Societies move to counter granny bonds

● From Page 1

intended to stop an outflow of funds to banks.

Matching granny bonds was less expensive than raising their total book.

Allied's Alan Tindall described the real villan as inflation, saying there was pressure on deposits. "How long can we live with negative yields?"

They would be watching the market before any decision was taken on increasing interest rates.

NBS GM loans Trevor Olivier said they would not adjust their mortgage rates from 14% if their newly-implemented NBS 60-Plus was successful.

CAPE Times 1/7/87 (300)

Police to register old age homes, lonely pensioners

By JOHN VAN DER LINDEN
Crime Reporter

POLICE in the Western Cape are compiling a register of old age homes and lonely elderly people in an attempt to provide some protection against increasing attacks on senior citizens.

This was yesterday confirmed by a police liaison officer for the Western Cape, Lieutenant Attie Laubscher, who said the order had been given to the various District Commandants by the CID Chief for the Western Province, Brigadier Nel Acker.

This follows the statement by the Minister of Law and Order, Mr Adriaan Vlok, that drastic steps would be taken to protect the elderly.

Lieutenant Laubscher said the list would allow patrols to give special attention to homes where the elderly were particularly vulnerable.

He said that in a built-up area where neighbourhood watches were being formed, there would obviously be less need for the system, which was more urgently required on the platteland where hundreds of elderly people lived on large plots, smallholdings and farms.

A similar register of elderly people living alone on the Witwatersrand is being compiled for the same reason, he said.

The move comes amid shock over a spate of recent brutal murders of senior citizens.

Elderly people have been invited to give their names and addresses to their local station commander, together with a list of people living with them and a list of those entitled to be on their property.

Since the start of the scheme in May, the registers have been compiled from police records.

Lieutenant Laubscher again pointed out the need for security precautions like dogs, alarms, security gates, burglar bars and door peep-holes.

11/10 ?

Govt to monitor 'granny bonds' system

300

By TOS WENTZEL
Political Correspondent

THE Department of Finance is to monitor the "granny bond" system, which starts today, against the background of building societies' misgivings about a possible outflow of money.

A top official of the department dismissed criticism of the bonds, which will attract a 15 percent-a-year interest rate, but said the position would be monitored.

The Natal Building Society has launched a scheme to match the new bonds in an attempt to protect what it regards as threatened building society funds, while the United, the country's biggest building society, is raising its home loan rate to 14,5 percent from today.

Mr G P Croeser, the chief executive (policy) in the Department of Finance, said they had taken into account a number of factors which could influence the flow of funds.

All major building societies have announced competitive packages to retain investments, but declined today to be drawn on whether there had been any noticeable cash flow.

"It's too early to make any comment," said a spokesman at the UBS's head office in Johannesburg.

Acting regional manager of the SA Perm, Mr A F J Hurford, also said it was "a little bit too early to tell".

However, the Post Office has reported "exceptional interest" countrywide and in the Western Cape in particular.

Mr H G Maritz, of the Post Office's investment services department in Cape Town, said postmasters throughout the region had reported many inquiries and his office had been inundated with telephone calls.

A building society source said there was "a lot of confusion" about the bonds and warned that interest was fully taxable.

There was also a rumour that applicants had to supply their previous year's tax return to prove that the money was theirs and not being channeled from "younger" family or friends looking for a better investment, the source said.

This was discounted by the Post Office, however.

The first R1 000 of any interest income was tax deductable and up to R100 000 of new bonds was estate-duty deductable, the spokesman pointed out.

Picture: HANNES THIART, The Argus

GRANNY BONDS: Mrs Clizia Dorghetto, 71, from Gardens, was one of the first to take out the new Treasury senior citizen bonds today. Mrs Martha Liebenberg of the Post Office's investment services department helped Mrs Dorghetto complete an application form.

Granny bonds on sale today

1/7/87 B/Day

300

Political Staff

CAPE TOWN — Granny bonds — the special Senior Citizens' Saving Bond for over 60s — will be available at post offices from today despite suggestions by some building societies they will not materialise.

This was confirmed yesterday by Finance Minister Barend du Plessis and his chief executive: policy Gerhard Groeser.

There had been largescale appeals from the public not to heed the societies' objections to the bonds, which at 15% have a much higher interest rate than is generally available, they said.

Responding to reports the Natal Building Society was planning its own form of

To Page 2

1/7/87

300

B/Day

Granny bonds go on sale at POs today

From Page 1

granny bonds, Du Plessis said: "The government will welcome it if any of them try to help the over-60s."

Croeser said the department had been inundated with appeals not to back down from the scheme in the face of building societies' complaints the bonds could take away their business.

"If there is too heavy a rush for the bonds — which we do not expect — the scheme could be revised.

"We could reduce the number of bonds available to each individual from the current 200 000 or we could lengthen the period of investment," said Croeser.

The scheme was a service to the community, and the government would have no objection if people transferred their money elsewhere if they could get a better return.

The bonds would be available at post offices from tomorrow and from banks in the next few days.

8 304

'Morally illegitimate rule' in SA

Eve Post 1/7/83

JOHANNESBURG — The secretary of the SA Council of Churches, Dr C F Beyers Naude, said yesterday the South African Government could be seen as "morally an illegitimate rule".

Delivering his report to the SACC's national conference at St Barnabas College here, he said: "If judged on the true concept of law and order, justice and peace, true democratic representation of the feelings of the people, there is no doubt that this government is to be seen as morally an illegitimate rule.

"If one takes into account the denial of basic human rights, the exclusion of the majority of the people effectively participating in the political decision-making process of the country, the enforcement by a minority of power and control of the majority of the people, and the maintenance of such power by sheer force without any substantial basis of justice, there is strong justification for the view that this Government can no longer be constitutionally regarded as a legal authority," Dr Naude said. — Sapa

Call to the elderly to 'look to their own security'

Cape Times 2/7/82

300

Staff Reporter

ENTRY without force accounted for 65% of this year's criminal attacks on the elderly throughout South Africa, according to startling new statistics from the National Council for the Aged (NCA).

Making a strong call to elderly people to look to their own security, Mr Syd Eckley, NCA director, said yesterday the statistics showed that in 81 of 124 attacks on the aged from January to June this year, criminals had gained easy access to the homes of their victims.

"In 34% of cases doors were not locked, in almost 50% windows without burglar proofing were open, in 12% the resident opened the door in answer to a knock and in 3% the resident opened the door after being told a story by the person outside," he said.

In the 97 attacks, 27 people were murdered, 27 received severe injuries, 18 women were raped and 25 people were robbed.

Full support

Mr Eckley was responding to this week's announcement of a police register of old-age homes and lonely elderly people which would allow patrols to give special attention to homes where the elderly were particularly vulnerable.

"This is a very good thing and we give it our full support, but people must realize that having their names on a list doesn't mean they are automatically protected from danger. The police cannot solve the problem.

"Too many people are not security-conscious, as is shown by these latest statistics."

He said the statistics showed that 24% of attacks had taken place outside the homes of the elderly and 60% had taken place during the day.

People should look at their properties and eliminate problem areas. "The government can help in this regard by waiving the tax on security items for the elderly and by subsidizing poorer people."

Other security suggestions were to acquire a good watchdog; keep the police flying squad number — 10111 — near the telephone, and keep a whistle or siren in the home.

□ The Cape Times, together with Gray Security Services, has launched Secure-Age.

Senior citizens can write with their queries or problems about security to SECURE-AGE, c/o The News Editor, Cape Times, PO Box 11, Cape Town 8000. Queries will be answered free of charge.

Grannies' debut draws crowds

Over-60s fork out R25,5m on govt bonds

2/7/87 B/Day

300

THOUSANDS of over-60 investors yesterday flocked to post offices around the country, spending at least R25,5m on government's 15% granny bonds.

A Post Office spokesman said sales may have been much higher, as the figure included only metropolitan areas. The full extent of sales at all 16 000 post offices — the first time the bonds had come on the market — was not yet known.

The Government Printer last week printed an extra 40 000 forms and prospectuses after prospective buyers snapped up the first 40 000 by June 24.

Although all registered banks and agents can sell the bonds and collect an eighth of the income for handling fees, the bulk were sold through the post office.

At post offices in the Johannesburg area more than R6,5m worth of bonds were sold, in Pretoria more than R4m, in Cape Town more than R5m, in Durban more than R8m and in Bloemfontein more than R2m.

Building societies said it was early

HELOISE HENNING

days yet to comment on the effect of those investments on their books.

Six building societies, the NBS, SA Perm, UBS, Allied, Saambou and the Eastern Province Building Society, have sought to retain the investments of their senior citizens by introducing fixed deposit schemes which will ensure clients in the over-60 age group an effective 15% return on their money.

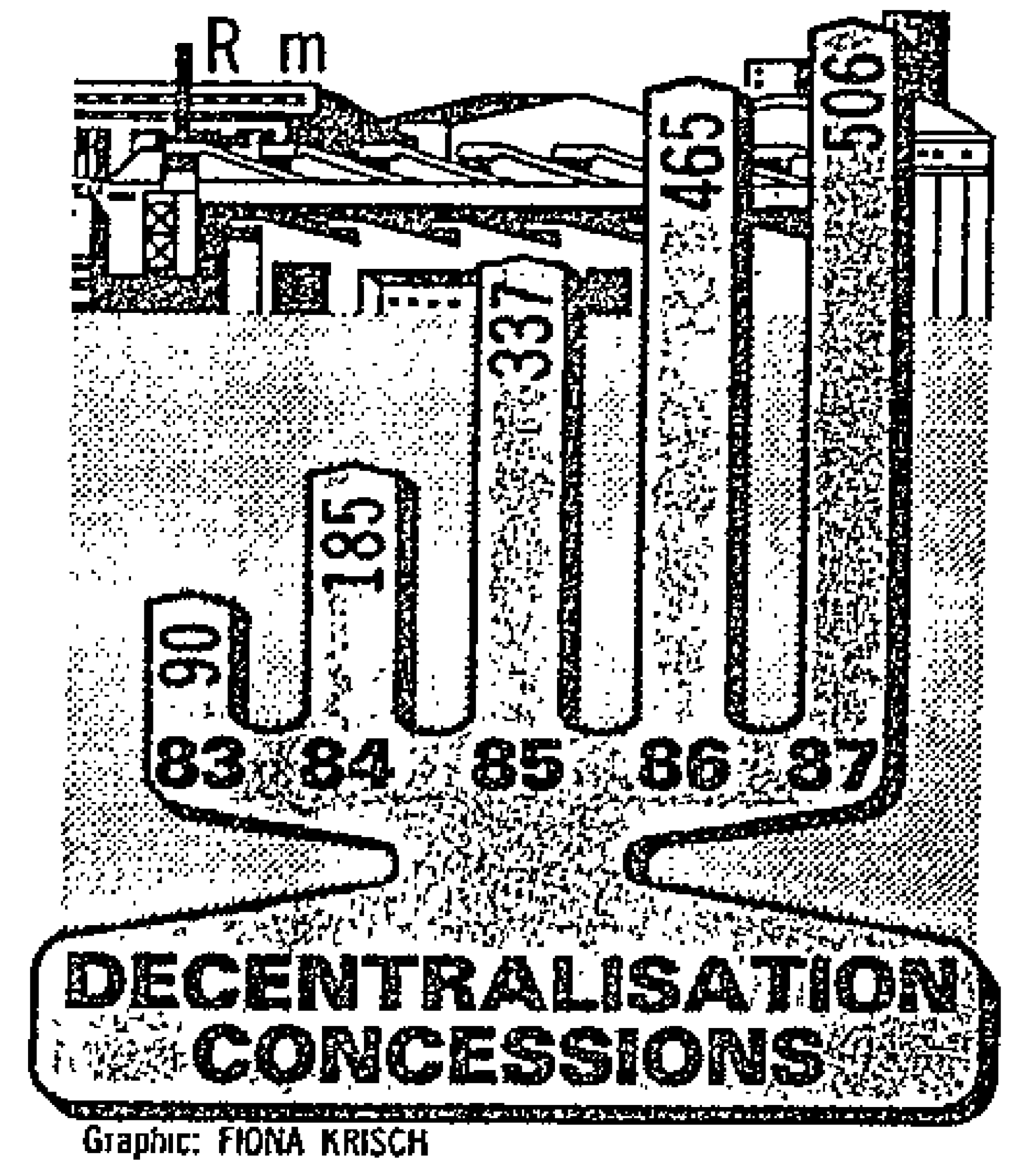
Department of Finance PRO Louis Louw said government had no comment to add other than to say the cash-flow would be monitored closely. He said if the amounts became disproportionate the State would act.

So far, the only limitations were minimum and maximum investments and the age limit of investors.

Louw questioned the often quoted figure given by the media of R300m or R500m cut-off points.

Another spokesman said the inflow of investments in the first week was ex-

● To Page 2



Graphic: FIONA KRISCH

Government's decentralisation policy slated

2/7/87 B/Day

KAY TURVEY

GOVERNMENT'S controversial decentralisation policy has been slammed for encouraging unsuitable businessmen and leading to a spate of liquidations of homeland companies.

Bill Cobbett, a visiting Fellow from Warwick University, said yesterday the system was wide open to con government, and many liquidations were deliberate.

"One has to be a blind idiot not to make profits with all the concessions, but it makes good business sense to go bust," said Cobbett, who was in SA recently researching industrial decentralisation.

He said holding companies started op-

● To Page 2

300 B/Day 2/7/87

Over-60s fork out R25,5m on govt bonds

● From Page 1

pected to be high but the pace would slacken.

Post Office PRO Ben Rootman said branches were extremely busy, with special staff allocated just to handle bond requests.

In a random survey of Houghton banks, where the post office sold R2,5m in granny bonds, one bank had sold only R140 000.

Deputy SA Perm MD Brian Kemmey said its "defensive product" was designed to keep investors and, while he did not have information on yesterday's activities, he said clients were given the option of keeping their money in the institution.

UBS MD Mike Terblanche said it was impossible to comment because the branch network had not yet fed back information. He was surprised at the post office's quick summary. However, he said, the matter was not out of control.

The Treasury also said it would only have figures from the Post Office next week on a week's sales. The banks also only fed it information weekly.

Big rush for granny bonds

GNG Times 2/7/87

380

Own Correspondent

JOHANNESBURG. — More than R5 million worth of granny bonds were bought in Cape Town yesterday.

About R25,5 million worth of granny bonds were sold throughout the country yesterday.

The biggest sale was in Durban, where bonds worth more than R8 million were sold. In Johannesburg it was R6,5 million, in Pretoria more than R4 million and in Bloemfontein more than R2 million.

A Post Office spokesman said sales may have been much higher as the figure included only metropolitan areas.

At least R25,5 million changed hands at post offices yesterday, a spokesman said. The Post Office had not yet been able to account for all 16 000 of its outlets.

The Government Printer last week printed an extra 40 000 forms and prospectuses after prospective buyers snapped up the first 40 000 by June 24.

Although all registered banks and agents can sell the bonds and collect an eighth of the income for handling fees, the bulk were sold through post offices.

Building societies said it was early days yet to comment on the effect of these investments on their books.

Six building societies — the NBS, SA Perm, UBS, Allied, Saambou and the Eastern Province Building Society — have sought to retain the investments of their senior citizens by announcing the introduction of fixed-deposit schemes which will ensure clients in the over-60 age group an effective 15% return on their money.

A spokesman for the Department of Finance, Mr Louis Louw, said government had no further comment to add but to say that the cash flow would be monitored closely. When the amounts become disproportionate they would intervene. So far the only limitations were minimum and maximum investments and age limit of investors.

He denied the often-quoted figure given by the press of a R300 million or R500 million cut-off point.

Another department spokesman said the inflow of investments in the first week was expected to be high but the pace would slacken.

CAPE TIMES 3/7/87 300

Masterbond boosts rates for grannies

CAPE TOWN-based Masterbond Trust, has upped its mortgage participation bond interest rate for investors of 60 years of age and over.

The rate has been raised from 13,75% to 14,25% — giving an effective 15,22%.

In addition, Masterbond Trust is one of the few financial institutions to offer investors a floor rate — currently 11% — on partbonds.

"This means that the investor is guaranteed a minimum return of 11% no matter how much interest rates may drop during the life of the investment," said MD Johann Brits.

"Conversely, we have set no limit on the upper rate which will move in sympathy with the 'granny bonds'," he said.

Brits said that Masterbond had not previously offered the over-60's a specific package as the company had, since inception, paid higher rates than the ruling average.

"The introduction of the grannybond has changed this and we have thus made the move to ensure our on-going competitiveness right across the board," he said.

Brits emphasized that the company would not be raising the interest charged to borrowers.

Banks watch 'grannies' carefully

Cape Times 3/7/87

Own Correspondent

JOHANNESBURG. — Banks are not going to take precipitous counter-action to stem the outflow of funds to "granny bonds".

Major bankers said yesterday they were watching the situation closely and were reluctant to get involved in an upward spiral of interest rates.

Building societies which have objected strongly to the special over-60s saving scheme on the grounds that it would pirate business from them are fighting to hold on to business.

Yesterday sales of "granny bonds" in the Johannesburg area dropped to 10% of the first day's takings according to the Post Office. Cape Town, Durban and Port Elizabeth post offices also reported that the pressure was off.

Building societies which have introduced defensive products, SA Perm, NBS and Saambou, said that these were not aimed at attracting new money.

Eastern Province Building Society is to announce a partly tax-free investment scheme open to all investors, not just senior citizens, on Monday.

The managing director of Saambou, Mr Hendrik Sloet, said his society was individually counselling clients who had given notice on investments. The society had received notice for withdrawals amounting to R5m.

The NBS managing director, Mr John Bennett, said he was not terribly worried because the 14,5% counter scheme paid interest monthly instead of the quarterly rate offered by the Treasury.

Standard Bank's managing director of financial service, Mr Dennis Matfield, reported that Standard had lost R2 million to "granny bonds" on the first day. In the retail market this was a permanent loss.

The Finance Minister, Mr Barend du Plessis, said yesterday the government was not considering any intervention in the sale of "grannies" which have netted more than R25 million.

"However, we have not had a full opportunity to see how much is going into the scheme. We will need at least a month to consider the situation."

The government could curb sales by reducing the R200 000 limit per individual or extend the period of the investment.

□ Banks and registered brokers receive an eighth of a percent, or 0,125% as a handling fee, and not an eighth as was incorrectly reported yesterday.

As sales at post offices decline . . .

3/7/87

Banks don't plan counter action on granny bonds

HELOISE HENNING

BANKS are not going to take precipitous counter-action to stem the outflow of funds to granny bonds, the sales of which, the Post Office says, dropped sharply yesterday.

Major bankers said they were watching the situation closely and were reluctant to get involved in an upward spiral of interest rates. The smaller banks said they were watching what the bigger banks would do.

In the Johannesburg area, the Post Office reported the sale of bonds fell to 10% of the first day's takings. Cape Town, Durban and Port Elizabeth post offices also said the pressure was off.

Those societies that have introduced defensive products said these were not aimed at attracting new money, but to retain existing investors. Raising interest rates to draw new money was uneconomical as their margins were narrow.

Eastern Province Building Society is to announce on Monday a partly tax-free investment scheme for all investors, and not confined only to senior citizens.

The building societies that have taken counter action against granny bonds are the Perm, NBS and Saambou.

Saambou MD Hendrik Sloet said his society was individually counselling clients who had given notice on investments. If there were no other scheme that could match the 15%, they would meet the offer.

NBS MD John Bennett said their 14,5% counter scheme paid interest monthly instead of quarterly, as was being offered by the Treasury.

Standard Bank MD of financial service Dennis Matfield said Standard had lost R2m to granny bonds on the first day. "But we're sitting back. We will not act in a hurry. If the authorities run over the limit without taking action, we will step in."

Trust Bank senior GM Kobus Roetz said the banks were sensitive not to apply pressure on an upward spiral on interest rates.

Volkskas spokesman Jan Snyman said they had experienced an outflow of funds but added the bank could not afford to offer a 15% interest scheme.

☐ Banks and registered brokers receive an eighth of a percent, or 0,125%, as a handling fee — and not an eighth as was incorrectly reported yesterday.

☐ UBS and Allied do not offer defensive products, as was reported yesterday.

300

Terror stalks the old folk

A SPATE of old-folk murders in Johannesburg's northern suburbs has brought terror into the homes of elderly people living alone.

The reign of terror has claimed four lives, all during daring daylight robberies.

But police say there is no evidence to link the murders, no pattern showing that the killings have been done by one person or one gang.

The only similarity in the cases is that all the victims were elderly and lived alone.

'FRAIL AND HELPLESS' VICTIMS OF RUTHLESS ROBBERS

By JOHANN VERSTER and CHARMAIN NAIDOO

A police spokesman this week said that old people, because they are often frail and helpless, make easy targets.

"Old people are helpless and defenceless — therefore easy targets for robbers who won't think twice about killing their victims," Lieutenant Pierre Louw of the Witwatersrand police public-relations department said.

In just 14 days four defenceless old folk have been brutally murdered.

Quickly

Shock waves are rippling through the elite northern suburbs, where expensive burglar-alarm systems and high-tech security measures have not stopped the grisly murders.

Now police have warned that old people living alone should take certain precautionary steps:

- Never open the door to strangers.
- Carefully check out the credentials of potential employees before allowing them access to your home.

The murders have prompted preventive action from the police department.

This week Witwatersrand CID chief Brigadier Dries van den Heever announced that police stations will now keep a register listing old people who live alone in their areas.

The lists, to be compiled by station commanders, will make it easy for police to visit and check up on old people, or respond quickly to any calls for help.

"We will try to visit the old people as often as possible," Brig van den Heever said.

And in Parliament this week, the Minister of Law and Order, Mr Adriaan Vlok, welcomed the move.

He expressed concern for old people living on their own, saying the register system would help police to control security problems.

The old-folk problem is not limited to the PWV area — police all over the country report that the crime rate is soaring.

On the Reef alone 10 people are murdered every day.

Dogs

The diary of death for the past two weeks:

- July 2, Thursday: Mrs Gertrude Kostya, 73, found brutally strangled on the bathroom floor of her Parkmore, Sandton, home. She lived alone.

Her murderers locked her guard dogs in the servant's quarters and killed her, making off with her television and jewellery.

- June 26, Friday: Miss Doreen Geeringh, 68, found dead in her Emmarentia home. She had been bound hand and foot to her bed and her bedroom set alight. Four of Miss Geeringh's 13 cats also died in the blaze. Before her home was gutted it was ransacked by her murderers.
- June 24, Wednesday: Mrs Marjorie Wilkins, 73, found stabbed to death in her Illovo, Sandton, home. She had been robbed of her possessions.
- June 27, Saturday: The body of war veteran Mr Alfred Cordell, 64, found in an outbuilding on his Halfway House smallholding. He had been shot in the chest and robbed. Police believe he was killed on Thursday.

Dear money — thanks to Granny

(300) (88) ST 5/7/87

MILLIONS of rands flowed into the Government's controversial granny bonds this week — and an even stronger flood of money is expected in September.

Business Times Reporters

This is because large amounts of savings deposits in building societies are subject to three months' notice.

Although most ordinary savers are receiving only 10% or 10,5%, granny bonds, introduced by Finance Minister Barend du Plessis in the Budget, offer over-60s a return of 15%. There is thus a strong incentive for savers to switch.

Mr du Plessis was criticised by building societies this week for tampering with the market and upsetting savings and interest-rate patterns. Critics said he should have given direct relief to the aged.

The fear is that not only over-60s will channel savings into the scheme, but that many savers will use their parents and grandparents to improve their returns by 43% before tax.

To head off a possible outflow, three building societies — Saambou, NBS and the SA Perm — lifted their deposit rates for existing clients over 60 to 15%. UBS and Allied could follow suit.

SA Perm and NBS have put a maximum of R100 000 on these deposits and Saambou has matched the granny bond limit of R200 000. All three offer effective returns of about 15%.

A spokesman for one building society said: "We are not seeking to attract extra funds through this scheme. We wish only to retain our clients over 60."

Most building societies have raised their mortgage rates by half a percentage point to 14,5%. They deny they did so because of granny bonds, but they concede that if their cost of funds rises they will have to look again at mortgage rates.

There is a huge gap between the mortgage rates of building societies at 14,5% and banks at 12,5%. Granny bonds weaken the competitive position of the building societies, which depend to some extent on elderly clients.

Little pain

Standard Bank, which only recently entered the bond market, has undertaken to hold its mortgage rate for existing clients for a year. It can do this at minimal pain to itself because its book at this stage is small. Standard seeks to lend a billion rands in mortgages.

Dennis Matfield, managing director of Standard Financial Services, says the bank has lent R480-million. It has many applications pending.

First National reports that it has lent R600-million in new bonds in the past six months. Its mortgage book is R1,4-billion.

The banks contend they will be able to lend more cheaply than building societies for the foreseeable future because they have readier access to the money market where they pay only 8,8% for funds. They also have cheap current account and savings deposits.

But building societies argue that when money becomes tight again, their cost of funds will be lower than that of the banks because they will have cheaper long-term money. They also have the advantage of cash flows from existing clients, so it is hard to say which will be the cheaper source of mortgage finance in the long run.

There is concern that granny bonds could turn the tide of interest rates, but economists dismiss the suggestion.

Bank and building-society savings one-year deposits total R24-billion, so potential for switching into granny bonds is huge.

Gerhard Croeser, executive head, policy, Department of Finance, admits his department has no clue how much it will draw.

The department expected a total of R520-million in all bonds before granny bonds were introduced.

Mr Croeser accepts that since defence bonds offer only 12%, most Treasury receipts will come from granny bonds. He rules out a cut in the interest rate if the amounts received become excessive.

Mr du Plessis stands by the scheme.

Banking observers say the Treasury is likely to use other options if the flow becomes excessive. The maximum amount for granny bonds could be reduced and the minimum age increased to 65 years.

(2001) 5/7/87

Medical payment shock for the elderly

300
5/11

By GWEN GILL

THOUSANDS of shocked pensioners arrived at Transvaal hospitals this week to find that their free medical services were free no longer.

Out of the blue, they found that every presription and visit to the hospital will now cost R2 each. This will mean a charge of at least R4 a month for pensioners who make regular visits to provincial hospitals.

"My wife and I have been getting free medical attention and drugs since 1972. It was the one service we believed we could rely on as we got older," said a furious Mr George Troskie, 76, of Brakpan.

"It's a disgrace. What have we worked for and paid tax for all these years?

"We're getting a pension rise in October of R20. What's the point of giving with one hand and taking back with the other?"

Another pensioner, a 75-year-old from Bez Valley, Johannesburg, who did not want to be named, was equally angry.

"Everyone was so shocked at the Johannesburg Hospital on Thursday. They couldn't believe they would have to pay in the future.

Reserve

"I have to see a doctor for my blood pressure and a specialist for my ulcer every three months. On top of that, there are prescriptions for three different pills every two months.

"That's quite a few rand every month that I just can't afford. And, like everything else, the cost will no doubt go up. This year R2, next year R4.

"I didn't have any money on me when they suddenly asked for R2 for my regular prescription this week, so I walked away without my medicine. Luckily I have a few pills in reserve."

The Administrator of the Transvaal announced the charges last Friday — but few people appear to have heard the news.

Mr Danie Kirstein, who has special responsibility for health on the six-man, multiracial Executive Council of the Transvaal, said he believed R2 was a small sum.

"The council decided on these charges because we believe there is plenty of unused medicine lying around.

"If people have to pay, they'll tell the doctor if they've still got pills.

"As far as paying to see the doctor is concerned, some old people regard a trip to the hospital as an outing.

"We haven't got the funds to see everyone for a little cold."

The Bez Valley pensioner said the council's attitude was callous.

"First, R2 is a lot of money to anyone on a pension of R198.

Wrong

"Also, we have to take our empty packets and bottles back to prove we've finished them before we get more.

"As for a trip to hospital being an outing, that's ridiculous. You have to wait around for two hours to see the doctor, then another hour and a half to get your medicine," she said.

Mr Laurie Starfield, director of the Johannesburg Association for the Aged, said he disapproved of the arbitrary method of introducing the charge, and considered it very wrong to depart from the principle of free health care in this manner.

"We deeply regret the new charges and feel they're an unfair burden.

"The province's gain must be minimal in comparison to the sums it spends."

SA aged facing dire cash crisis — report

4/7/87 B/Day 1360

DAVID McKAY

A QUARTER of a million senior citizens lacked financial security, and about 27% of them were destitute, said SA National Council for the Aged (Sanca) director Syd Eckley.

Statistics issued by Sanca, and based on a 5% sample from the 1980 national census, indicated that 85 000 senior citizens of all races needed housing.

Eckley said private pensions were partly to blame. While civil pensions were adjusted, private pensions were not.

Gradual retirements would also help ease financial insecurity: "We are far too rigid in our retirement policies," Eckley said.

Granny bonds 'a ruse to cover public spending'

ARGUS 1/7/82 (300)

By TOM HOOD, Business Editor

THE real motive behind the Government's "granny bonds" scheme is not to help hard-up senior citizens but rather to swell the State coffers to cover public spending, claims the managing director of Natal Building Society, Mr John Bennett.

And he warned today that the effect of the bonds would be to raise home loan rates or curtail funds available for mortgages.

Without stipulating a means test to qualify for the purchase of bonds and by putting a limit of R200 000 a person, Finance Minister Barend du Plessis was not addressing the needs of those requiring assistance, he said. It was the affluent who would benefit from the higher interest rates.

Mr John Bennett

"The limit of R200 000 is clearly inconsistent with hardship. Anyone with that level of freely-available capital does not need assistance. I would have thought R100 000 a taxpayer would have met the case adequately."

The real motive was to raise between R300-million and R500-million to cover general public spending, said Mr Bennett.

He questioned what would happen once the target had been achieved and the tap was turned off.

The immediate effect of granny bonds on building societies who were forced to offer a counter investment would be the raising of their mortgage rates. Those societies which did not compete would suffer a loss of funds.

"Either way, the repercussions will be adverse. It is a pity the Minister could not think of a non-disruptive way of helping genuine cases of personal hardship — if that was his main motive — perhaps through an interest subsidy."

The simple test of income such as showing a recent income tax assessment ought to have been made a condition of buying the bonds.

Cape Times 10/7/87

Give houses to aged, employers urged

300

By CHRIS STEYN

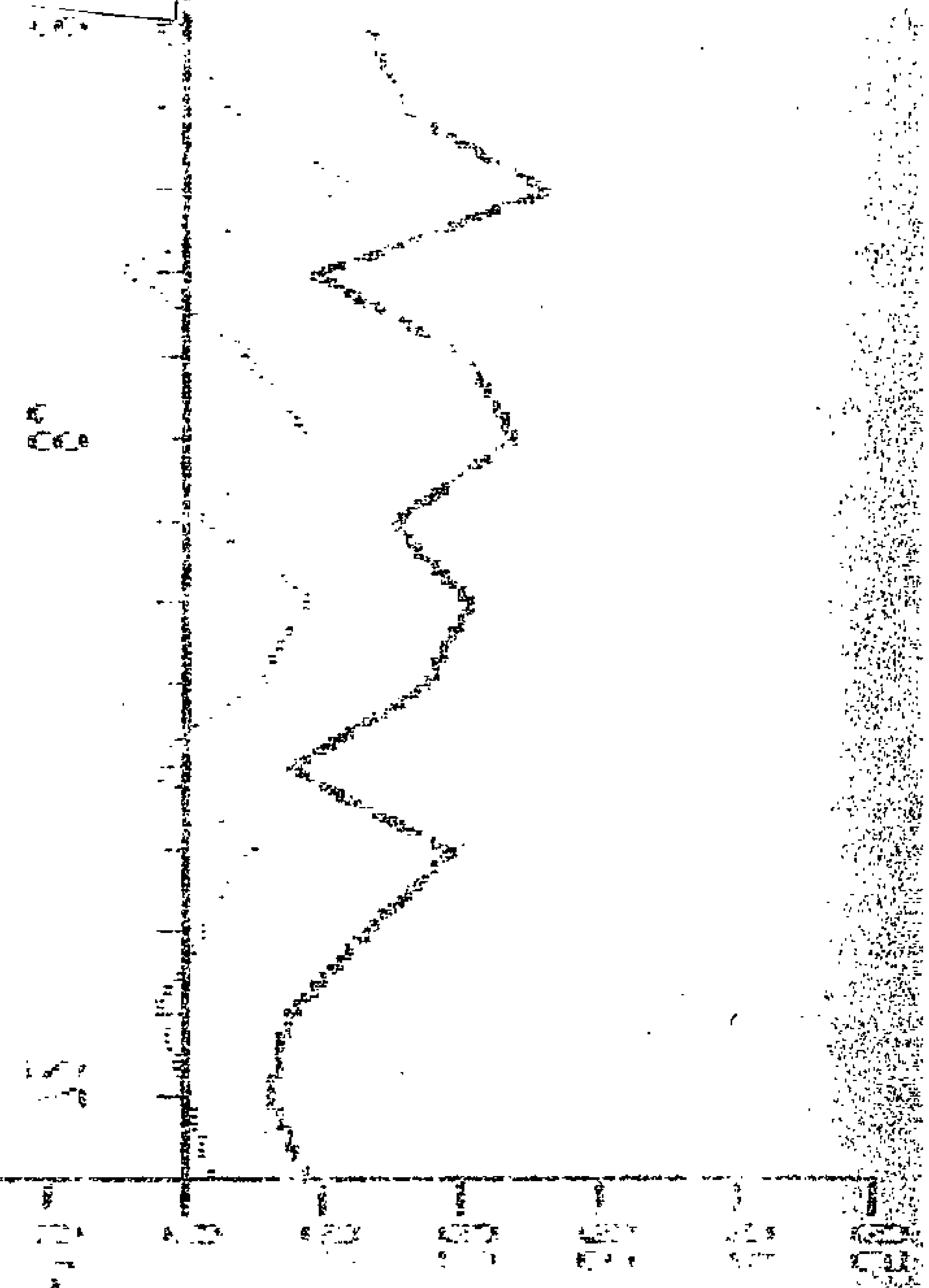
THE Association of Retired Persons and Pensioners yesterday appealed to former employers to donate R40 million to build 1 000 homes in two proposed private retirement villages in Ottery and George.

Addressing a press conference in Cape Town yesterday afternoon, the national chairman of the ARP & P, Commandant H M Joynt, said that pensioners were pumping R3 000-million of annual spending power into commerce and industry, but could not afford housing loans without constantly compromising their lifestyle to accommodate increasing rentals.

All pensioners had helped their former employers and firms to prosperity. He appealed to businesses each to give a R40 000 house "as a thank-you gift to your employees".

"We appeal to the decision-makers of today who will be the pensioners of tomorrow to please arrange their generous donation and sponsorship budget in such a way as to accommodate this appeal for one-time help to those who struggle against the effects of inflation, loneliness, boredom and declining health," he said.

Prospective members, applicants for residence and donors should contact the ARP & P at PO Box 12075, Cape Town 8010.



Granny bonds look sprightly

HELOISE HENNING

THE Treasury last week banked R77m from the sale of granny bonds in the first 10 days of the issue.

Treasury director Phillip Nortje said yesterday this figure — the amount banked by Saturday — by no means respresented the total takings, because receipts from rural post offices were still coming in.

The PO was by far the largest agent in marketing the bonds.

Nortje said the Treasury was processing many more deposits and he would not be able to give an accurate total for the first 10 days' income until the end of the week.

Finance Minister Barend du Plessis budgeted to raise R520m from all government bonds. Senior citizens were offered inflation-hedging 15% investments and he dropped interest on defence bonds to 12%.

Nortje said he could not put a value to the number of defence bonds redeemed since the Budget.

Pensioners 'still poor'

ANGELA CARR

WITH the increasingly high cost of living and constant rise in food prices, the R20 across-the-board increase due to state pensioners from October 1 will be "gone before they get it", says Johannesburg Association for the Aged (Jafta) chief L Starfield.

This is particularly disconcerting for the black community, says Soweto social worker Nomhlobo Ndala, where the pensioner — often the only household member with any income — may have to provide for the whole family.

On October 1, social pensions for whites increase by 10,1% to R218 from R198, coloured and Indian pensions by 13,6% to R167 (R147) and those for blacks by 20,6% to R117 (R97).

Even concessionary travel, meals and other facilities, offered by service organisations to pensioners of all races do little to alleviate their suffering.

Rent commitments absorb much of the state allowance, and medical, food and transport bills account for the remainder.

Pensioners who live with family and can use the allowance for pocket money are few, says a Jafta social worker.

More often their paltry income makes a significant contribution to the family finances and most struggle "quite desperately" to make ends meet, says Johannesburg Indian Social Welfare Association (Jiswa) director C Saloojee.

While October's all-race R20 increase is a percentage move towards parity, welfare chiefs agree that in real terms it's not closing any gaps because "those most disadvantaged benefit least".

Weekend Argus SPECIAL REPORT

W/E ARGUS 18/7/87 300

Will you still need me;
will you still feed me,
When I'm sixty-four?.
— The Beatles, (Lennon-McCartney) 1967

by MARK STANSFIELD, Weekend Argus Reporter

IT'S happening just down the road from you. You probably walk past the little rooms they live in every day, without realising their misery.

They are senior citizens who are starving themselves to death rather than call for help.

Some have committed suicide because they cannot endure the bleak loneliness and the pain of an empty stomach.

Others do not leave the security of their rooms for weeks at a time because life "outside" is a nightmare of possible muggings and uncaring people.

■ Here are a few case histories from the files of the voluntary workers of Meals On Wheels who deliver hot, balanced meals to frail, sick, destitute and elderly people in the Peninsula:

● KENILWORTH:

AN elderly German man left a note on his door asking that his meals be left in the garbage disposal unit where he would collect them. For three weeks workers left meals which were missing on their return. But the man had committed suicide and was found lying on his bed. He had been dead for three weeks. He had told a cleaner to collect the meals and eat them because he did not "want to be disturbed".

● RONDEBOSCH:

WORKERS served meals for an elderly couple on Tuesday. On Thursday the meals were still standing outside the door. Inside the flat, a little dog was barking frantically. The police broke in and found the couple lying on the bed. She was in a coma. He was so weak he was unable to get up. They were helped just in time. Both had planned to die.

● MOWBRAY:

LAST week an elderly lady telephoned and cancelled delivery of meals for herself and her husband. It was learned later that the husband had been mugged after collecting his pension and they could not afford the meals. (Three rands a week to feed both of them.)

● MOWBRAY AREA:

AN elderly lady died of a heart attack on a Thursday. She was found only the following Tuesday.

● EXTRACTS from a letter written by an 82-year-old woman on July 10, 1987:

"I have no money to pay for my meals ... I am desperately unhappy here ... I get suicidal thoughts ... last week some people gave me money for food otherwise I would have been starved .. all I eat is what you bring (three meals per week). I will give you R10 when I get my pension ... Sorry."

● GREEN POINT:

ROGER Beelders, 65, found on June 6, 1987. Dead for seven days.

● TABLEVIEW:

NAVARO "Nick" Sneddon, 67, found dead November 5, 1986. Dead for two weeks. (There was an appeal for relatives to come forward. No one ever did.)

Government pensions (at present R198 a month for whites) have been eroded to such an extent that many old people can afford only the three decent meals supplied by Meals on Wheels a week.

Weekend Argus found others who cannot even afford the R1,50 which would buy them these meals. One couple survive on a can of mixed vegetables a week. They would not admit it, yet the same dwindling can of food stood on the table every time Weekend Argus visited them. It is estimated that they were eating a spoonful each day. Pension day was 10 days away. They were too proud to ask for help.

Many old people have been found just in the nick of time, near death, starving but unable to put their pride in their pockets

COLOURED pensioners could not survive on their monthly pension of R147 if it were not for community collective schemes which exist in many areas, according to Mr Tony Naidoo of the Faculty of Community Sciences at the University of the Western Cape.

"In my own experience, I would say that many of our elderly would starve if it were not for the community who help them survive by collectively pooling resources, buying supplies and distributing these among old people," he said.

"Overcrowding has aggravated the situation and in such places

W/G Argus 18/7/87

300

Mrs Marie Frylinck, 71, and Mr Edward Hellen, 67, with budgie Peter, a constant companion. "Living together is the only way old people can survive today".

Mrs Anne Taylor, 62, and Mr John Schoonraad, 79, with a visitor called "Splodge the Cat" — living together in a one-bedroomed flat on a pension of R198 a month is no joke.

Those (STARVING) Old Folks At Home

TOUGH TOWNSHIPS

Mr Johannes Duze, 61, cannot survive on his R85 monthly pension without help from Guguletu community workers.

IN the black townships, life can be even tougher for the elderly — they must survive on an average pension of R94 a month.

Besides trying to keep their own body and souls together, some are obliged to try to support their grandchildren — who have been abandoned by their parents. Many of the elderly people interviewed did not know where their own children were.

For the elderly in the townships there is no money for "luxuries" — like fresh meat and vegetables, milk and sometimes even sugar.

Just about all survive on a staple diet of maize meal, "samp" and beans — day in and day out.

Here are some typical cases:

● Mr Johannes Duze, 61, worked for the same company for 23 years but contracted tuberculosis. He receives a disability grant of R85 a month.

While in hospital his wife left him. He now supports his three children aged between nine and 19 years old.

When found by community worker Mrs Mary Sili in 1985, Mr Duze and his family were starving and living in a backyard shack in Guguletu. It took a year for Mr Duze to receive his first government grant. The company he worked for most of his life does not pay him a pension.

Both he and his schoolgoing children live on food parcels from community workers and he was allowed to live rent free before receiving a government grant.

Out of his R85 monthly grant he now pays rent (R10 a month) and manages to feed both himself and his children, pay their school fees and buy their clothing.

Mrs Sili said Mr Duze was reticent to talk about his "difficulties".

"I know him personally and he struggles a lot," she said.

"He doesn't drink or smoke and by the end of the second month (black pensioners are paid every second month) he and his family are starving.

"His children don't understand that he receives only R170 every second month and constantly request clothes and food.

"I hate to think what will happen when he dies," she said.

The list of struggles faced by these people are endless.

'I sold my wedding ring to eat'

WEEKEND Argus spoke to elderly people who live in one-bedroomed flats in Mowbray (rent R125 each a month):

Mr John Schoonraad, 79, and Mrs Anne Taylor, 62, have been living together in their tiny flat together "for years".

He does not go out much now because he was mugged while walking back from a greengrocer recently.

"They took my pension and my watch. Without the money, we starved," he said.

Even by combining their incomes they barely scrape through.

Mr Schoonraad must visit a doctor twice a week. This means train fare (subsidised) and medical fees (R2) each visit. There are electricity costs — R20 a month (*"We sometimes use a heater,"* he said, almost apologetically) and medicine. Without Meals on Wheels they could not survive.

The couple do not smoke or drink (*"can't afford it"*), have no television, radio or telephone but occasionally manage to watch television with an old friend, Mrs Marie Frylinck, 71.

Mrs Frylinck has taken in a "boarder" too — Mr Edward Hellen, 67, because "it helps to be together in a place".

Mrs Frylinck recounted how she had sold her marriage ring for food at one stage.

"I felt so bad about selling the diamond," she said, rubbing her ringless finger.

The solution, according to a spokesman for the Association of Retired Persons and Pensioners, would be to accommodate these people in old-age homes.

"But they are full and sometimes there are waiting lists of more than 100."

nd call for help — others died ather than face the shame. They ied alone, in grubby little flats, nable to continue struggling to nake ends meet.

Some of these people have amilies who do not realise the light of their parents and grandarents.

Weekend Argus discovered one ld man — aged 79 — who is surviving on cans of dog food.

Old people are also being bliged to live together in small ne-bedroomed flats to help make ends meet. Living with strangers is the only way to keep the wolf from the door.

A pension of R198 a month does not stretch far:

■ The average rent paid is about R130, which leaves R68 for heating, cooking, food, transport to clinics and hospitals and medical fees. (All pensioners now pay two rands a visit to government hospitals.) Few have any form of recreation to break the monotony of their lives. There are no television sets, no radios, no telephones. They cannot afford these "luxuries" — even though television licences are subsidised.

A telephone is a "vital link" says the National Council for the Aged — but the government refuses to reduce installation and rental fees for the elderly.

Mrs Joan Korsten, of Meals on Wheels, recounted many instances where a telephone had played a major role in saving elderly people who would otherwise have died.

"One elderly lady wasn't feeling well but managed to telephone her doctor. When he arrived he was unable to get inside because she had already collapsed. The police broke in and she was saved.

"You feel so guilty and helpless when you find an old person dead — especially if they have lain in their rooms for some time — because you feel there was something more you could have done for them.

"We come across hundreds of old people who are living in terrible circumstances," she said.

'They would starve'

s Belhar you have nany elderly people vho were dislocated rom their communities y the removals from District Six.

"Even though many f them pay minimal ents of R20 a month, he spiralling cost of ivin — such as transport to and from pension payout points and to medical facilities — has left many of them destitute.

"Our old people are taken care of by the community. But it is becoming extremely difficult, even by pooling resources," he said

Some of the frail aged at Ekuphumleni Home for the Aged in Zwide, Port Elizabeth, are (from the left) Mrs TAMSIE JESI, Mr DIC PIKISANI, Miss NOKUZOLA MLALANDLE, Mrs EMILY BONENI, Mrs MARTHA MKWEBISO, Mrs ETHEL TSAWU, Mrs GERTRUDE MVOVO, Mr GEORGE PAKAMILE and Mrs VIVIAN MZANA.

Eve Post 18/7/87 (300)

Plan to extend home for aged

By MIKE MABUSELA

EKUPHUMLENI, the only old age home for Africans in Port Elizabeth, will be officially opened in October — and already there are plans to double the accommodation.

The Zwide home — its name means a place of rest — was started in 1983 and houses 64 people.

Now there are plans to increase its facilities to cater for between 120 and 150 residents.

There are also plans for soup kitchens for the aged in other township areas.

Ekuphumleni is the second home for the African aged built in Port Elizabeth.

The first was the Adcock Home, whose residents were moved to KwaNompumelelo Home for the Aged in Peddie, Ciskei, more than 15 years ago.

The new home in Zwide is administered by the Port Elizabeth Association for the Care of Black Aged (PEACBA).

The PEACBA chairman, the Rev Howard Hans, told me this week that after the Adcock Home was moved to Peddie a group of Rotarians had investigated the options available for developing a village for the elderly people in the African community.

The East Cape Development Board made a group of vacant buildings available to them.

Port Elizabeth's four Rotary clubs set up a joint project to upgrade the first unit, which cost R15 000.

Furniture — costing a further R5 000 — was provided by the Ekuphumleni Association for the Care of the Black Aged, and by Port Elizabeth Rotarians and Rotary Anns.

The Bantu Benevolent Society financed the upgrading of the second module.

The entire cost of the complete village with a community hall will be a little more than R2 million.

Mr Hans said although the first residents moved into Ekuphumleni in 1983, a lack of funds had delayed the official opening.

The Rev HOWARD HANS

Uncertain future for elderly residents evicted from mine houses

SMC 20/7/87 (300)

By Janine Simon

A question mark hangs over the future of many of the 109 residents of the wood-and-iron homes on the Randfontein Estate Gold Mine which Johannesburg Consolidated Investment (JCI) has decided must be vacated pending demoition.

The 124 semi-detached homes, built at the turn of the century, are scattered in groups of up to 18 in isolated spots on the mine estate.

According to JCI, the homes were in desperate need of repair but the estimated R1,6 million cost of rewiring alone made upgrading uneconomical.

The residents, a collection of mine pensioners, State pensioners and individuals taking advantage of the low rentals of R60 a month, have expressed mixed reactions to the situation.

Mr Jan Combrink (78), a State pensioner who has been living in mine houses for 16 years, has no idea where he can live in future.

BIG DISAPPOINTMENT

"I'm scared," he told Miss Jenny Dry, senior councillor for JCI's Employee Assistance Programme, who is interviewing all residents about their circumstances and housing needs.

Mr Giovanni Pelizzaro (71), a former mine handyman, was more angry.

"This is not fair, its a very big disappointment. They only need you when you are working, then a man must look after himself," he said.

Mrs Marie Cronje (60) and her husband David (72), both State pensioners, have lived in the house for 11 years and are resigned to their impending move.

"We are not upset with the company we are just sad," Mrs Cronje said.

"It wasn't a palace but it was home. Everybody tried to make their places home.

"We are looking for alternate accommodation but there is nothing in our price range," she said.

According to JCI's group welfare consultant, Mr Duncan Mackenzie, the company has adopted a sympathetic but firm attitude towards the situation.

"Although the condition of the houses varies we had to take a blanket decision to vacate all of them.

"The residents were informed by letter last month and no deadline has been set for the move. JCI is investigating the possibility of alternative accommodation and will try to help where possible," he said. All tenants would be fully compensated for expenditure on home improvements.

"There is a general sparcity of accommodation for the aged and JCI cannot help some pensioners above others. Many of the residents have realised they have taken advantage of low rentals for a long time and that this is now over," he said.

Mr Mackenzie said tenants were always asked to sign an indemnity form to the effect that the company was not responsible for maintaining the houses or any problems caused by their disrepair.

Mr Jan Combrink (79) stands in front of his wood-and-iron home in Mill Site, on the Randfontein Mine Estate. He is one of the 109 people who have to find other accommodation after a decision to evacuate the houses.

● Picture by John Hogg.

(200)

Plucky pensioners not going anywhere

From MBULELO LINDA

PORT ELIZABETH. — Two plucky old age pensioners, squatting outside their house after being evicted on July 8, are determined to remain camped in the front yard until they can move back into their house.

Lucy Windvol, 89, and her sister Jane Pongolo, 77, of 33 Maya Street, Zwide, were evicted by the Ibhayi Town Council — the black local authority for the Port Elizabeth townships — when they could not pay their rent arrears of R2 600.

Since then the two pensioners have been camping in the front yard of their house surrounded by their belongings. A couple of blankets are their only protection against the cold.

"We are not going anywhere," said Lucy. "We are waiting for our government pension grants and we will pay what we can afford if the council will take it."

They both receive a bi-monthly pension of R190.

The Ibhayi Town Council has been waging a cold war on rent defaulters since January this year.

Over a hundred people have been evicted in Port Elizabeth townships since January.

The two pensioners are determined not to budge from their yard: "I'd rather die here," said Lucy. Her feet have swollen as a result of the cold weather and her sister Jane, who suffers from asthma, has difficulty breathing.

Jane Pongolo (front) and Lucy Windvol in their front yard

/S 23-29/7/87 (300)

They also serve ...

They also serve . . . Guguletu pensioners, as usual, had to get up early to get into a queue, and sit and wait, last week for their two-monthly pension cheque of R194. Some started queuing shortly after midnight. The Community Services, formerly known as the BAAB, as a gesture of goodwill, now opens its waiting halls at 4am Picture: FANIE JASON

300

Unemployment is partly to blame, says Murder and Robbery Unit's new chi

Attacks on elderly 'not organised'

By Inga Molzen

he increased number of fatal ttacks on old people living lone in and around Johannesurg is exacerbated by the presnt socio-economic situation and igh unemployment on the Witatersrand.

This is the view of Major Staal" Burger (43), who was is week promoted from second-in-command to branch comnander of the Brixton Murder nd Robbery Unit.

His predecessor, Brigadier W J Fourie, has been transferred to the police divisional headquarters in Johannesburg.

"The recent attacks on old people is not an organised onslaught but merely reflects the present socio-economic situation and high unemployment on the Witwatersrand," he said.

He said many of the people who had been attacked recently on the Rand had simply been "rather too soft-hearted".

"Where they slipped up was to take unknown people, from the street, into their employment."

Major Burger recommended people should take down the particulars of anyone they had employed recently and also give these details to their next-of-kin or to neighbours.

He said there also had been a slight increase in the number of city-centre robberies and the illegal possession of firearms.

"This is due to the negligence of licenced firearm holders.

"People should not only have to learn how to use a firearm but also how to keep it safe.

"A firearm should be carried on your person or locked away at all times. A surprised burglar is a potential killer," said Major Burger.

He said the concept of crime prevention organised by residents in their neighbourhood "is a good one".

"If these schemes are well organised they certainly can help the police."

He said it was the task of the Brixton Murder and Robbery Unit to solve murders, armed robbery incidents and serious rape cases across an area which included 19 police stations.

Major Burger said his appointment was one about which a person could be proud.

"But I'm not about to implement any changes.

"I've got my predecessors to thank for the good foundation they've laid.

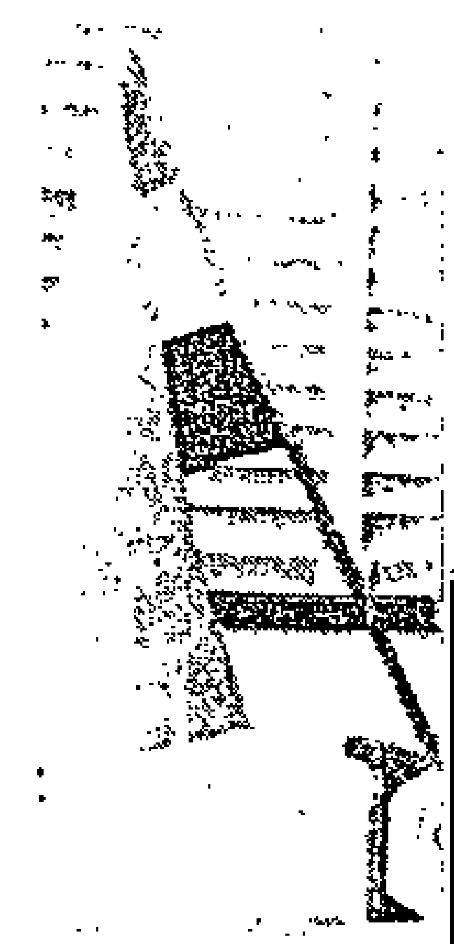
"We've got a tremendous team here to help build upon this foundation."

Major Burger, who has 23 years' experience in the South African Police, was first transferred to the Brixton Murder and Robbery Unit in 1985.

He said he started his career in the uniformed branch

"I was there three months when I was selected to go on the CID course," said Major Burger.

"Then I became an officer — and now a gentleman," quipped the branch commander, who works out in the gym, jogs and play tennis in his spare time.



Branch Commander of the cr

New deal for pensioners — Boya

Sowetan 23/7/87

BLACK pensioners will receive their payments any day of the week on a monthly basis at the offices of their local councils, according to the president of the United Municipalities of South Africa, Mr Tom Boya.

Mr Boya said this at the end of Umsa's two-day conference at Thaba Nchu Sun near Bloemfontein at the weekend. A total of 100 delegates from black councils attended the conference.

Speaking at the conference, Mr Boya said the breakthrough in the change of the pay system for the pensioners came about as a result of pressure from Umsa and other community organisations. He said the campaign was launched because pensioners were paid once every two months and thus had to queue for hours, at times sleeping at the paypoints, to avoid missing the pay day.

He said pensions will no longer be paid by the Department of Home Affairs officials as the provincial officers are to take over the paying. The councils will provide the offices for such payment, Mr Boya said.

GRANNY BONDS

Mystery flows

Just how much money is flowing into State-sponsored senior citizen bonds, yielding 15% interest, is still not certain. Though figures have been bandied about since the bonds came on the market on July 1, no official figure has yet been provided. Department of Finance officials' estimate they will not be able to give accurate information for another two months.

It is known that applications worth more than R70m had been made directly to Treasury by last week. Officials are reluctant to update the figure "because everything is incomplete. It will give a distorted picture."

The Post Office (not included in the Treasury figure) is far the biggest vendor and applications are also being routed via other institutions. Meanwhile, building societies have suffered losses.

The biggest, United Building Society, which has no defensive product, says "a substantial amount" has either left or is on its way out. GM marketing Tienie van der Berg adds: "This does not include money we've tendered for and haven't got."

NBS — which has introduced a defensive product — has a different problem. Societies offering their own version of granny bonds are paying the price of an effective 15% — while charging only 14,5% on home loans. Though it has lost virtually nothing to State-sponsored bonds, despite the upper limit for a single investor of R100 000, NBS says it is recording a large inflow of funds into the more expensive type of fixed deposit offered the over-60s.

GM operations Brian Short reports: "Within the first six days we had switched R16m. This has since doubled. It's something we have to watch."

Saambou — marketing its own senior citizen fixed deposits with an upper limit of R200 000 — reports a switch of R8m-R9m. It is taking no new money but simply "protecting what we have," says MD Hendrik Sloet.

Brian Kemmey, deputy MD of the Perm, while providing a similar investment, would give no indication of how much money had been switched. He says the Perm, with an upper limit of R100 000 on its own product, has lost only "a small amount" to the State-sponsored version.

Du Plessis ... bonding after the Budget?

Alan Tindall, MD of Allied, which has no competitive investment vehicle, did not want to divulge the extent of his society's losses.

Only maturing investments are at risk. Most society funding is for periods of over a year. Tax shelters, moreover, still protect some types of investment. So the problem is not immediate.

Nevertheless no society can afford to lose out on a future market. Competition for funding has been putting pressure on rates since the announcement of granny bonds by Finance Minister Barend du Plessis in June.

What will the impact be on mortgage bonds? Though NBS last week fell into line behind the other four major societies by upping its rate to 14,5%, further increases are unlikely.

With banks offering loans at 12,5%, societies have no room to manoeuvre. ■

300

FINANCIAL MAIL JULY 24 1987

300

Granny bonds threaten participation mortgage

THE participation mortgage bond (PMB) market faces a severe threat from granny bonds in September when the three months' notice of withdrawal of funds deposited with PMB companies expires.

Most over-60 investors put their money into five-year fixed deposits during which the funds cannot be removed without permission from the Registrar of Unit Trusts. However, once this time has expired, most of the money is left on three months' notice.

Most PMB companies confirm that notice has been given on many deposits.

New business has also fallen as the companies fight to compete with the higher returns offered on granny bonds.

By Stephen Rogers

The PMB industry is estimated to hold about R2,9-billion. With about 70% of these investors estimated to be over 60, the potential outflow is more than R2-billion.

Many investors will still be locked in by September and because of client inertia and ignorance, so the outflow is likely to be much smaller than R2-billion.

But combined with the expected outflow from the building societies, where funds are also on three months' notice, granny bonds could attract far more than the R520-million the Department of Finance expects to receive in all bonds in the current financial year.

The department has received more than R100-million, but the big test of the scheme's popularity will come in September.

To counter the granny-bond threat, at least three PMB companies have increased their investment rates on five-year money. Supreme Bond offers the highest return after raising its rate from 14% to 15%. Metboard has lifted its rate from 12,5% to 13,5% and Masterboard has introduced a special rate of 14,25% variable or 15% fixed to investors aged more than 60 years.

Matched

But three of the biggest companies in the industry, Syfrets, First National and Standard, have adopted a "wait-and-see" policy and have maintained their investment rates on five-year money at 12,5%.

The managing director of Syfrets Participation Bond Managers, A L Human, says the company will not raise its investment rates in reaction to granny bonds.

Mr Human says:"We believe that rates are pitched at the right level now. Our inflow of funds matches our lending."

However, if the larger PMB companies are forced to raise their investment rates they will have little leeway to recover this extra cost through higher lending rates.

The average lending rate is 13,51%, but Mr Human says that at this level demand is soft. The economic recovery is not as strong as was expected and business confidence is still weak, so an increase in lending rates would curtail investment in commmercial and industrial property.

But the wait-and-see aprroach of the large companies indicates that they believe the switch of funds into granny bonds will be a short-term phenomenon, Government eventually closing the issue when sufficient funds have been received.

that they be attended to and (ii) were attended to by private doctors since the appointment of this panel up to the latest specified date for which information is available?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) Yes.

(a) The first names of panel doctors were made available on 3 September 1986. Additional names were added subsequently.

(b) Names of doctors appointed on panels are confidential and can only be made available on request, to those concerned, by the SA Police or the District Surgeons when instructed by the SA Police.

(2) Yes.

(a) Falls away.

(b) The District Surgeon will make the names available on verbal request by the detainee or his parents.

(3) (a) If the detainee prefers to have a consultation with a doctor, selected from the panel and undertakes to accept responsibility for the cost.

(b) (i) 13.

(ii) 13 as on 25.6.87.

Unemployment Insurance Fund

242. Mr F J LE ROUX asked the Minister of Manpower:†

What total amounts were contributed to the Unemployment Insurance Fund in terms of the provisions of the Unemployment Insurance Act, No 30 of 1966, by (a) White, (b) Black, (c) Coloured and (d) Indian employees in the latest specified period of five years for which figures are available?

The MINISTER OF MANPOWER:

(a), (b), (c) and (d) The Unemployment Insurance Act, 1966, makes no distinction between the different population groups and consequently the Fund does not have separate figures available.

The following total contributions, were received from employees of all population groups:

1982: R 74 521 972
1983: R 87 644 697
1984: R104 264 171
1985: R118 442 183
1986: R196 086 986

Unemployment Insurance Act

243. Mr F J LE ROUX asked the Minister of Manpower:†

What are the total amounts paid to (a) Whites, (b) Blacks, (c) Coloureds and (d) Asians in terms of the provisions of the Unemployment Insurance Act, No 30 of 1966, during the latest specified period of five years for which figures are available?

The MINISTER OF MANPOWER:

(a), (b), (c) and (d) The Unemployment Insurance Act, 1966, makes no distinction between the beneficiaries of the different population groups and consequently the Fund does not have separate figures available.

The following total amounts in benefits were paid to beneficiaries of all population groups:

1982: R120 347 613
1983: R188 363 953
1984: R195 961 492
1985: R325 133 883
1986: R386 467 103

27/7/87

Hansard

Unemployment Insurance Fund

244. Mr F J LE ROUX asked the Minister of Manpower:†

What total amounts were contributed to the Unemployment Insurance Fund in terms of the provisions of the Unemployment Insurance Act, No 30 of 1966 by (a) White, (b) Black, (c) Coloured and (d) Indian employers in the latest specified period of five years for which figures are available?

The MINISTER OF MANPOWER:

(a), (b), (c) and (d). The Unemployment Insurance Act, 1966, makes no distinction between employers of different population groups who have to register with the Unemployment Insurance Fund and thus separate statistics are not available.

The following total contributions by employers of all population groups were paid to the Fund:

1982	R44 713 183
1983	R52 586 818
1984	R62 558 503
1985	R71 065 309
1986	R196 086 985

Pension schemes

251. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) Whether his Department administers all government pension schemes; if not, which schemes does his Department administer;

(2) whether his Department has determined the age at which contributors are required to retire; if so, what is the compulsory retirement age in respect of each pension fund;

(3) whether his Department has determined a minimum age at which contributors to funds may retire; if not, why not; if so, (a) what is the minimum retirement age in respect of each pension fund and (b) in terms of what statutory provisions are these minimum ages determined;

(4) whether he has received any representations calling for the standardisation of the retirement age for the various Government service pension schemes; if so, (a) from whom, (b) on what dates and (c) what was the response in each case;

(5) whether he will make a statement on the matter?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) Yes—except the Authorities' Service Pension Fund and the Authorities' Service Superannuation Fund which are administered by the Department of Development Aid, as well as the pension funds for employees of the South African Transport Services.

(2) No—the retirement age is prescribed by the employers and not by the Department of National Health and Population Development.

(3) No. (a) and (b)—see reply to question (2).

(4) Yes, but only in respect of the Government Service Pension Fund.

(a) From individual members, employers and recognised staff associations.

(b) Sporadically since 1970 and especially since the actuarial valuation of the Fund.

(c) The representations were turned down mainly because of the costs involved. During the recent valuation the actuary investigated the financial implications of the possible standardisation of the retirement age. His findings are presently being considered by the Commission for Administration.

(5) No.

300

Hansard 27/7/87

Parity in education

27/7/87

262. Mr R M BURROWS asked the Minister of National Education:

(1) Whether it is the policy of the Government to bring about parity in education for all population groups; if so, over what period is parity expected to be phased in;

(2) whether a formula has been or is being devised for the manner in which the principle of parity in education is to be phased in over a period of 10 years; if so, what is that formula;

(3) what percentage of the (a) State budget is expected to be set aside for the

Hansard

Pensions: unions warn on new govt proposals

300

BDay 9/3/87

GOVERNMENT proposals to freeze pension repayments until retirement would spark off major dissatisfaction in the labour force, union spokesmen warned yesterday.

They were commenting on government's decision in principle to halt the repayment of pension contributions to employees who change jobs.

A parliamentary select committee — chaired by Deputy Foreign Affairs Minister Kobus Meiring — recently completed an investigation into the pension issue but has not yet tabled its report.

However, Meiring stated in an article in a Sanlam publication that the committee had decided in principle to halt the repayment of pension contributions to employees who changed jobs.

National organiser for the Metal and Allied Workers' Union (Mawu), Bernie Fanaroff, warned yesterday that any move to freeze pension repayments would cause tremendous problems.

The union, he said, was in the process of negotiating with a number of companies about moving workers' contributions from pension funds to provident funds.

THELMA TUCH

Provident funds, he said, unlike pension funds, enabled workers to claim back their own contributions, a proportion of the company's contribution (depending on length of service) and interest.

Transvaal branch secretary for the Chemical and Industrial Workers' Union (CIWU), Chris Bonner, warned that workers' dissatisfaction with pension funds was an "ongoing issue".

Workers, she said, were suspicious about where their pension money was going and negotiations were being conducted with employers to allow workers to invest in provident funds.

Freezing pension payments would lead to major problems, she said, as workers believe that if they choose to leave a job it is their choice what to do with their pension money.

□ In 1981, the draft Preservation of Pensions Bill aimed at freezing employees' pension fund contributions until retirement triggered widespread strikes and unrest.

The draft bill was dropped.

Old people rush to get on 'protection' register

(300) SAPA 29/7/87

By Don Holliday

Public reaction to the introduction of a scheme to compile a register of elderly people living alone — a step aimed at improving their safety — had been overwhelming, a senior police spokesman said.

The announcement came in the wake of the gruesome axe murder of 70-year-old Mr Alec Simpson on Monday. His death brings to five the number of murders of elderly people in the Johannesburg area in the past five weeks.

Six other murders occurred during the same period, bringing the toll to 11.

Twelve people have been arrested in connection with five of the attacks and have appeared in court.

A police spokesman said the cases appeared to be unrelated.

Brigadier Dries van den Heever, Witwatersrand CID chief, said station commanders had almost more inquiries about the register than they could handle.

"It is still too early to say how effective it will be in combating the attacks on the elderly," he said. "However, policemen on patrol have started their visits to people on the register, to provide tips on how to improve their home security.

"To get the scheme off the ground is a huge task and we cannot expect results overnight. We will have to wait and see whether it pays dividends," he said.

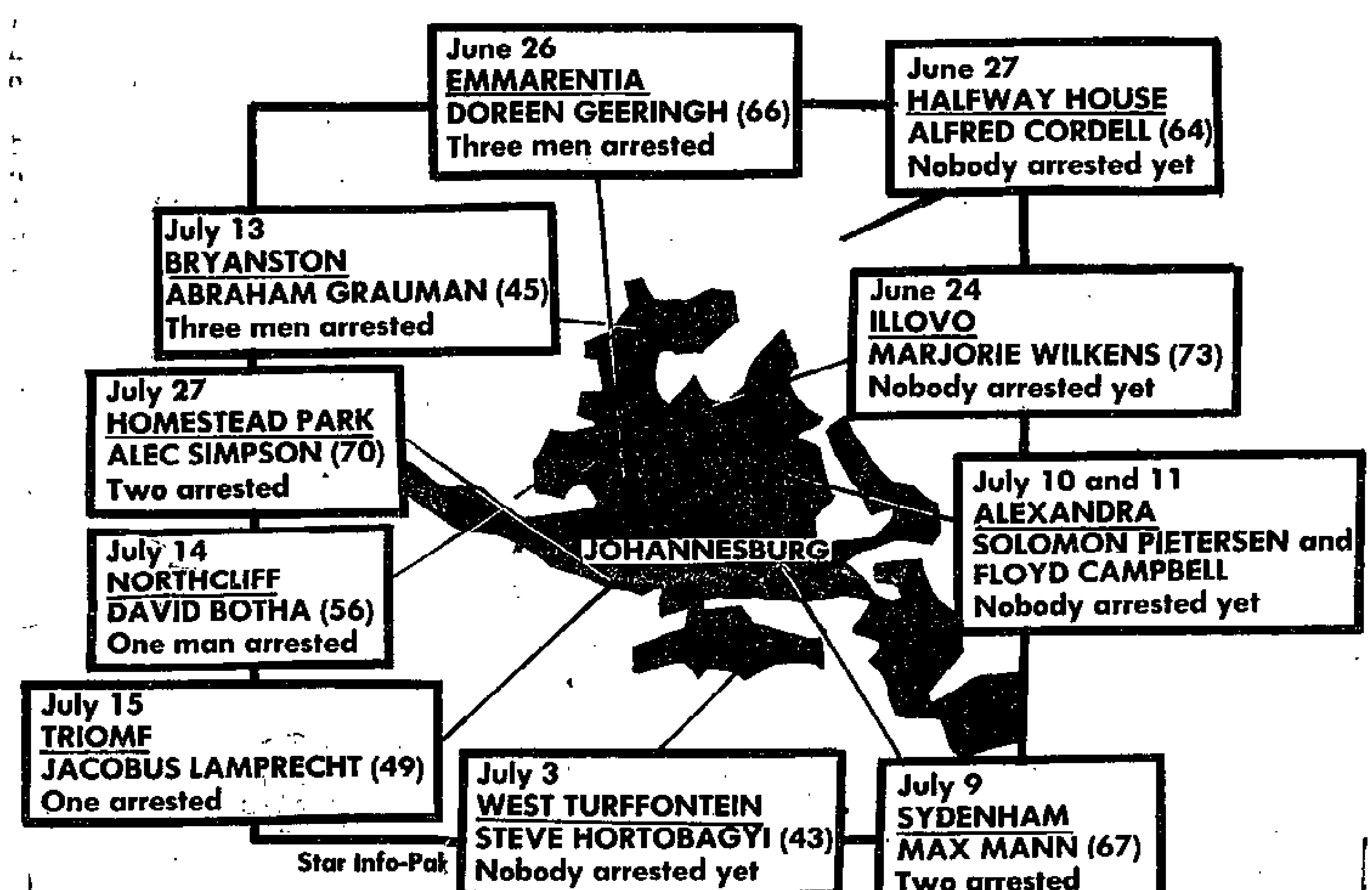
People wishing to be included in the register were urged to telephone their local station commanders, who would also provide them with more details of the scheme.

Eight of the 11 killings occurred in residential areas north of Johannesburg.

Mr Simpson was hacked to death with a kitchen axe at his Homestead Park home on Monday.

His body was discovered in the main bedroom by his wife, Mrs Mary Simpson, when she arrived home from work on Monday afternoon. A list of stolen items is being compiled and two people have been arrested.

The pattern of violent death



Other murder victims:

- Mrs Marjorie Wilkins (73), stabbed at her Illovo, Sandton, home on June 24. No arrests.
- Miss Doreen Geeringh (66), whose burnt body was found in her burnt-out bedroom at her Emmarentia, Johannesburg, home on June 26. Three men have appeared in court.
- Mr Alfred Cordell (64), found shot on his Halfway House plot on June 27. No arrests.
- Mr Steve Hortobagyi (43), stabbed to death at his West Turffontein, Johannesburg, home on July 3. No arrests.
- Mr Max Mann (67), strangled at his Sydenham, Johannesburg, home on July 9. Two people have apeared in court.
- Mr Alex Grauman (45), whose battered body was found in his car in a Bryanston shopping centre parking lot on July 13. Three men have appeared in court.
- Mr David Botha (56), found strangled in his Northcliff, Johannesburg, flat on July 14. An 18-year-old man has appeared in court.
- Mr Jacobus Lamprecht (49), battered to death in his Triomf, Johannesburg, home on July 15. His housemate has appeared in court.

Industrial cafeterias ... fuelling the workforce

ity. The trend has been confirmed by Casa which, in a 1984 film highlighting the industry's potential, noted: "In 1971, Fedics had 10 contracts. Now, it has over 500 — an increase of over 4 000% in 14 years. All the signs indicate that the food service in SA is likely to be one of the fastest growing in the next decade."

One month and R200-m later . . .

Govt has rethink on Granny Bonds

Star 4/8/87

By Magnus Heystek

The Government is seriously reconsidering its controversial "granny bonds" investment scheme for senior citizens barely a month after the scheme was launched on July 1 this year.

Senior Treasury spokesmen have confirmed that discussions are now taking place that might lead to a change in the scheme which has attracted more than R200 million in investments thus far. The Government was budgeting for an amount in the vicinity of R500 million.

The highly controversial senior citizens savings scheme, dubbed "granny bonds" by the media, was announced during this year's Budget on June 3. It offers an interest rate of 15 percent payable quarterly, significantly higher than savings rates offered by banks, buildings societies and other financial institutions.

In order to protect their client bases, building societies and participation bond companies have already been forced to increase savings rates, and consequently mortgage rates, in order to beat off the threat posed by the granny bonds.

Building society spokesmen were especially peeved at not being consulted beforehand by the government. Mr John Bennett, managing director of the Natal Building Society, has attacked the scheme as a thinly disguised effort to mask increased government spending.

Building society spokesmen point out that most savings are subject to a notice period of three months on withdrawal and that the bulk of the expected outflow of money from the financial institutions will occur at the end of September.

Mr Peter van Broembsen, assistant general manager (marketing) of the Perm said this morning: "We are providing competitive products to our existing clients in order to match the granny bonds, and will watch with interest any move the Government will make.

"At this stage it is impossible to quantify the effect the granny bonds have had on our society. It stands to reason that the large difference in interest rates on offer by the granny bonds and the building societies must have had a detrimental effect."

Government spokesmen would not be drawn on the most likely changes to the scheme, but Mr Gerhard Croeser, chief director (finance) at the Department of Finance, has indicated that a cut in the interest rate was not one of them.

Possible changes could include a cut-off date for investors or a reduction in the maximum amount investable in granny bonds, at present standing at R200 000.

4/8/87 Hansard

liament in terms of section 72 of the Internal Security Act, 1982.

(a) and (b) Fall away.

Detainees: audio-/video tapes

*12. Mr S S VAN DER MERWE asked the Minister of Justice:

Whether, with reference to his reply to Question No 6 on 26 May 1987, the audio and video tapes used to monitor the non-privileged visits of detainees held under emergency regulations are retained for any period of time after they have been checked by prison officials; if so, (a) why, (b) for what period, (c) where are they kept and (d) who has access to these tapes; if not, what happens to these tapes once they have been checked by officials?

†The MINISTER OF LAW AND ORDER (for the Minister of Justice):

The hon member will probably agree that I furnished full particulrs in my reply to Question No 6 of 26 May 1987, as to the reasons for the monitoring of non-privileged visits to prisoners. I also went out of my way to confirm that all such visits have to take place within the sight and hearing of a member of the South African Prisons Service, for certain understandable reasons and according to internationally accepted practice. Therefor, staff are present for the duration of such visits and are responsible for and mindful of making observations. I also mentioned that under these circumstances modern technology is used where it is available, but also added that I do not consider it in the interests of security to furnish further particulars regarding the technology used.

Hansard

4/8/87

I did not say in my reply on 26 May 1987 that audio- and video tapes are used for monitoring purposes. The way in which the present question has been framed, makes it difficult for me to give a full reply, as I normally try to do.

I can only confirm that the South African Prisons Service deals very discreetly with the information that does come into is possession.

Mixed couples

*13. Mr F J LE ROUX asked the Minister of Constitutional Development and Planning:†

Whether applications for the issue of permits in terms of section 26 (1) of the Group Areas Act, No 36 of 1966, to couples who have entered into mixed marriages to reside permanently in White areas notwithstanding the provisions of the above-mentioned Act are considered on the basis of certain criteria; if so, what criteria are used for this purpose?

The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

Yes. Applications are considered by the various Provincial Administrations in terms of the criteria laid down in section 21 of the Group Areas Act, 1966.

State President: advertisements

*14. Mr F J LE ROUX asked the Minister of Foreign Affairs:†

What was the total cost of advertisements published by the State President in this capacity in publications abroad from 4 September 1984 to 1 June 1987?

†The MINISTER OF FOREIGN AFFAIRS:

No advertisement was placed by the Department of Foreign Affairs on behalf of the State President in this capacity in publications abroad between 4 September 1984 and 1 June 1987.

Children detained

*15. Mr R M BURROWS asked the Minister of Law and Order:

(1) Whether, with reference to his reply to Question No 31 on 23 June, 1987, any children as defined in the Child Care Act, No 74 of 1983, were being detained in the Republic as at 10 June 1987 without any charges having been brought against them; if so, how many children who were under the age of (a) 18 and (b) 16 were being detained as at the above date;

4/8/87

Hansard

(2) whether these figures include children in the national states who were being detained without charges having been brought against them?

The MINISTER OF LAW AND ORDER:

(1) and (2) A list of names of persons in terms of section 3 (4) of the Public Safety Act, 1953 (Act 3 of 1953) will be tabled in Parliament shortly.

NOTE: The list will include the names of persons detained in the national states.

Mr R M BURROWS: Arising out of the hon the Minister's reply, can he tell the House whether the listing will contain the ages of the persons detained?

The MINISTER: Mr Speaker, I am not sure, but as far as I know, the answer is no.

Policemen at political meetings

*16. Mr K M ANDREW asked the Minister of Law and Order:

Whether any policemen from the (a) Cape Town and (b) Wynberg police district were present at any political meetings in the course of their duties during the 1987 general election campaign; if not, why not; if so, (i) at which meetings, (ii) (aa) where and (bb) when were they held, (iii) who were the speakers at these meetings and (iv) who requested that policemen be present?

Hansard

†The MINISTER OF LAW AND ORDER:

(a) and (b) Yes.

(i) to (iii) At all meetings of the respective political parties in the police districts of Cape Town and Wynberg, which came to the notice of the South African Police and during which Ministers, Deputy Ministers and Members of Parliament acted as speakers.

Because election campaigns were conducted in an intensive manner, compiling the particulars is an enormous and time-consuming task and this information is, therefore, not readily available.

(iv) The Divisional Commissioner of the Western Province directed personal requests to the various political parties that they inform the South African Police of political meetings, so that they could as far as possible maintain a police presence at all such meetings, as this is a normal police function.

4/8/87

In only a few instances were the requests adhered to. Where the South African Police, however, had knowledge of meetings, an unobtrusive presence was maintained with the sole intention of ensuring law and order.

The South African Police complied with all such requests that were received from the political parties.

Social pensions

*17. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether consideration is being given to paying social pensions to Black persons (a) on a monthly basis and (b) by way of transfers into savings accounts; if not, why not; if so,

(2) whether any progress has been made in implementing these changes; if so, (a) what progress and (b) when is it anticipated that these changes will be implemented; if not, (i) why not and (ii) what steps are to be taken in this regard;

(3) what is the most recent estimate of the number of Black persons in the Republic, excluding the national states, who are (a) of pensionable age and (b) being paid pensions by the State?

The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

(1) (a) Yes.

(b) Yes.

(2) Yes.

300

4/8/87 Hansard

Govt thinks again on Granny Bonds

(300) (88)

The Argus Correspondent Argus 5/8/87

JOHANNESBURG. — The Government is reconsidering its controversial Granny Bonds investment plan for senior citizens barely a month after the scheme was launched on July 1.

Senior Treasury spokesmen have confirmed that they were holding discussions which might lead to a change in the scheme which has already attracted more than R200-million. The Government was budgeting for about R500-million.

The scheme was announced during this year's Budget on June 3. It offers an interest rate of 15 percent payable quarterly, significantly higher than savings rates offered by banks, buildings societies and other financial institutions.

In order to protect their client bases, building societies and participation bond companies have been forced to increase savings rates, and mortgage rates, in order to beat off the threat posed by the scheme.

Government spokesmen would not be drawn on the most likely changes to the scheme, but Mr Gerhard Croeser, chief director (finance) at the Department of Finance, has indicated that a cut in the interest rate was not one of them.

Possible changes could include a cut-off date for investors or a reduction in the maximum amount investable, at present pegged at R200 000.

tionalism would have a moral founda- ... saster, Dr ...

CAPE TIMES 5/8/87

78 white teachers lose their jobs

Political Staff

A TOTAL of 78 white teachers in the Cape Town and Parow school board areas had been retrenched as a result of a decline in the number of pupils, the Minister of Education and Culture in the House of Assembly, Mr Piet Clase, said yesterday.

He said 57 teachers in the Cape School Board area and 21 teachers in the Parow School Board area had lost their jobs as a result of the abolition of posts, redundancies and retrenchments.

Mr Clase, who was replying to questions tabled by Mr Ken Andrew (PFP Gardens), said these positions had been abolished "due to the decline in the number of pupils at the schools concerned".

Teachers whose posts had been abolished had been timeously informed to enable them to apply for teaching posts elsewhere. Some had been appointed in other teaching posts.

He also said one school in the area — the Elgin Road Primary School — was being closed because an enrolment of between four and six pupils was expected next year and this did not justify the continued existence of the school after the end of 1987.

The school had a capacity of 150 and the utilization of the school buildings was being investigated, Mr Clase said.

Monthly black pension system starting in '87

CAPE TIMES 5/8/87 Political Staff 300

THE monthly payment of black social pensions would be phased in over the next three financial years, the Deputy Minister of Development Planning, Mr Piet Badenhorst, said yesterday.

A computer system for the transfer of social pensions into savings accounts at banks and building societies had also been developed and was in the process of implementation.

Mr Badenhorst said this in the House of Assembly in reply to a question by Mr Ken Andrew (PFP, Gardens).

Black pensions are paid every two months while others are paid monthly.

AT YOUR SERVICE

Cape Times 6/4/87 300

SA elderly living in 'appalling' conditions

HOUSE OF ASSEMBLY. — Senior citizens were facing a quality of life crisis, Mr Ken Andrew (PFP Gardens) said in the House yesterday.

Speaking in debate on the local government, housing and works vote, he said the government should appoint a high-level independent inquiry into the plight of South Africa's less affluent senior citizens "so that positive and urgent steps can be taken to improve the current unsatisfactory and deteriorating situation".

The factors of finding affordable accommodation, declining real pension income and a lack of security all contributed to the problems facing the elderly, he said.

With rents often beyond their reach, many were living in "appalling circumstances", sometimes forced to eat scraps of dog and cat food near the end of the month.

In addition, there were the problems of escalating transport, medicine and heating costs. — Sapa

Under 50% get paid pensions

9/8/87 CITIZEN 300

A COMPUTERISED system for the monthly payment of black pensions and for transfers into savings accounts had been developed and was "in the process of implementation," the Deputy Minister of Constitutional Development, Piet Badenhorst, said this week.

He also gave figures which showed that less than half the black people eligible for old age pensions, were actually getting these grants.

Replying to a question from Ken Andrew (PFP, Gardens), he said the origional target date for the introduction of the new system, to be phased in over a period of three years, had been April 1 this year.

It would be introduced as soon as the various provincial administrations, to which the function of pension payouts had been transferred, had arranged their "payment structures."

The most recent estimate of the number of black people in the Republic, excluding the national states, who were of pensionable age, was 635 250 in June 1985.

In July this year, 289 119 of them were getting an old age pension.— Sapa

Cape Times 10/8/87

Granny Bonds confusion

(680) 300

From JON BEVERLEY

DURBAN. — Confusion reigned last night among building societies over the reported axing of 15% Granny Bonds with one major society declining to comment until it had seen an official statement.

At stake is a higher income for people over 60 who face inflation running at 17%, the continuation of the building societies' higher rates set to compete with Granny Bonds and an easing of the pressure on mortgage bond rates to rise.

The Granny Bonds were proposed in the June Budget without any prior consultation with institutions such as building societies and came under heavy fire.

The R200 000 investment ceiling for the bonds has been lowered to R20 000 a person, says Sapa.

Mr John Russel, managing director of the Provincial Building Society, said last night that the likely effect was that competitive investments offered by the building societies would fall away.

'But we will honour those investments people have made at the higher rate,' he said.

From now elderly people were only likely to get the extra 0,5% on their investments, he said.

The reported move would ease the pressure on the mortgage bond rate which was set to rise if the flow of investments from building societies was not staunched.

Building societies were told last week that the Granny Bonds had attracted no more than about R400-million — but this figure was doubtful as it was believed that many applications were being processed.

According to Sapa the Minister of Finance, Mr Barend du Plessis, said the Granny Bonds had attracted about R1 000-million — almost double the amount in the Budget.

From now on there would be a new series of bonds available only to those people over 60 who had written notice that they had withdrawn investments to place them in Granny Bonds. They would not be able to invest more than R20 000.

The 15% interest rate (which is about 4% more than the building societies') and minimum period of a year would remain.

Meanwhile the president of the SA Association of Building Societies, Mike de Blanche, said yesterday that the run on Granny Bonds had cost building societies more than R300-million.

He said that it had never been government's intention to disrupt interest rate patterns in the private sector.

"But the huge demand for Granny Bonds had to be timeously stopped or there would have been serious implications in the market. Government did the correct thing," De Blanche said.

This was echoed by SA Perm deputy GM Brian Kemmey, who said the bonds had been a disruptive feature in the market since they were launched six weeks ago.

Sapa reported Du Plessis said: "It was anticipated that R520-million would be attracted in the present financial year, but after the bonds had been launched last month, some R500-million more than budgeted had already been received."

He said many people had already given notice to withdraw term investments from other financial institutions to invest them in the new bonds and the government "felt it had an obligation to those who had already given notice to withdraw their investments."

☐ The Association of Building Societies has welcomed the government's decision to terminate senior citizen bonds as a fair and reasonable measure, SABC Radio news reports.

The association's past president, Mr Hendrik Sloet, of Saambou, said the outflow of money from building societies was such that it would have disrupted the pattern of interest rates.

s a cloth-wrapped pole to clean the car of Abraham Lincoln ...
ıgton's Lincoln Memorial last week. Picture: REUTER

gations that workers at Bracken ... to go underground by security guards. He confirmed an NUM claim that Buffelsfontein ☐ 'The '

R1,5m cheque fraud under investigation

Cpt Times 10/8/87

Staff Reporters

PENINSULA police are investigating an alleged check fraud which they believe could involve up to R1,5 million.

The investigation began early last week when East Cape Murder and Robbery Squad detectives hunting a suspect in Cape Town made an arrest in Guguletu. During the raid on the house, detectives came across two Unemployment Insurance Fund (UIF) cheques issued by the Receiver of Revenue.

It is believed the two cheques could be part of a series of UIF cheques — already under investigation locally — which are believed to have been stolen from the Guguletu post office.

A man is expected to appear in the Athlone Magistrate's Court in connection with the thefts, which he had allegedly fraudulently cashed in Athlone.

Further arrests are expected this week. Police said yesterday there were indications that the investigation would spread to other post offices in the Peninsula.

The Post Master of Cape Town, Mr J J L Fourie, said he had not heard about the theft of cheques.

"I can't recollect that the Receiver has posted cheques in bulk recently, the last time this happened was when the loan levy cheques were sent out shortly after the mini-budget but before the election," he said. "I have never heard of theft on such a large scale from the post office."

He said that as the cheques had been from the Receiver of Revenue they would be made out to individual members of the public, making it difficult for the thieves to cash.

Cpt Times 10/8/87

Granny bond cuts help others

Financial Editor

THE government's decision to scrap "granny-bonds", announced at the weekend, has saved thousands of families from facing a sizeable increase in their living costs.

To stop the outflow of funds into "granny-bonds" where they would earn interest of 15%, most of the building societies were forced to offer a comparable rate to existing depositors over the age of 60.

That meant the building societies' funds were costing them more and they would have had to pass the increase on to borrowers by raising their mortgage bond rates if the "granny-bond" scheme had continued much longer.

Two building society managing directors said last week they would have to put up bond rates if the "granny bonds" continued to offer 15%.

☐ Full report, page 4

Suspended students seek court interdict

Cpt Times 10/8/87

By CHRIS BATEMAN and PETER DENNEHY

TWO "moderate" students who were suspended from the University of Cape Town last week are to apply today to the Supreme Court for an urgent interdict to allow them to return to lectures.

The chairman and deputy chairman of the Moderate Students Movement (MSM), Mr Lance Terry and Mr Rafi Peer, were suspended last week for the remainder of this year for disregarding an instruction by the principal, Dr Stuart Saunders, to postpone a meeting.

Mr Peer said last night that Dr Saunders had told him when he was suspended that he had the right to appeal to the university authorities.

"The purpose of the Supreme Court interdict is to allow us to return to lectures before we are too badly affected," he said.

He is a third-year Commerce student, while Mr Terry is a final year LLB student.

Asked whether he would also appeal to the university, Mr Peer replied that his lawyers would "consider the steps to be taken, pending the outcome of the application, and advise us accordingly".

Dr Saunders had instructed the MSM to postpone its meeting on campus at which Eastern Cape ex-mayor Mr Tom Linda was scheduled to speak.

Yet the meeting went ahead until it was disrupted and Mr Linda had to flee. At the time he said he was assaulted with broomsticks.

The car in which Mr Linda was driven away, which belonged to Mr Peer, was seriously damaged, and the briefcase Mr Linda left behind when he fled was burned.

Clamp on 'grannies'

360

10/8/87 B Day

HAMISH McINDOE and CHRIS CAIRNCROSS

THE run on granny bonds has cost building societies more than R300m, president of the SA Association of Building Societies Mike de Blanche said yesterday.

Reacting to government's announcement at the weekend that the high-yield over-60s savings bond would be scrapped, De Blanche said the scheme would be a "dead letter" by October.

He made clear it was never government's intention to disrupt interest rate patterns in the private sector.

"But the huge demand for granny bonds had to be timeously stopped or there would have been serious implications in the market. Government did the correct thing," De Blanche said.

This was echoed by SA Perm deputy GM Brian Kemmey, who said the bonds had been a disruptive feature in the market since they were launched in June.

Finance Minister Barend du Plessis announced at the weekend the R200 000 investment ceiling for the bond is lowered to R20 000 a person.

The second-series Senior Citizen Savings Bond applies only to pensioners who have already given notice of a term of investment. "And it will take about two months for this to be worked out of the system," De Blanche said.

The scheme has drawn more than R1bn — double the projected revenue.

Granny bonds pay 15% interest after

● To Page 2

Govt clamp on granny bonds

10/8/87 B Day 360

● From Page 1

only a year, which is about 4% more than the building societies' competitive offers.

Du Plessis said at the weekend the "unexpected" high demand for the bonds had aroused concern continuance of the scheme could have an adverse effect on the financial services sector.

Applications for the bond issue had already exceeded the year-end target of R520m by some R500m.

And, it appears many more people have also given notice to withdraw further term investments from financial institutions in order to reinvest them in granny bonds.

Du Plessis said in view of the growth in demand for this investment, and the exceptionally large sum already received, it had been decided to terminate the present series of bonds.

The 15% interest rate and 12 month term also remains unchanged, but two new conditions have been introduced. These are:

- ☐ Only those who from Saturday had given formal notice of withdrawal of a term investment may invest in the new series; and
- ☐ The maximum amount that may be invested will be R20 000 per individual, with the combined total involved under both the old and new series being R200 000.

Many pensioners likely to feel cheated

Bank chief predicts granny bond row

300

By Michael Chester 10/8/87

The Government may run into new troubles with pensioners as a result of the sudden announcement of the withdrawal of the granny bond scheme, according to a leading banker.

Mr Jimmy McKenzie, senior general manager of First National Bank, today forecast numerous battles between the Department of Finance and thousands of senior citizens who had planned to invest in the granny bonds but had not yet acted — and may now be locked out of the benefits of the scheme.

The warning came after the weekend announcement by Finance Minister Mr Barend du Plessis that the original senior citizen bonds, first outlined in the June Budget, had been scrapped because they had pulled in more than twice the R500 million target and now threatened to affect the financial services sector adversely.

"True, the Minister has undertaken to issue virtually identical 15 percent bonds to senior citizens over 60 although with limits cut from R200 000 to R20 000," said Mr McKenzie.

"But he added the important proviso that the new series will be available only to those who can produce evidence of formal notice of the withdrawal of fixed deposits to switch into granny bonds — and that is where there may be hassles.

"There will be lots of pensioners who will argue that actual formal notice may not have been given — but they had every intention of applying for granny bonds.

'Extremely difficult issue'

"The production of proof may often turn out to be an extremely difficult issue. Will the Department of Finance say they are lying?

"In any event, many pensioners will argue that they have been robbed of a fair deal by being told they are too late to enjoy the better deal promised by the Government.

"For the financial sector, there are other important new issues. The end of the granny bond scheme is bound to sound the trumpets for a resumed bond war between the banks and building societies over home mortgage rates.

"The bond wars have been in a relative lull while the big issue has been who has been losing most to the granny bond scheme and how to plan counter moves to defend deposits.

"Now we can expect them to break out in earnest again."

The Association of Building Societies formally welcomed the Government's decision "as a fair and reasonable measure".

Mr Hendrik Sloet, past president, said the outflow of cash for granny bonds had disrupted interest rates and would have led to increases in bond rates.

Granny bond axing causes confusion

Dispatch Correspondent

CAPE TOWN — Confusion reigned last night among building societies over the axing of 15 per cent Granny Bonds with one major society declining to comment until it had seen an official statement.

The move is set to affect the income of people over 60, who face inflation running at 17 per cent, the continuation of the building societies higher rates set to compete with Granny Bonds — and ease the pressure on mortgage bond rates.

The Granny Bonds were proposed in the June Budget, without any prior consultation with institutions such as building societies, and came under heavy fire.

The managing director of the Provincial Building Society, Mr John Russel, said last night that the likely effect was that "competitive investments offered by the building societies would fall away.

"But we will honour those investments people have made at the higher rate."

From now on, elderly people were only likely to get the extra 0,5 per cent on their investments, he said.

Mr Russel said the move would ease the pressure on the mortgage bond rate — which was set to rise if the flow of investments from building societies was not staunched.

Building societies were told last week that the Granny Bonds had attracted no more than about R400-million — but this figure was doubtful, as it was believed that many applications were being processed, he said.

Sapa reports that the Minister of Finance, Mr Barend du Plessis, said the bonds had attracted about R1 000-million — almost double the amount in the Budget.

From now on there would be a new series of bonds available only to those people over 60 who had written notice that they had withdrawn investments to place them in Granny Bonds.

They would not be able to invest more than R20 000.

For these people, the 15 per cent interest rate (which is about 4 per cent more than the building societies) and minimum period of a year would remain.

Sapa reports that Mr du Plessis said that many people had already given notice to withdraw term investments from other financial institutions to invest them in the new bonds and the government "felt it had an obligation to those who had already given notice to withdraw their investments".

The government was concerned that a continuation of the new bonds might "adversely affect financial institutions".

Meanwhile, the president of the South African Association of Building Societies, Mr Mike de Blanche, said yesterday that the run on Granny Bonds had cost building societies more than R300-million.

"The huge demand for Granny Bonds had to be timeously stopped or there would have been serious implications in the market," he said.

"The government did the correct thing."

A member of the Progressive Federal Party's parliamentary finance group, Mr Ken Andrew, said: 'The decision to end Granny Bonds was typical of the government's ad hoc way of running finances on a stop-start basis."

Mr Andrew said the massive demand for Granny Bonds illustrated the plight of many retired people who depended on fixed investments in the face of rising inflation.

10/8/83

162

MAYOR'S WARNING

Clash with ET's party

Sowetan 10/8/

THE row that is raging between the Soweto City Council and the Sofasonke Party, headed by former mayor, Mr E T Tshabalala, came to a head yesterday when mayor, Mr Nelson Botile, warned residents not to pay any fees to civic bodies as the council has stopped evictions for rent.

By LANGA SKOSANA

Yesterday a Sofasonke party official showed the *Sowetan* receipts of money, running into several thousands of rands, which the party has collected from residents in the recent past reportedly for payment of electricity, water and refuse removal tariffs.

Party leader, Mr E T Tshabalala said the money was paid into a trust run by party lawyers and then paid to the council for electricity, water and refuse removal.

But the Soweto council's town clerk, Mr Nico Malan said last week that the council had no agents to collect monies on its behalf.

He said people who paid their tariff charges to the Sofasonke party did so at their own risk.

Mr Tshabalala confirmed yesterday that the party was collecting funds at the rate of R25 for each household wanting representation. Broken down it is R5 joining fee, R15 for water, electricity and refuse removal and R5 for legal fees, in case of evictions.

The R5 joining fee is paid once a while, the other R20 is paid on a monthly basis.

He said the R20 will be paid for as long as there was the threat of eviction.

He said the R20 will be paid for as long as the threat of eviction holds and until rents were reduced to R5 a month in the entire complex.

Article

He criticised the *Sowetan's* article last week which said Soweto residents were being taken for a ride. His party he said collected the money in the interests of the people who were afraid to be seen paying at municipal offices.

A memorandum spelling out the problems residents faced and why his party decided to collect money from residents was handed to Mr Malan on June 25. Mr Tshabalala said the council replied to say it will accept money from the Sofasonke party although it has not appointed agents to collect for it.

Mr Botile said he addressed a meeting attended by about 3000 people at the Soweto amphitheatre yesterday where he said the council has now stopped evicting residents.

E T TSHABALALA

MAYOR BOTILE

"People would be foolish to go and pay their tariffs at a party office when they know where the official places of payment are," he said.

He said the evictions have been stopped because more people were coming forward to pay and were prepared to negotiate about their rent problems.

He said his council has sent a memorandum to the Government to reduce rents and he was hopeful that they may be cut by up to 65 percent.

The council, he said, is at present negotiating for the reduction of the price of houses sold to residents wishing to hold freehold rights to their properties.

"People can have freehold rights of their properties and if they wish to convert the 99-year-leasehold scheme to freehold they can do so," Mr Botile said.

A call to pensioners

Sowetan (300) 10/8/87

PENSIONERS were yesterday urged to come together and take action on their plight.

Addressing more than 2 000 people at the National Women's Day rally at Wits University, in Johannesburg, Mrs Francinah Baard, former member of the banned African National Congress, appealed to the aged to be involved in negotiating for the freedom of the blacks.

The rally was organised by the Federation of Transvaal Women.

"People between the ages of 72 and 110 will be involved in the negotiations," Mrs Baard said.

Mrs Baard also condemned the state of emergency and the detention of young children.

Other speakers included Mrs Albertinah Sisulu, wife of jailed ANC leader, Walter Sisulu, and a Congress of South African Trade Unions representative.

Freedom songs were sung and slogans chanted at the rally.

The rally was attended by people from all walks of life.

300

Granny bonds: Reconsider, urges SANCA

Staff Reporter

THE government's scrapping of Granny Bonds betrayed a lack of understanding of the struggle for survival of the aged, the South African National Council for the Aged said yesterday.

The council called on the government to reconsider its decision and introduce a new scheme.

The government announced at the weekend that the bonds, introduced in the June budget, had been scrapped.

The bonds offered inflation-hedging 15% investments to people over the age of 60.

Elderly people have reportedly invested more than R500 million in the scheme since it was introduced about a month ago.

In a statement issued yesterday, Mr Syd Eckley, SANCA's director, said the announcement the bonds had been scrapped was greeted by the council and "all senior citizens with surprise and disappointment".

'Great expectations'

"Great expectations were raised with the aged that this saving scheme would help persons who are dependent on interest-related income in their struggle against inflation, rising living costs and declining interest rates," he said.

The council suggested that a new granny bond scheme allow all senior citizens with an annual taxable income of less than R15 000 to invest to a maximum amount of R50 000.

"It is important that the government clearly demonstrates that the retaining of the independence of our senior citizens is a matter of national priority. South Africa cannot afford that more and more elderly persons are allowed to be impoverished and to become dependent on government aid," Mr Eckley said.

End of granny bonds signals new house finance war

300

By Michael Chester

The exit of granny bonds from the financial markets is likely to fasten fresh attention on the battle royal between banks and building societies to hold on to traditional customers and attract new ones.

Now that the banks and building societies have been relieved of the task of manning the defences on their cash deposits — as more than R1 billion poured into the new senior citizen 15 percent bonds before the Government called a halt to the scheme — competition will be more severe than ever.

"There are big new battles shaping up and everybody is preparing for them," says Mr Mike Steenfeldt, head of money market operations at First National Bank.

The tussle will be under the microscope by old-age pensioners in particular as many of them face battles of their own trying to keep interest on their savings at least somewhere close to an inflation rate now running at around 17 percent.

Special schemes

Both the SA Perm and the Natal Building Society yesterday announced the automatic withdrawal of the special schemes they devised to offer older customers interest rates to match the granny bonds.

"They were defensive mechanisms and they worked well," says Mr William Wolke, of the NBS. "But customers were warned that our special deals would last only as long as the Government's bonds.

"Now we go back to normal, with deposit rates for the over-60s pitched at 0,5 percent above usual rates to demonstrate our sympathy with their dilemma."

The emergence — and quick demise — of the Government bonds carrying interest rates of 15 percent, has also renewed controversy among the younger generation.

Often their main concentration is on home loan interest rates.

Mr Jimmy McKenzie, senior general manager of First National Bank, said the banks, running their own home loan schemes at interest rates of 12,5 percent, were looking forward to a fresh outbreak of bond wars.

"None of the building societies has managed to come down to our rates. From our point of view, competition is fine."

An executive at SA Perm said the building societies looked forward to more intense competition, too.

"At present, the banks seem to have an edge in the market with bond rates at 12,5 percent", he said. "But how long will it last? How long will they remain in the home-loan business if the going gets rough?

"The banks at the moment can offer low mortgage rates because the money markets are awash with liquidity and they need to find new avenues to lend out cash.

"What happens when conditions in the money market return to normal?"

Mr Steenfeldt replies: "The banks will give the building societies a tough time. Our home loan business is here to stay.

"The societies complain we have an unfair advantage because of our access to short-term cash sources. The banks argue that the societies have the advantage of non-taxable schemes.

"Let battle commence."

The accompanying graphs provide a guideline to the state of interest rate levels before the clash is renewed.

BANK SAVINGS ACCOUNTS

Rand Value	500-1 000	1 000-5 000	5 000-10 000	10 000-15 000	15 000-20 000	20 000-23 999	24 000-25 000	25 000-40 000	40 000-50 000
First National	5,13	6,08	7,49	7,72	8,65	8,65	8,65	8,88	8,88
Nedbank	4,4	5,84	7,25	7,72	8,41	8,41	8,41	8,87	8,87
New Republic	5	6,5	7	7,5	8	9	9	9	9
Standard #	5	6	7,25	7,5	8,5	8,5	8,5	9	9
Trust	4,5	4,5-5	7,5	8	9	9,15	9,15	9,15-9,25	9,25
Volkskas	5	6	7,25	7,5	8,5	8,5	8,5	8,75	8,75

FIXED DEPOSITS

BANKS (Months)

	12	24	36
First National	10,5	12	12,5
Nedbank	10	12	12,25
New Republic	10,75	12	12,5
Santam	10,5	12	12,5
Standard	10,5	12	12,5
Trust	10	12	12,75
Volkskas	10	12	12,5

BUILDING SOCIETIES

	12	24	36
Allied	10,75	12,25	12,25
EP	10,75	12,25	12,25
Natal	11,5	11,5	12,25
Provincial	10,5	12	12,5
Saambou	10,5	12	12
SA Perm	10,5	12,1	12,35
Trustbou	10,75	12,25	12,25
United	10,75	13	13

INTEREST ON CREDIT CARDS %

	Credit	Debit
First National	7	19
Nedbank	8	19-22,5
Santam	9	19
Standard	7,25	19
Trust	7	19
Volkskas	7	19

NEW HOME BONDS %

BANKS

First National	12,5
Standard	12,5
Trust	12,5
Volkskas	12,5

BUILDING SOCIETIES

Allied	14,5
EP	14,5
Natal	14,5
Provincial	14,5
Saambou	14,5
SA Perm	14,5
Syfrets	13,5
Trustbou	13,5
United	12,95-13,5

PENSIONERS WARY OF GRANNY BONDS

300

GRETA STEYN

LARGE numbers of senior citizens are cancelling notices of withdrawal from participation bond schemes after the scrapping of granny bonds, bankers said yesterday.

This is despite the fact they are still eligible for government's 15% bonds if they gave notice before Saturday.

Investment experts say older people have lost confidence in government's scheme and feel it is safer to keep their money where it is.

Stanbond senior manager Angus Mathieson said his division began receiving phone calls on Monday from people who wished to cancel their withdrawal notices.

Metboard senior bonds manager Andrew Joubert said people had acted swiftly to cancel notices after the announcement granny bonds are to be scrapped.

"Many were just in time. We had already started processing withdrawal notices to pay out money," Joubert said.

Bond managers said they hoped to see investment in participation bonds return to normal, as the inflow had been far below average in recent months.

Part bonds are regarded as favoured investments by older people.

13/8/87 B/Day

Ex-Sanlam boss drops pension bombshell

Call for judicial inquiry into 'broke' State fund

Public servants warned: Buy-backs must halt

R30-BILLION BLUNDER!

16/8/87 300 S Times

This debacle can't go on: See comment, on Page 20

A MULTI-BILLION RAND bombshell lies waiting to explode in the Government service pension fund — which is destined to go broke.

Over-generous handouts to public servants will give State employees what amounts to a staggering R30-billion free gift from taxpayers over the next 20 years.

By DAVID CARTE

The lid on the impending calamity has been comprehensively lifted by Dr Andreas Wassenaar, former chairman of Sanlam and long-time critic of Government financial policies.

He exposes it all in a new book — entitled En Route to Fairyland — the fantasy world of the Government service pension fund — published this week by Tafelberg.

His revelations will shake the ruling establishment and send shudders through the ranks of South Africa's vast legion of public servants.

In an interview with the Sunday Times this week, Dr Wassenaar said: "The pension fund debacle is a looming financial crisis for this country. Depending on how the Government deals with it, it could become the biggest financial scandal of our time."

Crisis

He said South ...

cynical abuse that lay behind this debacle. That is one reason why a commission of inquiry is required."

He also contends in his book that the Minister of Finance, Mr Barend du Plessis, should apologise to Parliament for giving an incorrect answer to a question on why public service gratuities, unlike those of the private sector, were tax-free.

Slammed

Dr Wassenaar's new book is expected to cause an even bigger sensation than his earlier work, Assault on Private Enterprise — Freeway to Communism, which attacked State intervention in the economy in 1977.

This book so infuriated former Prime Minister John Vorster that he sent half ...

Pop goes Lesley as radio bans her disc

'Go it alone' rugby Boks in tour revolt

16/8/87 S Times

By EDWARD GRIFFITHS

SA RUGBY stars are on the brink of rebellion. This weekend they were laying plans to organise their own unofficial Australian tour.

After a decisive meeting yesterday, former ...

Operation

HOW THEY BUST THE GREAT NZ CAR ...

establishment and send shudders through the ranks of South Africa's vast legion of public servants.

In an interview with the Sunday Times this week, Dr Wassenaar said: "The pension fund debacle is a looming financial crisis for this country. Depending on how the Government deals with it, it could become the biggest financial scandal of our time."

Crisis

He said South Africa's economy simply would not be able to support the public service pension fund in the future.

Dr Wassenaar traces the roots of the crisis to swollen pay-packets and a change in the rules that allows public servants to "buy back" their pensions to the age of 16.

For example, the system permits a man who joins the State pension fund at 25 on a salary of R10 000 a year to "buy back" nine years of pensionable service for R216 000 (which he can borrow on easy terms from the State).

For this outlay, he will receive an *additional* gratuity of R1,6-million (tax free), plus an *additional* pension of R438 000 a year when he retires at 65 (assuming pay increases of 15 percent a year).

Thus his total *additional* pension benefits — that is, over and above the normal pension due to him and discounted to age 65 — will be R6,8-million.

And all of this he gets for an outlay of R216 000.

Put another way, it will require almost R7-million to support the *additional* retirement benefits of a single public servant.

Another change in the rules, which bases pensions on the retiree's last month's salary, rather than on the average salary of the previous three years, may have cost taxpayers R4-billion a year.

All information about the State pension fund has been a closely guarded secret since the Auditor-General disclosed last year that just one of the funds was R7,6-billion short-funded.

Dr Wassenaar's book presents the Government with a dangerous hot potato.

If it acts to reduce pension benefits, it will anger the thousands of public servants who are its loyal supporters.

If it does not, Government spending and inflation could get out of control and taxpayers and voters will be incensed.

According to the book, State pension fund's assets fell behind its actuarial liabilities by billions of rands after actuaries were dismissed by the Minister of Social Welfare and Pensions, Mr Johan van der Spuy, in 1976.

Once the actuarial watchdogs were out of the way, benefits, fanned by swollen public service pay increases, were increased out of all proportion to assets and contributions.

Abuse

Thereafter the fund began its slide towards disaster.

Dr Wassenaar's book makes a powerful case for full disclosure of the affairs of the fund.

It calls for a judicial inquiry into who advised the Minister to dismiss the actuaries in 1976.

In the interview, Dr Wassenaar said: "It is possible that it was not only incompetence and lack of understanding, but

DR ANDREAS WASSENAAR:

'It could be the biggest financial scandal of our times'

free.

Slammed

Dr Wassenaar's new book is expected to cause an even bigger sensation than his earlier work, Assault on Private Enterprise — Freeway to Communism, which attacked State intervention in the economy in 1977.

This book so infuriated former Prime Minister John Vorster that he spent half-an-hour lambasting Dr Wassenaar in Parliament.

The new book is an in-depth follow-up to Dr Wassenaar's criticism of the State pension funds in a speech last year.

In that address he slammed what he termed the Government's financial incompetence and called for the resignations of Mr du Plessis and the Minister of Social Welfare and Pensions.

The State President, Mr PW Botha, gave Dr Wassenaar a verbal dressing-down for his speech.

Dr Wassenaar resigned from the board of Nasionale Pers on Friday — apparently to protect the company from flak from the Government.

"My resignation on the day the book was released was no coincidence," he told the Sunday Times.

Dr Wassenaar says a rule permitting public servants to buy back service to the age of 16 — "when most of them were still sitting on school benches" — amounts to a free gift from taxpayers that will cost R30-billion in the next 20 years.

He points out that excessive pension fund benefits bankrupted New York. He fears they could do the same to SA.

He told the Sunday Times there could be no justification for keeping the actuaries' report a secret.

"I believe the problem is so immense that the Government does not know what to do about it", he said.

What should be done?

Dr Wassenaar says, first, it is necessary to identify the reasons for the existing chaos.

"Unless an inquiry proves the contrary, the conclusion that changes in the regulations were initiated by members of the public service appears to be unavoidable.

"The conclusion could be that members of the service were permitted by the Government to write their own pension fund regulations."

Repudiate

Dr Wassenaar points out that any criticism of past ministers in an inquiry would be mitigated by the complexity and the technical nature of the subject.

"If the Government makes the same mistake again after the financial implications have been brought to its attention, there would be no similar mitigating argument in future ...

"On their retirement, the present 'buy-back' system presents public servants with free gifts for services that have not been rendered.

"These gifts amount to anything between two and eight times their annual

□ To Page 2

S/Times 16/8/87

R30-billion boob

☐ From Page 1

salary in their last year of service.

"The taxpayer has no option but to repudiate all contracts with public servants in respect of pension benefits based on service which was not rendered."

Dr Wassenaar says buying back fictitious service has to be terminated forthwith.

He advocates that the fund's contributions and benefits be brought into line with those of private sector funds.

He also suggests that public servants who have been paid excessive benefits in the past be required to repay them to the Exchequer.

Dr Wassenaar is an actuary. His book is cool and scientific in tone and he goes out of his way to say he is not attacking public servants.

He contends there is not much point in belonging to a pension fund heading for insolvency and that it is in the interests of public servants for the funds to be made solvent again.

Why did he assail the Government?

"All my criticism is concerned with economic and financial matters. I have never bothered the Government with political complaints."

● LESTER VENTER, Political Correspondent, writes:

The Government will pay out a budgeted R5 779-million in personnel expenditure on South Africa's one million-strong public service in the current financial year — with a whopping additional R1 074-million earmarked for improvement of conditions ~~of service~~.

In 1985-86, the Government Service Pension Fund paid out R464-million in annuities. Public servants retiring in that year received cash gratuities of R238-million.

The Minister of National Health and Population Development, Dr Willie van Niekerk, who administers the fund, said that since the fund's creation in 1973 annual expenditure had averaged only 43 percent of income and the fund did not have cash-flow problems.

Analysts of Government expenditure, however, say that with all factors taken into account, the country's public sector swallows nearly one third of the State budget.

Their figures show 22 percent of the country's economically-active population — 29 percent if the homelands are included — are employed in the public sector.

An average of 35 percent of public employees' salaries are contributed to their pensions. But the employees chip in only about eight percent — the other 26,68 percent, according to 1986 figures, is provided by taxpayers.

300

ARGUS 17/8/87

State pension fund 'heading for disaster'

300

Political Staff

A TAX specialist and former MP has agreed with former Sanlam chief Dr Andreas Wassenaar that the State pension fund is heading for disaster.

Mr Brian Goodall, former Progressive Federal Party MP for Edenvale, was reacting to reports that huge handouts to Public Service pensioners would give them a R30-billion handout over the next 20 years.

The Government has rejected the criticism, reassuring public servants and pensioners that the fund is in the black.

But Mr Goodall rejected this. He said the Government had failed to calculate what the position would be in several years.

QUESTIONS

And Mr Roger Burroughs, the PFP's spokesman on the Commission for Administration, said that as long as the Government refused to release the auditor's report on the pension service "an element of doubt would exist in the minds of the Public Service".

Mr Goodall said he had been asking questions about the pension funds in Parliament for years.

"I kept asking them when the pension funds would be actuarially evaluated. Only in 1986 did we get the first indication on one of the seven State funds. It showed that it would eventually show a R7,5-billion loss."

By law private funds had to be evaluated every three years, he said.

Dr Wassenaar said the State pension funds had not been properly evaluated actuarially since the Minister of Social Welfare and Pensions, Mr Johan van der Spuy, dismissed the actuaries in 1976.

"The Government's handling of the pension funds shows an abysmal lack of understanding of finance," Mr Goodall said. Eventually the taxpayer is going to have to pay for their short-sightedness.

"In Los Angeles, where the pension fund went bust, the city eventually spent half its annual budget on pensions.

"The annual escalation in State contributions to the South African State pension service is horrifying. From 1983 to 1986 it jumped from about R550-million to about R1,2-billion a year.

But Mr Burroughs, while emphasising that the State pension funds needed to be examined, questioned the accuracy of some of Dr Wassenaar's figures.

● The Argus Correspondent reports from Pretoria that the (white) Public Servants' Assocation is satisfied with administration of the State pension fund and warns of a "bitter struggle" against attempts to privatise it.

General manager Mr Hans Olivier questioned former Sanlam chairman Dr Andreas Wassenaar's reasons for disclosing the "bombshell", saying the latter has "had it in for the Public Service" for years.

and Lascon Lighting Industries. It is seen here installed in Lascon's phot

CPT 17/8/87 (300)

Fireworks follows attack on govt pension policy

Finance Staff

JOHANNESBURG. — Fireworks followed yesterday's devastating attack on government pension policy by former Sanlam head Andreas Wassenaar.

Government refused to respond to Wassenaar's specific allegations. Wassenaar estimated overgenerous concessions to civil servants would cost taxpayers R30bn over the next 20 years.

Wassenaar has called for a commission of inquiry into state pension funds, which he says are destined to go broke. State pension chief J C Visser said the next actuarial assessment would only take place next year.

Visser assured civil servants they need have "no fear" the state would renege on its promised payouts, and said the taxpayer would not have to cough up for the shortfall.

Finance minister Barend du Plessis said last night he had nothing to add to Visser's statement.

Wassenaar alleges in his book — *En Route to Fairyland* — that:

- A 25-year-old civil servant earning R10 000 a year could buy service back to age 16 at a cost of R216 000 — which he could borrow from the state — to obtain an extra gratuity of R1,6m and a pension of R438 000 a year when he retires at 65; and
- It will cost R7m to pay for the additional benefits of each civil servant and the system of buying back service will cost taxpayers R30bn over the next 20 years.

In a statement yesterday, Visser said a shortfall of R7,613m had been reported by an investigating actuary last year, but that contributions were sufficient to make up the difference.

He said the shortfall had arisen because at the inception of the fund in 1973 five pension funds were consolidated and the liability and obligations transferred to a single fund. At that stage the fund had more liabilities than assets.

He said government had already approved the appointment of an interdepartmental committee to monitor all aspects regarding the Government Service Pension Fund.

He said present contributions were sufficient to cover the benefits vested from April 1, 1985. Since the inception of the fund the expenditure has amounted to only 43,6% of income — this had decreased to 31,6% for the 1986/87 financial year. Income and expenditure were in balance, he said.

He refused to elaborate on his statement.

Punch Line earnings up 146%

Argus 17/8/87 (300)

INVESTMENT

Granny's loss may be part bonds' gain

From SVEN LÜNSCHE

JOHANNESBURG. — Participation bond companies are bracing themselves for a huge inflow of money, following the Government's decision to scrap the controversial granny bonds.

Participation bond schemes and building societies were particularly hard hit by the granny bonds.

Pensioners generally require a regular, fixed income with their capital entirely protected, and the 15 percent offered by the Government could not be matched by the financial institutions, which had already experienced tight margins, as a result of lower interest rates and soaring operating costs.

ROSIER FUTURE

But the recent suspension of any further investment in granny bonds holds a rosier future in store for part bond schemes.

Says Tommy Spence, Transvaal manager of the J H Isaacs Part Bond scheme: "Funds earmarked for investment in granny bonds, including planned withdrawals from building societies where a period of notice had to be given, can now find a new haven in participation bonds."

Several factors favour investment in participation bonds at this stage:

- While interest rates are comparatively low at the moment, economists generally believe there is a better than 50/50 chance that they will start to harden somewhat in the foreseeable future. In that event, part bond rates will rise, providing higher yields to investors who get in now.
- Even if interest rates soften, which seems unlikely, investors are protected by a floor rate below which their yields cannot drop.
- All investments are protected by legislation under the Participation Bonds Act of 1964.
- Interest is payable quarterly in advance in many instances, so that the effective rate is somewhat higher than the initial rate quoted.

The expected new wave of interest in part bonds has also sparked a new rate war among the major part bond institutions.

Last month Metboard announced a minimum 13,5 percent rate for new investors in their part bonds, guaranteed until the end of November. Interest is payable quarterly in advance , which gives an effective rate of 14,2 percent a year.

According to Alan Payne, director in charge of the scheme, investors will get the benefit of higher rates, in the event of general rates of interest rising.

However, rates for borrowers of Metboard part bonds will remain unaffected as the company will continue to charge borrowers 13,5 percent at this stage.

Mr Ken Pettit, Cape Town divisional general manager of Syfrets — by far the biggest player in the market — said that unless something drastic happened Syfrets had no intention of increasing its rate of 12,5 percent paid quarterly in advance until at least September 5 and maybe even beyond that.

While Syfrets expected a bigger inflow of funds, it did not expect this to be substantial.

"However, we have had a tremendous number of applications for reinstatement of funds from existing clients who had given three months' notice to withdraw their money to invest in the granny bonds. This we will do," he said.

B Day 17/8/87 (300)

Call for probe into State pensions

JENNY BOBERG

FORMER Sanlam chairman Andreas Wassenaar is pressing for a commission of inquiry into the running of State pension funds, which he claims are destined to go broke.

Wassenaar says taxpayers are set to be landed with a burden they will not be able to afford if the enormous pension packages given to public servants are not reviewed.

Unless the State pension fund rules are changed, taxpayers are set to pay every retiring civil servant eight to 10 times what he earned in his last year of service.

In a new book entitled "En Route to Fairyland — the Fantasy World of the Government Service Pension Fund", Wassenaar says the SA economy will not be able to support the swollen pay packages given to retiring public servants.

He says the system allows a public servant to buy back nine years of pensionable service. This means, assuming pay increases of 15% a year, public servants who retire at 65 will be receiving R6,8m in total additional benefits — R1,6m additional gratuity plus an additional annual pension of R438 000.

Former PFP pensions spokesman Brian Goodall said taxpayers would be the ones squeezed, as the return on the investment of State pension funds was traditionally low. The average 9% yield is about half that of private sector funds.

Building societies likely to recoup granny bond cash

18/8/85

HELENA PATTEN

MONEY destined for investment in "granny bonds" would probably go back to where it came from, building society and stockbroking sources said.

Government's announcement last week which terminated the 15% senior citizen bonds and, for those who had already given notices of withdrawal, reduced the maximum individual investment from R200 000 to R20 000, means the over-60s face new decisions as to what to do with their money.

A broker said he expected the money to return to the building societies, rather than to unit trusts, which offered investment opportunities of a longer-term nature and were not as secure. Pensioners also required a higher income than unit trusts yielded.

Allied's marketing GM William Wolke said it was difficult to say where surplus cash would flow, but people might look to the stock exchange or unit trusts because they were reluctant to invest in anything other than the short end of the market.

NBS MD John Bennett said he imagined money would be left where it was or be considered for alternative options. However, as NBS had been one of the few building societies to defend its existing investments, a negligible amount of money had been directed away from the institution.

A Perm spokesman said it was most likely money would stay where it was in fixed deposits or paid-up shares, since the money had presumably been there before because it was seen to be getting market-related rates of return.

reopen wage negotiations.

On Sunday the NUM said it was

Argus 18/8/87

Wassenaar calls for independent inquiry into State pension fund

300

Political Staff

PRETORIA. — Dr Andreas Wassenaar, the former Sanlam chief who claims the State pension fund is going broke, has rejected assurances that an inter-departmental committee is to investigate the fund.

Mr J C Visser, chief director of pensions in the Department of National Health and Population Development, announced the investigation after allegations by Dr Wassenaar that over-generous payments to public servants would eventually bankrupt the pension fund.

Dr Wassenaar said it was clear the investigation would be by "interested parties", and recommended an independent inquiry.

He rocked taxpayers and the public service with the publication this week of his book *En Route to Fairyland — the Fantasy World of the Government Pension Fund*.

In it he says that the extravagant State pension scheme, and especially the system which allows a public servant to buy back pension to the age of 16, will bankrupt the fund unless the Government uses taxpayers' money to shore it up.

Mr Visser has dismissed the allegations.

He said in a statement that although an actuary's report on the fund last year showed a shortfall of R7,613-billion, this had been the result of liabilities inherited from the five pension funds out of which the Government pension fund had been created in 1973.

He said the actuary's report showed that the present rate of contributions was enough to meet all its obligations.

Dr Wassenaar said this was only because the taxpayer was "paying through the neck" to keep the fund solvent.

In good private pension funds, contributions were about 18 percent of the member's salary with the employer paying in one-and-a-half times the amount the employee paid in.

In the State pension fund, the total contribution was an "exorbitant" 29,9 percent of the member's salary, of which the employee's contribution was only eight percent.

Dr Humphrey King dies, aged 70

Staff Reporter

DR Humphrey King, a general practitioner in Cape Town, has died, aged 70.

Dr King, who numbered among his patients many employees of The Argus, practised in the Southern Life building in St George's Street.

He trained at St Bartholomew's in London and served as a naval doctor during World War 2. He is a past president of the Naval Officers Association.

Dr King leaves his wife, Anne, two sons, a daughter and five grandchildren.

Building societies likely to recoup granny bond cash

18/8/89

300

HELENA PATTEN

MONEY destined for investment in "granny bonds" would probably go back to where it came from, building society and stockbroking sources said.

Government's announcement last week which terminated the 15% senior citizen bonds and, for those who had already given notices of withdrawal, reduced the maximum individual investment from R200 000 to R20 000, means the over-60s face new decisions as to what to do with their money.

A broker said he expected the money to return to the building societies, rather than to unit trusts, which offered investment opportunities of a longer-term nature and were not as secure. Pensioners also required a higher income than unit trusts yielded.

Allied's marketing GM William Wolke said it was difficult to say where surplus cash would flow, but people might look to the stock exchange or unit trusts because they were reluctant to invest in anything other than the short end of the market.

NBS MD John Bennett said he imagined money would be left where it was or be considered for alternative options. However, as NBS had been one of the few building societies to defend its existing investments, a negligible amount of money had been directed away from the institution.

A Perm spokesman said it was most likely money would stay where it was in fixed deposits or paid-up shares, since the money had presumably been there before because it was seen to be getting market-related rates of return.

Pensioner can't pay her rent

Star 300

20/8/87

The plight of old age pensioners was underlined this week in a phone call from "Ouma Violey" Maartens of Toekomsrus. (She was using her neighbour's telephone.)

Ouma Violey — "my real name is Elizabeth but everyone calls me Ouma Violey" — says it is high time people get to know about the hard times she and others face.

She is a 70-year-old pensioner, with two grandchildren living with her in a three-roomed house (without a ceiling and the toilet is outside) for which she pays R214 rent a month.

Her pension is R163.

Adding to her needs are the grandchildren, a 14-year-old schoolboy and his five-year-old sister. Their mother, Carol, "left some time ago and I believe she lives in Pietersburg".

On many nights, says Ouma Violey, she goes to bed hungry, having had only dry bread or porridge and coffee.

"I pay my rent by borrowing from others but I have to pay it back again and then start borrowing again. All I have to wear on my feet are slippers — even to church. I don't have money to buy shoes."

This month, she says, she has not yet managed to borrow enough to pay the rent which was due on the seventh.

"It gets worse each month," she sighs.

PAVLOV

NEWS FOCUS

20/8/87
B/Day

Gazette the licence to up public servants' pensions

300

PATRICK BULGER

PUBLIC SERVICE pensions have become the best in the country, thanks to a series of seemingly insignificant regulations printed in the Government Gazette.

The astonishing story of how bureaucrats' pensions have improved to the point of threatening the viability of the Government Service Pension Fund is told by former Sanlam head Andreas Wassenaar in his book "En Route to Fairyland".

While the fund is governed by an Act of Parliament, "the important rules which control the fund are, however, not embodied in the Acts, but in the Regulations approved by the Minsiter and published in the Government Gazette," Wassenaar notes.

Government has not hesitated to use this provision. In 1965, the State — the SA taxpayer — contributed rand for rand to public servants' pensions. But a 1968 regulation raised the taxpayer's contribution to R2,29 to every rand paid by the public servant; 16 years and seven regulations later, the taxpayer was doling out R2,75 to the employee's single rand.

The Gazette also played a pivotal role in determining which salary level would be used to calculate pensions. A 1965 regulation set this at the average salary over the past seven years. A regulation three years later reduced this to four years, and in 1973 this was further whittled down to three years.

Not content with this, however, a 1981 regulation reduced the three years to the salary on the last working day — the highest salary a public servant was likely to earn.

"By agreeing to that small 'final salary' amendment to the Regulations, ~~the Minister~~ could have committed the SA taxpayer to an amount of about R4bn," Wassenaar calculated.

The controversial "buy-back" system, by which public servants can pay to have included as pensionable service years never worked, arose in the same way.

In 1965, pensionable service constituted "years of continuous service". A 1969 regulation allowed members to buy back to the age of 25; a 1973 regulation allowed buying back to age 18.

A 1980 regulation — "Regulation 16 is hereby amended by the substitution in subregulation (1)(b)(ii) for the expression '18' of the expression '16'" — allowed a maximum 48 years' service, regardless of how long the public servant actually worked.

Public servants "can therefore backdate pensionable service to a date when they were still sitting on school benches," Wasasenaar notes.

The most controversial change to the running of the fund was the dropping of actuarial assessments in 1976. To effect this change, the then Minister of Social Welfare and Pensions — Johannes van der Spuy — had merely to publish in the Gazette the phrase: "Regulation 1 is hereby amended by the deletion of the definition of 'actuary'".

That simple stroke put control of the fund firmly into the hands of its chief beneficiaries — when actuaries were recalled 10 years later, they uncovered an actuarial shortfall of R7,6bn.

20/8/87 Sowetan

'Forced to pay rent with pension money'

Mrs ELIZABETH Martins . . . "threatened with eviction."

PENSIONERS in Toekomsrus, near Randfontein, claim they are being forced to pay their rent arrears — or face eviction, writes MZIKAYISE EDOM.

They claim that council officials escort them from the local post office, where they receive their money, to the administration offices where they are forced to pay their rent.

Scores of pensioners have had their electricity supply cut off since last month for not paying rent. Most of them are breadwinners and have no other source of income.

The pensioners receive a monthly allowance of R142 each.

Some pensioners, fearing eviction, used all their pension money to pay their rent arrears and were left with no money to buy food and pay other debts.

A council employee, who asked not to be named, confirmed that the pensioners were ordered to pay their rent arrears soon after receiving their allowances.

He said this was a directive from the Randfontein Town Council and the Toekomsrus Management Council.

Mr Ali Otto, chairman of the Toekomsrus Management Council, yesterday refused to discuss the matter.

The secretary of the Randfontein Town Council, Mr J A du Plessis, confirmed that his council had issued a directive that all pensioners should pay their rent arrears or face eviction.

Mr du Plessis said: "It was just a suggestion that they could use part of the pension allowance to pay their outstanding amounts. Nobody has been escorted from the post office, where they receive their money, and taken to the council offices where they are being forced to pay."

The first to have their electricity cut off last month were Mrs Betty Martins and Mrs Elizabeth Martins (not related).

Mrs Elizabeth Martins said: "The money is very little to feed me and my two grandchildren and I cannot even afford to pay my rent. On behalf of the other pensioners, I appeal to the authorities to consider our plight and exempt us from paying rent."

Business Day
0c (45c + 5c tax)
For other prices, see Back Page
Natal, Western Province, Eastern Province 80c (71c + 9c tax)

'THE VITAL VIEWPOINT'

20/8/87 B/Day

300

Experts call for drastic overhaul of state pension scheme

PATRICK BULGER

LEADING pension fund experts have called for a drastic overhaul of the government pension fund, which is facing ruin because of slack financial discipline and over-generous concessions to public servants.

They agree with former Sanlam head Andreas Wassenaar that unless the running of the fund is revised the South African taxpayer will increasingly carry the burden of civil service "diamond handshakes".

Sanlam general manager and honorary secretary of the Actuarial Society of SA Desmond Smith said it was clear financial discipline was lacking.

"Over the past 12 years the government fund has not been subjected to the same financial discipine as private funds because actuarial evaluations were dropped in 1976," he said.

Smith said the society had made repeated calls on government to re-introduce actuarial assessments.

"It does create the concern that to a large extent the structural benefits are being determined by the beneficiaries."

He said it would appear sufficient assets were not being built up and payouts were being funded by current contributions. He likened the practice to a company paying dividends out of capital.

When actuarial assessments of the fund were re-introduced in 1986, a R7,6bn actuarial shortfall was uncovered.

He welcomed government's intention to limit "buying back" — a scheme under which civil servants buy pensionable years even if they did not work them. Government has not indicated the precise limits it will place on the system.

Pensions expert and former PFP MP for Edenvale Brian Goodall said it was not unusual for State pension funds to run into trouble. This arose because they tended to rely too heavily on taxes.

"In SA we seem to have a lack of foresight. You would have thought we would have learned from the lessons of the world."

"But civil servants are an important electoral support group — they command a lot of votes. There has been a continuous attempt to placate them, and to redistribute wealth in favour of the public sector."

He suggested a cutback in the size of the public sector.

Old Mutual general manager of pensions Gerhard van Niekerk called on government to make public all details surrounding the fund controversy.

● Comment — Page 8
Further details — Page 9

"The danger is that there have been practices like the buy back scheme through which the fund is incurring liabilities which are not fully understood.

"As long as the fund does not earn a real rate of return on its investments it would make more sense to use a pay-as-you-go scheme," he said.

Call for overhaul of govt pension fund

300

Dispatch Correspondent

JOHANNESBURG — Pension fund experts have called for a drastic overhaul of the government pension fund which is facing ruin because of slack financial discipline and over-generous concessions to public servants.

They agree with former Sanlam head, Mr Andreas Wassenaar, that unless the running of the fund is revised the SA taxpayer will increasingly carry the burden of civil service "diamond handshakes".

The general manager of Sanlam and honorary secretary of the Actuarial Society of SA, Mr Desmond Smith, said it was clear financial discipline was lacking.

"Over the past 12 years the government fund has not been subjected to the same financial discipine as private funds because actuarial evaluations were dropped in 1976," he said.

Mr Smith said the society had made repeated calls on government to re-introduce actuarial assessments.

"It does create the concern that to a large extent the structural benefits are being determined by the beneficiaries."

He said it would appear that sufficient assets were not being built up and that payouts were being funded by current contributions. He likened the practice to a company paying dividends out of capital.

When actuarial assessments of the fund were re-introduced in 1986 a R7,6-billion actuarial shortfall was uncovered.

"Enough has been said to raise certain questions, not only in the interests of the taxpaying public, but in the interests and for the security and peace of mind of civil servants themselves," he said.

He welcomed government's intention to limit "buying back" —a scheme under which civil servants buy pensionable years even if they did not work them. Government has not indicated the precise limits it will place on the system.

The former PFP MP for Edenvale, Mr Brian Goodall, said it was not unusual for State pension funds to run into trouble. This arose because they tended to rely too heavily on taxes.

"In SA we seem to have a lack of foresight. You would have thought we would have learned from the lessons of the world."

"But civil servants are an important electoral support group — they command a lot of votes. There has been a continuous attempt to placate them, and to redistribute wealth in favour of the public sector".

Fund benefits are just too good to be true

B/Day 21/8/87 300

This is an extract from a new book by Dr A D WASSENAAR, "En route to Fairyland" (Tafelberg), which has created an uproar over the Government Pension Fund.

MANY members of the Government Service Pension Fund may believe that they are fortunate to belong to such a truly wonderful pension fund. Those who have a more intimate knowledge of pension funds than most may have tumbled to the fact that the benefits offered by this fund are too good to be true.

The conclusions arrived at in this study are that some of the benefits are indeed too good to be true. The conclusions show, furthermore, that the financial implications are untenable and that the Regulations cannot be allowed to remain unaltered.

The longer the adjustment of the Regulations is postponed, the more explosive the financial crisis will be when it breaks. It is in the interest of the civil service itself that the problem should be solved as soon as possible.

Regulation 18 of Notice R1062, published on June 22, 1973, required an actuarial valuation of the Pension Fund to be made once in every five years, at a date to be determined by the Minister.

Tradition

The Regulation followed tradition — one could call it "ancient tradition".

It stipulated: "The report of the actuary shall be laid on the table of the Senate and in the House of Assembly within 60 days after the receipt thereof by the Minister ..." This traditional requirement was, as far as is known, part of all previous pension fund Acts and Ordinances which applied to provincial pension funds.

Private sector pension funds are required by the Pension Funds Act (Act No 24 of 1956 as amended) to be actuarially valued once every five years. This requirement is very strictly enforced.

Notice R1526 (August 27, 1976) replaced Regulation 18 of Notice R1062 with a new Regulation 18. It placed the management of the Government Service Pension Fund from that date onwards firmly under the control of the Minister of Social Welfare and Pensions — without the interference (or advice) of any outside expert opinion.

Then something went wrong. The signs that something had gone wrong apparently became evident to the two-member management team of the Fund (the Minister and the secretary of the Fund) only sometime during 1985.

An actuarial valuation of the Pension Fund was again called for, in spite of the 1976 decision to abandon actuarial valuations.

It must have given the Minister of National Health and Population Development (who had taken over the responsibility for pensions) a bit of a shock. It could be this shock which influenced the Minister to decide to keep the actuarial report a closely guarded government secret.

The decision not to publish this report exposes the Minister to the most severe criticism.

Interpreting an actuarial report is normally not a task for a layman. There is good reason to believe that the actuarial report in question would be a great deal more difficult to interpret than most actuarial reports. Had the report been published, public comment could have been of great value to the Minister.

One result of the decision not to disclose its contents could well be that the Minister of National Health and Population Development will have to rely solely on his Department for the interpretation of the report.

Every civil servant has a substantial pecuniary interest in the maintenance of the status quo in regard to the Government Service Pension Fund.

As justice should not only be done, but should be seen to be done, it would be extremely unwise of the Minister to rely exclusively on the view of the Department of National Health and Population Development.

The Minister's decision not to publish the report also casts some doubt on the Government's ability to handle intricate financial problems such as are undoubtedly posed by the present state of the Fund.

If there is a lesson to be learned from the present trauma, it is that there are some functions in the Government which should not be left in the hands of laymen and which should be reserved to be dealt with by Ministers who have the necessary knowledge.

The fact that the two Ministers most directly concerned in this matter have decided to move into the Government's dark-room — curtains drawn and lights dimmed — shows that there must be a niggling doubt at the back of their minds; a doubt as to whether they will be able to resolve the problem. Very drastic measures may be required.

Serious

The seriousness of the present state of the fund should not be underrated. That notable financial losses have already been suffered is certain.

The very nature of the changes in the Regulations leaves no room for doubt about this.

The financial losses which are bound to arise in the future, if the Regulations are not amended, could be beyond the amount that the South Africa taxpayer is prepared, or indeed able to pay.

The Government has no option but to redraft the Regulations so extensively that repercussions within the Civil Service are unavoidable.

STATE PENSIONS

In a state

There's nothing surprising about State pension fund deficits. These are a familiar problem in Western economies, especially those with a much more comprehensive social welfare structure than SA.

What is surprising is that government here seems both loath to tackle the problem and reluctant to talk about it. In the absence of hard facts, Andreas Wassenaar's new book, *En Route to Fairyland*, has disseminated all kinds of figures relating to shortfalls, bombshells and blunders, about which many will argue, but few will make sense of.

The most recent actuarial valuation by Malan & Partners, as at March 31 1985, was handed to the Minister of National Health and Population Development, Willie van Niekerk, last year.

Rumours that the report might be made public could not be confirmed, though it is known that an actuarial shortfall of R7,6 billion was indicated.

Wassenaar says the assets of the fund then totalled R7,7 billion — so past service liabilities of R15,3 billion. He says future service liabilities, though unknown, "could well have been about another R10 billion." He estimates that an amendment to a "final salary" basis "could have committed the taxpayer to about R4 billion," suggesting total liabilities of about R29 billion.

These vague estimates relate to the main fund, the Government Service Pension Fund.

Says Arnold Basserabie, MD of Federated Life: "It's difficult to comment since we don't know precisely what the financial position of the government pension fund is. If the report of R30 billion required over 20 years is correct, then R1,5 billion a year is not much of a burden when you take inflation into account."

Wassenaar's book is full of permutations of pension benefit calculations, considering things like age at entry, annual salary increases, purchases of additional years of service, and so forth. The one quoted, requiring a funding of R6,8m at age 65, after 40 years' service, would actually cost about R25 000 in real terms.

21/8/87 FM

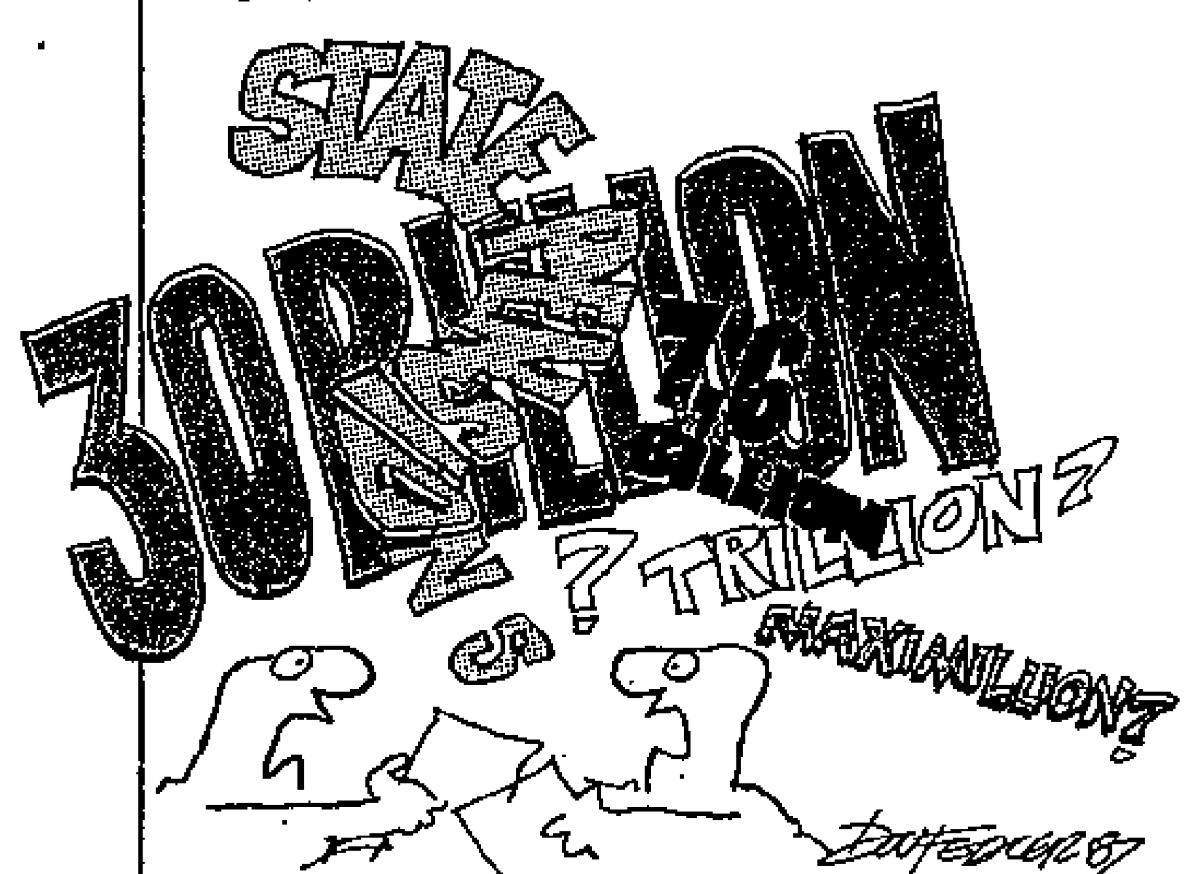
But the real point is that government is not subjecting itself to the disciplines and controls that face the private sector — for one thing, it is not subject to its own law, the Pension Funds Act 1956.

The events leading up to the current crisis are as follows. First, as Japie Visser, chief director (pensions) at the department, points out: "At the inception of the fund in 1973, when five pension funds were consolidated, it took over more liabilities and obligations than assets." Secondly, annual actuarial valuations were abolished in 1976.

Since then, benefits have been improved, largely without reference to experts. These include a gradual extension of the buy-back facility to age 16; an improvement in the final average salary calculation to 1/55th; and the replacement of "average salary over the last three years" with "final salary."

Government funds are also limited to generally low-yielding investments.

The net result is an amazing increase in current and future service liabilities without a commensurate inflow. Government male employees generally contribute 8% of salary



to their pension fund, while the employer (the taxpayer) pays 22%, according to Wassenaar — a total of 30%. The private sector rarely matches half this contribution.

What's more, as Assocom points out, government employees may deduct 8,5% of earnings in respect of pension fund contributions, against 7,5% for private-sector employees. Similarly, their lump sum benefits and gratuities are fully tax free, but only partially tax free for the general populace.

"There is no justification for this preferential treatment," it says. And if government wants to proceed with privatisation, accountability will be vital to potential buyers.

At least, as Visser promises, "Steps are already being taken to address aspects singled out by the actuary's report. It has been accepted that the fund be actuarily assessed every three years. Stringent limitations are being placed on the purchasing of service. And the investment of the fund's capital is also being investigated."

But underlying all this is that those old enough to be in charge are also old enough to worry about retirement. They will hardly be keen to make the rules more reasonable. ■

Wassenaar lambastes govt

PATRICK BULGER

FORMER Sanlam head Andreas Wassenaar yesterday accused government of "bypassing all the issues" he raised in his attack on the Government Service Pension Fund.

"The government is trying its best to ignore the issue for as long as it can," Wassenaar said.

He singled out Pensions Fund director Japie Visser for criticism, saying Visser's reply to his allegations "was a lot of nonsense". Visser said in a statement this week the fund was healthy because payouts amounted to only 31% of revenue.

"The question of whether income will cover payouts has got nothing to do with the issue.

"The taxpayer is already being taxed to the hilt, and milked to provide pensions that are quite unwarranted," Wassenaar said.

He said government had not answered why it was necessary for the taxpayer to contribute 21,9% of salary to pensions in the public sector, when private sector employees contributed an average of 12%.

He questioned government claims that it would limit the number of years civil servants could "buy back" and include as pensionable service.

"The buy-back system is a disgrace. I have no information that it is being limited."

He repeated his call for an independent commission of inquiry and said the scrapping of actuarial assessments in 1976 was a "disaster".

"It appears as if civil servants wrote their own pension fund regulations. That is unheard of".

Business Day late yesterday telexed a series of questions to the Minister of National Health and Population Development, Dr Willie van Niekerk. A spokesman for his office said the questions were being considered by the minister who had not yet had the time to look fully into the issue.

Civil servants snap up Wassenaar book

B/Day 21/8/87 300

PATRICK BULGER

THE story of the chaotic state of the Government Service Pension Fund has become favourite bedside reading for dozens of parliamentarians and senior civil servants.

"The mandarins and the top people in government are very interested in it," Tafelberg Publishers MD Danie van Niekerk said yesterday.

Both English and Afrikaans editions of "En Route to Fairyland" by former Sanlam head Andreas Wassenaar were being snapped up around the country, but bookshops near Parliament were selling the most, he said.

A second edition of the book is being printed — days after the book was released this week.

"A lot of other people who are not civil servants are worried about what is going to happen to taxation.

"It is controversial. People are asking whether their pensions are safe," he said.

Van Niekerk said 3 000 copies of the English edition had already been sold. A total of 4 800 copies had been sold.

Wassenaar's previous book "Assault on Private Enterprise" published in 1977 sold ~~18 000~~ copies, Van Niekerk said.

● See Page 3

Overhaul called for

3P 21/8/87

JOHANNESBURG — Pension fund experts have called for a drastic overhaul of the government pension fund which is facing ruin because of slack financial discipline and over-generous concessions to public servants.

They agree with the former Sanlam head, Dr Andreas Wassenaar, that unless the running of the fund is revised the South African taxpayer will increasingly carry the burden of civil service "diamond handshakes".

The Sanlam general manager and honorary secretary of the Actuarial Society of SA, Mr Desmond Smith, said it was clear financial discipline was lacking.

"Over the past 12 years the government fund has not been subjected to the same financial discipline as private funds because actuarial evaluations were dropped in 1976," he said.

He said it appeared that sufficient assets were not being built up and that payouts were being funded by current contributions. He likened the practice to a company paying dividends out of capital.

When actuarial assessments of the fund were reintroduced in 1986 a R7,6bn actuarial shortfall was uncovered.

He welcomed government's intention to limit "buying back" — a scheme under which civil servants buy pensionable years even if they did not work them.

A pensions expert and former PFP MP for Edenvale, Mr Brian Goodall, said it was not unusual for state pension funds to run into trouble. This arose because they tended to rely too heavily on taxes.

"In SA we seem to have a lack of foresight. You would have thought we would have learned from the lessons of the world."

"But civil servants are an important electoral support group — they command a lot of votes. There has been a continuous attempt to placate them, and to redistribute wealth in favour of the public sector."

Old Mutual's general manager of pensions, Mr Gerhard van Niekerk, called on government to make public all details surrounding the fund controversy.

"As long as the fund did not earn a real rate of return on its investments it would make more sense to use a pay-as-you-go scheme," he said.

He said the R7,6bn actuarial shortfall indicated there was insufficient money to fund the benefits.

Pensions timebomb

PATRICK BULGER looks at Dr Andreas Wassenaar's new book, En Route to Fairy Land, in which he criticises public service pensions.

How rules were changed

20/1/87

JOHANNESBURG — Public service pensions have become the best in the country, thanks to a series of seemingly insignificant regulations printed in the Government Gazette.

DR WASSENAAR

The astonishing story of how bureaucrats' pensions have improved to the point of threatening the viability of the Government Service Pension Fund is told by the former Sanlam head, Dr Andreas Wassenaar, in his book En Route to Fairyland.

While the fund is governed by an Act of Parliament, "the important rules which control the fund are, however, not embodied in the Acts, but in the regulations approved by the minister and published in the Government Gazette," he notes.

Government has not hesitated to use this provision. In 1965, the State — the SA taxpayer — contributed rand for rand to public servants' pensions. But a 1968 regulation raised the taxpayer's contribution to R2,29 to every rand paid by the public servant; 16 years and seven regulations later, the taxpayer was doling out R2,75 to the employee's single rand.

The Gazette also played a pivotal role in determining which salary level would be used to calculate pensions. A 1965 regulation set this at the average salary over the past seven years. A regulation three years later reduced this to four years, and in 1973 this was further whittled down to three years.

Not content with this, however, a 1981 regulation reduced the three years to the salary on the last working day — the highest salary a public servant was likely to earn.

"By agreeing to that small 'final salary' amendment to the regulations, the minister could have committed the SA taxpayer to an amount of about R4bn," Dr Wassenaar calculated.

The controversial "buy-back" system, by which public servants can pay to have included as pensionable service years never worked, arose in the same way.

In 1965, pensionable service constituted "years of continuous service". A 1969 regulation allowed members to buy back to the age of 25; a 1973 regulation allowed buying back to age 18.

A 1980 regulation — "Regulation 16 is hereby amended by the substitution in subregulation (1)(b)(ii) for the expression 18 of the expression 16" — allowed a maximum 48 years' service, regardless of how long the public servant actually worked.

Public servants "can therefore backdate pensionable service to a date when they were still sitting on school benches," he notes.

nd the other in 1931. Republic's second-biggest insurance company.
he SAAF, Wassenaar decided to be- ROGER WILLIAMS

Cape Times 22/8/82

Changing the rules for huge pension pay-out:

(300)

JOHANNESBURG. — Public service pensions have become the best in the country, thanks to a series of seemingly insignificant regulations printed in the Government Gazette.

The astonishing story of how bureaucrats' pensions have improved to the point of threatening the viability of the Government Service Pension Fund is told by former Sanlam head Andreas Wassenaar in his book "En Route To Fairyland".

While the fund is governed by an act of Parliament, "the important rules which control the fund are, however, not embodied in the acts, but in the regulations approved by the minister and published in the Government Gazette," Wassenaar notes.

The government has not hesitated to use this provision. In 1965, the state — the taxpayer — contributed rand for rand to public servants' pensions. But a 1968 regulation raised the taxpayer's contribution to R2,29 to every rand paid by the public servant. Sixteen years and seven regulations later, the taxpayer was doling out R2,75 to the employee's single rand.

The Gazette also played a pivotal role in determining which salary level would be used to calculate pensions. A 1965 regulation set this at the average salary over the past seven years. A regulation three years later reduced this to four years, and in 1973 this was further whittled down to three years.

Not content with this, however, a 1981 regulation reduced the three years to the salary on the last working day — the highest salary a public servant was likely to earn.

"By agreeing to that small 'final salary' amendment to the regulations, the minister could have committed the SA taxpayer to an amount of about R4 billion," Wassenaar calculated.

The controversial "buy-back" system, by which public servants can pay to have included as pensionable service years never worked, arose in the same way.

In 1965, pensionable service constituted "years of continuous service". A 1969 regulation allowed members to buy back to the age of 25; a 1973 regulation allowed buying back to age 18.

A 1980 regulation — "Regulation 16 is hereby amended by the substitution in subregulation (1)(b)(ii) for the expression '18' of the expression '16' " — allowed a maximum 48 years' service, regardless of how long the public servant actually worked.

The most controversial change to the running of the fund was the dropping of actuarial assessments in 1976.

That put control of the fund firmly into the hands of its chief beneficiaries. When actuaries were recalled 10 years later, they uncovered an actuarial shortfall of R7,6 billion.

CAPE TIMES 22/8/87 300

Mandarins lapping up Wassenaar's 'Fairyland'

Own Correspondent

JOHANNESBURG. — The story of the chaotic state of the government service pension fund has become favourite bedside reading for dozens of parliamentarians and senior civil servants.

"The mandarins and the top people in government are very interested in it," the managing director of Tafelberg Publishers, Mr Danie van Niekerk, said yesterday.

Both English and Afrikaans editions of "En Route to Fairyland" by the former chairman of Sanlam, Mr Andreas Wassenaar, were being snapped up around the country, but bookshops near Parliament were selling the most, he said.

A second edition of the book is being printed — days after the book was released this week.

"A lot of other people who are not civil servants are worried about what is going to happen to taxation. It is controversial. People are asking whether their pensions are safe," he said.

Mr Van Niekerk said 3 000 copies of the English edition and 1 800 of the Afrikaans edition have already been sold.

He said a political or financial book that sold 4 000 copies was considered a success. "Anything by Wassenaar tends to sell well," he said.

Mr Wassenaar's previous book, "Assault on Private Enterprise", published in 1977, sold 18 000 copies, Mr Van Niekerk said.

'Ignore the issue'

In Johannesburg yesterday, Mr Wassenaar accused the government of "bypassing all the issues" he raised in the book.

"The government is trying its best to ignore the issue for as long as it can," Mr Wassenaar said.

He singled out Pensions Fund director Mr Japie Visser for criticism, saying Mr Visser's reply to his allegations "was a lot of nonsense". Mr Visser said in a statement this week that the fund was healthy because payouts amounted to only 31% of revenue.

"The question of whether income will cover payouts has got nothing to do with the issue," Mr Wassenaar said.

"The taxpayer is already being taxed to the hilt, and milked to provide pensions that are quite unwarranted."

He said the government had not answered why it was necessary for the taxpayer to contribute 21,9% of salary to pensions in the public sector when private sector employees contributed an average of 12%.

He questioned government claims that it would limit the number of years civil servants could "buy back" and include as pensionable service.

"The buy-back system is a disgrace. I have no information that it is being limited."

He repeated his call for an independent commission of inquiry and said the scrapping of actuarial assessments in 1976 was a "disaster".

"It appears as if civil servants wrote their own pension fund regulations. That is unheard-of."

A series of questions was yesterday telexed to the Minister of National Health and Population Development, Dr Willie van Niekerk. A spokesman for his office said the questions were being considered by the minister who had not yet had the time to look fully into the issue.

S

The two main types of pension funds

300

A CHOICE of pension schemes is not normally offered to employees. Arnold Basserabie, managing director of Federated Life, outlines the two main types available and their advantages.

Mr Basserabie says: "A final salary scheme offers a benefit at retirement and is relative to salary at or close to retirement and period of service. For example, if a person has worked 30 years for a company which grants a pension of 2% for each year of service, on retirement he will receive a pension equal to 30x2% of his final salary. In most cases it is probably the average of his last three years' salary before retirement.

"In such schemes the member would contribute between 5% and 7% of his salary towards the pension and the employer would pay the balance of the cost of buying the member his predetermined final salary pension.

Assessment

"Therefore in the final salary scheme the member's contribution and the formula on which his pension is based is determined, but what is open ended is the amount the employer will have to pay to give the member that pension. The faster the member's salary increases, the more the employer will have to contribute to his pension."

Every three years an assessment is carried out to establish the employer's contribution. The employer does not know what his ultimate cost will be because it depends on salary increases, age distribution of members, interest rates and investment returns.

"Under a money purchase scheme the member normally pays about 6% towards the pension. The employer pays a similar contribution pre-determined as a percentage of the member's salary. Under this scheme the member's pension is calculated ultimately by his and the employer's contributions together with compound interest.

"The end benefit is unknown and cannot be related to service and salary because it depends on the interest earned and capital appreciation on the joint contributions.

Difficult

"Under the final salary scheme the member can at least work out what percentage of his ultimate salary he will receive in the form of pension, even if he does not know what his ultimate salary will be. He knows he will receive 60% of it and can plan accordingly."

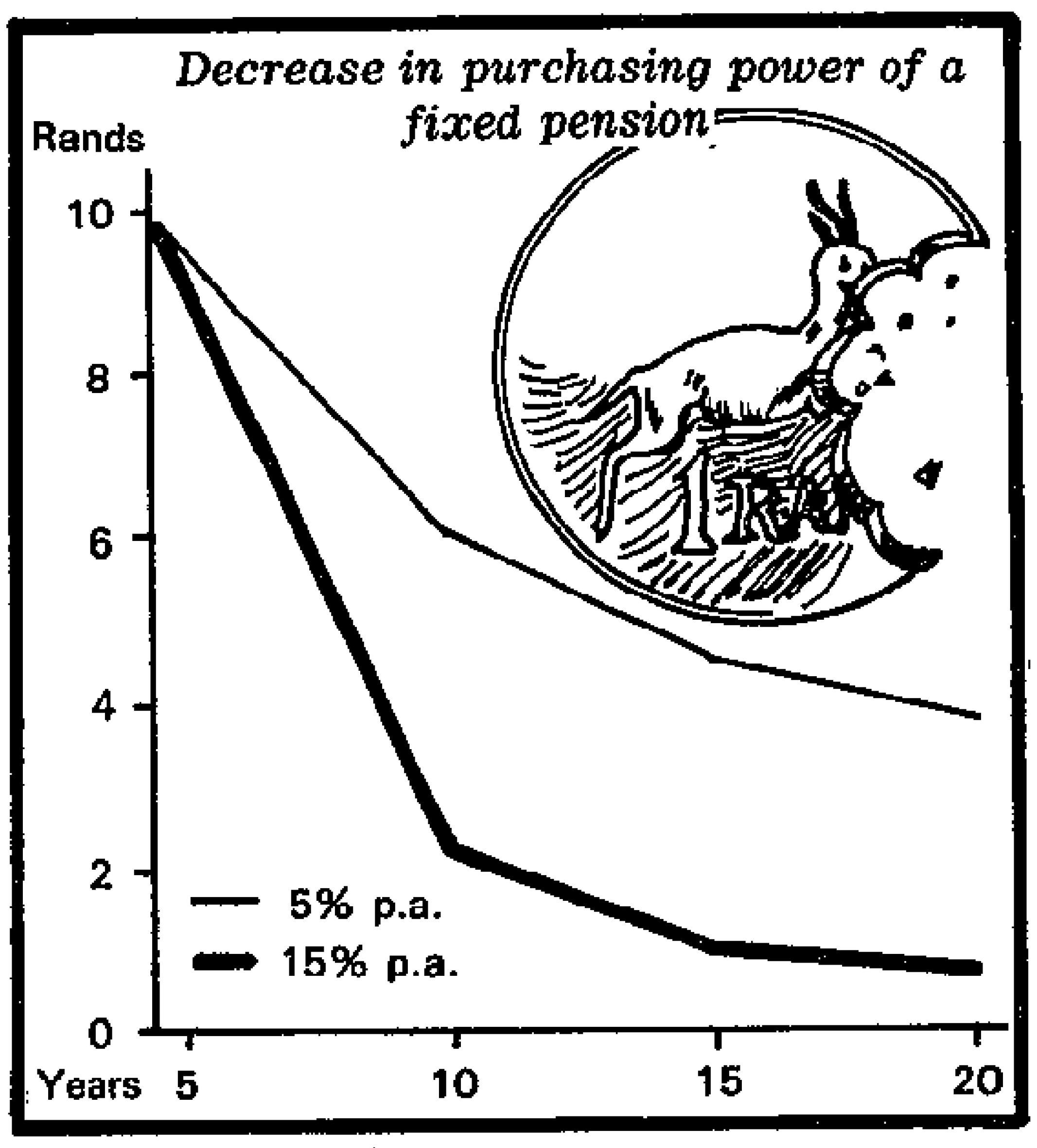
Under a money purchase scheme it is much more difficult for him to estimate what his pension will be in relation to his final salary."

Federated Life has carried out some empirical calculations to establish the amount to be paid into the fund to reach something equivalent to a final salary scheme in order to bring the money purchase scheme in line with the other. The calculations are correct, provided tests are carried out frequently.

Advantage

Final salary provides more certainty to the member, and the money purchase is to the advantage of the employer.

Paul Clipsham, senior general manager of Federated, says: "In the latter case, the member's ultimate benefit suffers, particularly during years of high inflation."



Much criticism hinges on the employer's contribution being withheld on termination of employment. In his opinion the early leaver does not receive a reasonable, equitable benefit.

"South Africans are 'mobile' employees and therefore the only way to provide for old age is the preservation of funds, which includes the employer's contributions."

There is no way of forcing departing employees to preserve their pensions, but Federated Life encourages them to preserve their contributions rather than take the cash. In some schemes, for example, deferred pensions where the employee leaves the money in the fund — the employer's contribution is added. If this money is transferred to the new pension fund or is used to buy a retirement annuity, the money is not taxable.

Rainy day

As an institution, Federated can only encourage contributors to leave their money in a pension fund or buy a retirement annuity.

The greater the public awareness of the importance of not only saving for a rainy day but for retirement, the more people will be prepared to set aside money.

There is no restriction on the amount of money that can be transferred from a pension fund to buy a retirement annuity. The RA is regarded as a personal pension provision.

Mr Clipsham says: "Final salary is the better choice for the member in the event of ill-health retirement."

He does not necessarily advocate the final salary scheme, but he stresses the need for a balanced package with all the constituent parts of the benefit structure. Disability benefits are often ignored, particularly in smaller pension schemes.

Package

Federated Life has launched a pension package for small companies — the Maverick scheme. It is designed to fit in with the general trend of encouraging people to provide for their retirement.

One of the problems with small companies is the difficulty and cost of providing benefits. Maverick is simple but comprehensive. It includes pension, deferred compensation or gratuity, life cover and disability.

Another unusual pension scheme launched by Federated is for domestic servants. The lower down the social scale, proportionately the better the pension benefits become. Great interest has been shown in this fund because it includes life and disability benefits as well as pension.

Identical

People's needs change. Current legislation prevents them from changing their benefits to suit changed circumstances. If legislation were more flexible, benefits would become more attractive.

In addition, people have unrealistic aspirations as to when they should retire. Many consider 55 a suitable retirement age, but pension funds cannot afford it. As life expectancy increases people could live for as many years after retirement as they worked.

The trend in the Western world is to extend the legal retirement age. In the United States, for instance, nobody can be forced to retire before the age of 70.

Identical

Federated's Vanishing Premium Policy has captured an impressive share of the market. Sales exceed predictions.

Product development and market awareness are two strengths that Federated Life claims.

Arnold Basserabie ... seldom a choice

Two more benefits can be attached to Vanishing Premium policies — capital disability and additional accident. They can also be added to both new and existing contracts. The premiums are used to match the rest of the Vanishing Premium.

For example, the R1 unit for Capital Disability buys R5 291 for all ages up to 40 and R4 141 for a 50-year-old. The Additional Accident benefit unit is also R1 and provides sums assured of R5 137 for all ages.

The rates are identical to those in Federated's rate book, but include an excess which is used to form a reserve from which the additional benefit premiums are paid once the policy becomes self-supporting.

Spotlight on juiciest of all pensions

300

22/8/87

S/Times

THE furore over pensions kicked up by Andreas Wassenaar's book "En Route to Fairyland" has turned attention to the juiciest pension scheme in the land — for politicians.

Business Times Reporter

The Members of Parliament and Political Office Bearers Pension Scheme offers pensions for life equal to 100% of pay on retirement plus tax-free cash gratuities equal to two years' pay — after only 15 years' service.

"Office-bearers" qualify for 100% pensions after only 12 years' service. They also receive two years' salary on retirement after 15 years' service.

Office-bearers include ministers, deputy ministers, chairman and deputy chairman of the President's Council, administrators, administators-general, commissioners-general, former MPs appointed as ambassadors and others designated by the State President.

Willie van Niekerk, the Minister of National Health, who is in charge of public service pensions, could retire next year with 7½ years' service on a pension of R76 000 a year for life and R121 000 tax-free in cash. He is only 50.

The State President would be separately treated. He could retire on full salary of R135 000 for life and receive a tax-free gratuity of three years' pay — R405 000.

Critics of the Parliament and Political Office Bearers Pension fund are concerned that its amazing benefits are being extended to more and more people as the political system has extended to encompass three Houses of Parliament, homeland legislatures and regional services councils.

Th re are 63 ministers, deputy ministers and ministerial assistants alone. They cost taxpayers R7-million a year.

"Taxpayers will not be able to afford a change of government. There will be too many retirees," says an actuary who does not wish to be named.

Ammunition

Politicians on all sides of the House of Assembly are scrambling for ammunition in the pension-fund battle due to take place on September 3 during the National Health Vote.

In 1983, taxpayers subsidised State pension funds by R549-million. The figure grew to R626-million and then to R694-million before actuaries discovered that one fund alone was short-funded by R7,6-billion.

The taxpayers' contribution in 1986 leapt to R1 004-million and this year is budgeted at R1 077-million.

Colin Cameron, chairman of the Public Servants' Association, the public-service trade union, said he was reassured by Government statements that the funds could meet their obligations.

The Margo report presents the Government with two thorny recommendations in regard to public servants.

It recommends that public servants' gratuities on retirement should no longer be tax free. It also urges the treatment of fringe benefits as cash.

Exactly how generous the buy-back provision is may be judged from a real-life case of an academic, who retired at 60 on a salary of R50 000 last year.

Having joined the public service at 23, he bought back seven years of service for R9 274. He retired on a pension of R40 360 a year. Had he not bought back service, he would have received R33 396 a year. So for R9 274 he received an additional R6 364 a year for life.

That is not all. He received a tax-free gratuity of R147 840, which would have been R124 320 without the buy-back. The buy-back gained him an additional R23 520 in cash the day he left.

Dr Wassenaar is not satisfied with the Government's response to his book — a statement that because benefits were only 31% of revenue, all was well.

Women worse off than men

WOMAN tend to be financially worse off than men when it comes to retirement planning — and discrimination and poor judgement are to blame.

Although there has been progress towards equality of pensions benefits for men and women, there is still a long way to go, particularly where they work for a small business, says Alan McCulloch, Liberty Life's pensions marketing manager.

"There is no reason why there should be discrimination in terms of eligibility for membership or in benefits on death, retirement and disability.

"An often-neglected area is that of widows' pensions. The death of a working wife exposes the family unit to a strain similar to that at the death of a husband, and that is why it is essential that men and women have the same cover. Check whether your fund provides what is known as a spouse's pension."

Resentment

Mr McCulloch says there is undoubtedly some resentment among a few employers who do not wish to admit women as members on the grounds that they "come and go" at such a rate that it puts an unacceptable administrative load on the employer.

Some women refuse to join pension funds when given the opportunity, on the grounds that "my husband is a member of a fund", says Mr McCulloch.

"Usually a woman's salary is essential for a family to survive financially, and it follows that two pensions are needed to ensure that the family's needs continue to be met after retirement.

"We believe it is vital for a woman to be a member of a fund in her own right. Unfortunately, South Africa has a high divorce rate, and it often happens that when a woman retires she does not have a husband to support her.

"This is exacerbated when divorce occurs as retirement age is approaching."

Pension fund critic slams silence

S Times 23/8/87

300

By ALAN DUGGAN

THE nationwide furore over the crisis in the State pension fund ballooned alarmingly this week as Government spokesmen tried furiously — but vainly — to dampen anxieties that the fund was destined to go broke.

And the man who blasted the lid off the scandal, Dr Andreas Wassenaar, is sticking to his guns. The fiery financial wizard accused the Government of trying to ignore the crisis for as long as it can.

After Sunday Times disclosures of Dr Wassenaar's startling criticisms in his book, En Route to Fairyland, hundreds of thousands of public servants throughout the country were anxious about their long-term security.

And taxpayers were furious at the prospect of having to pick up the tab for over-generous handouts to State employees.

Political observers noted that both the ruling NP and the CP Opposition had a vested interest in minimising the crisis, since both relied heavily on public servants' votes.

Outcry

Thus the growing public outcry has been matched only by the silence of senior Ministers, who limited the Government's response to an unsatisfactory statement by a relatively junior official.

Dr Wassenaar this week brushed aside Government assurances about the probity of the fund.

"Taxpayers need to know on whose recommendation the fund's actuarial watchdogs were sacked by the Minister of Social Welfare and Pensions in 1976, and for what reason.

"Is it possible the actuaries were sacked because they were doing their work too diligently?"

He said this meant that from 1976 to 1986, the pension fund was "at the mercy" of the very people who had an interest in maintaining high benefits.

He asserted: "In effect,

☐ To Page 2

Pension outcry

S Times

300

☐ From Page 1

benefits payable by the Government pension fund constitute a free gift from taxpayers to public servants."

Meanwhile, the book in which Dr Wassenaar exposed the shortcomings is selling like hot cakes and is already into its second printing.

It is in this slim volume that the former chairman of Sanlam and a pillar of the Nationalist establishment revealed that pension perks could give State employees what amounted to a staggering R30-billion in gifts over the next 20 years.

He traced the roots of the actuarial crisis to swollen pay packets and a change in the rule that allows public servants to "buy back" their pensions to the age of 16.

The PFP Member for Pinetown, Mr Roger Burroughs, said the Government would be given a hot time when the Pensions Vote was debated in Parliament.

"Like Dr Wassenaar, we want to know why the actuarial report has been kept secret," he said. "That is indefensible. We would like to know who stopped valuations — and why."

Dr Wassenaar said: "I demonstrate in my book that even an insolvent fund rises in value to start with. It takes a few years for excessive benefits to take their toll. It is not good enough for public servants on their own to examine the matter. We need an independent inquiry."

After the first news of the Wassenaar bombshell was published in the Sunday Times last week, the State pensions chief, Mr J C Visser, said the next actuarial assessment would take place next year.

He said that, although a shortfall of R7,613-billion, had been reported last year, contributions were sufficient to make up the difference.

● See Business Times

their

Means test 'discourages' saving for old age

(300) Cape Times 28/2/87

By AUDREY D'ANGELO
Financial Editor

THE present means test which applicants must pass to qualify for a State old age pension actually discourages people from saving for their old age, the President of the Association of Pension and Provident Funds of SA, Arnold Basserabie, said yesterday.

He told a press conference in Cape Town that a single person with no resources could get a State pension.

This gradually reduced according to income up to a cut-off point — below the maximum pension — above which the applicant no longer qualified.

Make it worthwhile

This meant that some people who had saved to provide themselves with a small retirement income were worse off than if they had made no provision at all.

He said it was essential that the government should change this situation making it worthwhile for people to make some provision to supplement their pensions.

Basserabie spoke at the start of the association's three-day conference which this year has attracted a record number of more than 330 delegates.

He said it was an encouraging sign that black trade unions, which in 1980 opposed plans for transferable pensions, were now taking an interest in pension funds.

More black people were now interested in making provision for their retirement.

Discussing the need for investment in black housing, he said he was sure pension funds would accept it as a social responsibility if the government approved a stock issue by a housing trust as a prescribed asset — provided it gave a reasonable return.

Basserabie said pension funds had a responsibility to ensure the best possible return for investors.

High returns from equity investments were enabling most of them to keep ahead of the inflation rate.

Most of the larger funds were giving increases to pensioners to help off-set the effects of inflation and were putting money aside for this purpose in years to come.

Emphasizing the importance of the pensions industry, he said it was expected that the number of people in SA over the age of 64 would treble by the year 2015, to about 3m.

"Looking at the cost of the State old age pension as at that time, even if we ignore inflation but allow for the equalization of pensions to all race groups, the current R1,1 billion cost to the taxpayer will increase to more than R4 billion.

Widen the scope

"Adequate forward planning for proper pension provision has to be implemented without delay and the association intends to play a major role in encouraging this."

He said it was proposed at the conference to widen the scope of the association and change its name to the Pensions Institute of SA.

"The principle objective of the pensions institute will be the promotion of the common intererests of pension, provident, retirement annuity and similar funds plus all persons associated with such funds in Southern Africa."

Protection against many hazards

23/8/87 S/Times (300)

NOT many retired people have sufficient income to live comfortably and who are not at some stage concerned about inflation, says Lifegro's Chris Cunningham-Moorât.

"There is nothing unusual about this considering that, at a low inflation rate of 8%, the buying power of a fixed pension would have dropped to less than 30% of its original value after 15 years of retirement. The position becomes worse if you started with your last employer fewer than 10 years before retirement."

Disaster

Mr Cunningham-Moorât says that in South Africa there are more than 1,5-million people over the age of 60, but few of them were ever really "pension ready" and the amounts paid out in Government pensions have increased remarkably in the past five years.

"Retirement annuities are still the only problem solver in these circumstances. They are the only fully tax-deductible form of saving and are totally protected against creditors in the event of a personal financial disaster. A retirement annuity will always be available when needed most."

He says his company allows clients to choose the style — "follow the market" or a smoothed trend — and provides the investment flair to choose the right sectors — equities, property, etc., to provide the highest possible return.

"A family protection package can be tailored to meet the needs of the policyholder or there are alternative levels of built-in life cover in the fund. The client can also arrange that, in the event of disability, he receives an income for as long as he is disabled (up to age 60), and contributions towards the retirement annuity are paid on his behalf."

- Temporary suspension or reduction of premium payments.
- Switching from a 'conventional' portfolio with stabilised bonus distributions, to a market linked portfolio at any time (however never more than twice within a 12-month period).
- Open-ended retirement dates and ill-health early retirement features.
- Optional inflation linked life cover, with continuation options on retirement (back-to-back) annuity whole life policy.

Problems of two worlds

300

SOUTH Africa has a mix of First and Third World populations with historic First World ambitions and Third World realities. It provides welfare payments for its indigent old, but cannot afford reasonable welfare payments for its unemployed and poor. Unemployment insurance is only meant to be a tiding-over measure.

David Brown, past president of the Actuarial Society of South Africa, says: "The first realities are to get job creation running and to raise the wealth of the poor through employment. Society as a whole has concern for its aged and indigent and has tried to find methods of looking after them.

Gradual

"Although people may save for their old age, they all have different priorities. The less-fortunate members of our community are underemployed and look to their pension funds as a form of income for when they become unemployed."

Mr Brown says: "I see no immediate solution. There has to be some form of gradual consensus on a workable system. I do not see the need for two separate pension schemes. I think it is wrong to say the less sophisticated are less concerned about provision for their old age. They do not see the problem in the same light as others.

"The only recommendation possible at this stage is not to impose but allow a solution to evolve. I am not sure compulsory pension funds are the answer, nor do I think the State should assume the responsibility because expectations run too high. It would be wrong for the State to impose a solution on a society which is not ready for a uniform solution.

"Black people have not been consulted about their private pension arrangements. But after their rejection of pension schemes in the past few years, there does seem to be evidence of an evolving change in thinking in the trade unions.

"This is encouraging, but forcing a situation which they might not accept will not work in this society."

Star 5/11/88

Age (next birthday)	Ordinary shares	Supplementary shares	Deferred shares
Under 31 years "B" class	14c	14c	8c
Under 31 years "A" class	27c	14c	8c
31 - 35 years	29c	16c	9c
36 - 40 years	31c	18c	10c
41 - 45 years	34c	21c	12c
46 - 50 years	38c	24c	16c
51 - 55 years	43c	28c	20c
56 - 60 years	48c	32c	26c
61 - 66 years	57c	37c	35c

B/Day 25/8/87

PPS share scheme for membership

300

MEMBERSHIP of the PPS is based on a form of subscription shares. There are three forms of shares — ordinary, supplementary and deferred. The number of ordinary and supplementary shares that a member may apply for is determined by his gross professional income.

At the time of allocation, the benefits offered by the total holding of ordinary and supplementary shares may not exceed two-thirds of the member's gross professional income (for details of the benefits per share, see box above left).

The table above shows the monthly subscription rates for all classes of shares in the PPS. The subscription rate applicable when the new member applies for shares is the rate he will pay for those shares for the duration of his membership of the PPS. A new member under the age of 30 may choose "B" class membership and pay a reduced subscription until the end of the year he turns 30.

After that, the lowest "A" class subscription rate will apply. The annual dividend allocations (equivalent to an assurance bonus) will be lower while the member is paying the reduced subscription, but the other benefits will not be affected.

It should also be noted that the PPS provides for a discount of 5% on subscriptions paid one year in advance and 2,5% on those paid six months in advance. The PPS prefers debit orders as the means of payment.

Further advantages include the provision that PPS benefits will not decrease — irrespective of how often the member falls ill.

The PPS does not revise the subscription rate after an illness or a claim. And provided the member pays his subscriptions and observes the rules of the society, his membership cannot be cancelled.

The payment of benefits is not affected if the member receives disability benefits from other assurers. And an annual issue of shares will be made to the member until he is 66, to ensure that the purchasing power of benefits is not eroded by inflation.

There are special rules for the issue of additional shares: the board of the PPS calculates the issue annually on the basis of an aliquot of the members's existing holdings in each category.

The shares issued are paid for at the rate applicable for the member's age on the date of issue, but will be subject to the loadings and exclusions that applied to the shares last issued to the member in each share category. The subscription rate per share has remained unchanged since 1945, and the society sees no reason why it should be increased in the future.

Members are allowed to increase their holdings of shares subsequent to entry, subject to certain underwriting rules (see article, this page). There is also an extremely valuable termination benefit. Members, on resignation, receive a tax-free lump sum (distinct from a commuted benefit under the separate RA scheme).

The retirement benefit is built up from the annual dividends on ordinary, supplementary and deferred shares, and from allocations of interest to members.

The annual dividends and interest credits due to a member can, after as little as five years, exceed the total amount of share subscriptions. So the sickness and other benefits are effectively enjoyed free. The member's continued subscription payments simply add to his credit.

form for his next claim is posted to the claimant. In case the hon member or other hon members are interested, a copy of the information pamphlet wherein the procedures are full outlined can be obtained from the Commissioner for Customs and Excise.

(2) A task group under the chairmanship of the Commissioner for Customs and Excise has been appointed to consider suggestions on the simplification of the procedure. The South African Agricultural Union is represented on the task force which had its first meeting on 21 August 1987. The present system was purposely designed to be as simple as possible and to date no further simplifications could be introduced. Any person wishing to propose acceptable simplifications to the system must submit it to the Commissioner for Customs and Excise, P.O. Box 678, Cape Town, or Private Bag X47, Pretoria, for consideration by the Task group.

Social pensions

*19. Mr K M ANDREW asked the Minister of Constitutional Development and Planing:

(1) Whether there is a pay-out point for social pensions to Black pensioners in each magisterial district of the Republic; if not, (a) in which magisterial districts are there no such pay-out points and (b) where do the pensioners concerned collect their pensions;

(2) whether any arrangements are being made for the payment of pensions to persons living far away from such pay-out points; if not, why not; if so, what arrangements?

†The DEPUTY MINISTER OF CONSTITUTIONAL PLANNING:

(1) Yes. (a) and (b) Fall away.

(2) Yes. Magistrate and regional offices of both the Departments of Home Affairs and Development Aid who pay out social pensions to Blacks on an agency basis, use vehicles to take pension monies to far away regions and to pay out at convenient places such as shops, farms, etc where the necessary amenities exist.

Schools of industry/reform schools

*20. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether any Black juvenile offenders were sent and/or transferred by the courts to (a) schools of industry and (b) reform schools during the latest specified period of three years for which information is available; if not, (i) where were such offenders sent and (ii) how many were sent there; if so,

(2) how many were sent to (i) schools of industry and (ii) reform schools and (b) where are these schools located?

The DEPUTY MINISTER OF CONSTITUTIONAL PLANNING:

(1) (a) No. (i) and (ii) This Department is not the functional Department that refers Black juvenile offenders to schools of industry and the information is therefore not readily available.

(b) Yes. (i) and (ii) Fall away.

(2) (a) (i) Not applicable.

(ii)

1984	....	353
1985	....	271
1986	....	314
Total	....	937

(b) Vuma—KwaZulu
Ngwelezana—KwaZulu
Isiko Lolutsha—Ciskei
Eureka—Bophuthatswana
Elandsdoorn—KwaNdebele

Detainee: maltreatment

*21. Mr J J WALSH asked the Minister of Law and Order:

(1) Whether an investigation has been instituted into allegations by a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, relating to the treatment he received while being held in detention in terms of the emergency regulations; if not, why not; if so, what is the (a) (i) purport of these allegations and (ii) name of this person and (b) (i) who was in charge of the investigation and (ii) when was it instituted;

(2) whether this investigation has been completed; if not, (a) why not and (b) when is it anticipated that it will be completed; if so, (i) when, (ii) what were the findings and (iii) what action has been taken as a result of these findings;

(3) whether he will make a statement on the matter?

†The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) (i) that during interrogation, his dignitas was injured;

(ii) the name which was supplied by the hon member;

(b) (i) an officer of the South African Police;

(ii) 21 August 1986.

(2) Yes. (a) and (b) Fall away.

(i) 24 June 1987.

(ii) and (iii) on 24 June 1987 a case docket was referred to the Attorney-General for his decision. He decided that 6 accused had to stand trial on a charge of crimen injuria on 26 August 1987. He further decided that if one of the accused paid an amount of R200.00 admission of guilt, the other five accused would be absolved. One of the accused paid the admission of guilt fine on 11 August 1987.

(3) No, except to say that the detainee concerned has already appeared in court on charges of illegal possession of arms and ammunition, dangerous weapons and undesirable publications and is thus awaiting trial.

Informers

*22. Mr J B DE R VAN GEND asked the Minister of Law and Order:

(1) Whether the South African Police have informers in certain institutions and bodies;

(2) whether he will furnish information in this regard; if not, why not; if so,

(3) whether any branch of the South African Police has (a) members posing as students and (b) students who are paid to provide information to the Police on student activities at all South African universities; if not, (i) which universities do not have such persons and (ii) why have these universities been excluded;

(4) whether any (a) registered political parties, (b) trade unions and (c) extra-parliamentary political, community, student or single-issue organisations have Police members or informers amongst their membership; if so, (i) which organisations, (ii) why and (iii) what criteria are applied in determining which organisations will be infiltrated;

(5) what total (a) number of persons are employed by the Police as informers at universities and the above organisations and (b) amount was budgeted in the latest specified financial year to pay these persons?

The MINISTER OF LAW AND ORDER:

(1) Yes, like all police forces across the world, the South African police also use informers to gather information of security interest. I wish to emphasise that such persons are expected to gather information and not to act as agent provokers.

I furthermore wish to refer the hon member to my press statement of 12 August 1987 which I attach for reasons of clarity.

(2) No, because it is standard procedure

Hansard 25/8/87

HoA

not to divulge the identity of sources or to provide any comment on matters of this nature, as it is neither in the public interest nor in the interest of the security of the State to do so.

(3) to (5) Fall away.

PRESS RELEASE

MINISTER OF LAW AND ORDER: MR ADRIAAN VLOK: 12 AUGUST 1987

RE: ALLEGED POLICE SPY AT THE UNIVERSITY OF CAPE TOWN

It would be naive to believe that the South African Police, like all police forces, does not make use of intelligence sources.

In fact, police forces rely heavily on information of all kinds to assist them in the prevention and combating of crime, to curb violence and to obtain information on matters regarding the security of the State.

While it is standard procedure not to divulge the identities of sources or to provide any comment on matters of this nature, I find it in this regard necessary to reveal that Mr Daniel Pretorius is attached to the South African Police.

He was posted at the University of Cape Town for specific reasons. The South African Police have a statutory obligation to preserve the security of the State and to this end, like its counterparts the world over, indulge in monitoring the actions of revolutionary activists whether on or off campus.

Taking into account several instances that have occurred in the past that necessitated the arrest, trial and conviction of individuals, connected with the University of Cape Town either as students or as lecturers and who has acted as ANC or SACP agents, the police would be failing in its duty if it should exclude the said university from such action.

This was further necessary because the South African Police, as well as parents and the moderate majority of South Africans are concerned about the situation at the particular university.

I have asked the Commissioner of Police to investigate fully why Mr Pretorius has exposed his involvement with the South African Police.

Furthermore, I am quite prepared to discuss the matter with the vice chancellor of the University of Cape Town, dr Stuart Saunders. I also have a few other matters which I would like to raise with him.

12-8-87.

ADRIAAN VLOK.

MINISTER OF LAW AND ORDER.

Pensioners: television licences

300

25/8/87

*23. Mr J VAN ECK asked the Minister in the State President's Office entrusted with Administration and Broadcasting Services:

(1) Whether all persons who (a) have reached pensionable age and (b) are in receipt of (i) social and (ii) other pensions qualify for concessionary television licences; if not, (aa) which of these categories of persons do not qualify and (bb) why are they disqualified;

(2) whether (a) naturalised South African citizens who receive pensions from sources outside the Republic and (b) non-citizens who have (i) permanent and (ii) temporary residence in the Republic qualify for these concessionary licences; if not, why not;

(3) whether any other categories of persons qualify for concessionary television licences; if so, what categories of persons?

†The MINISTER IN THE STATE PRESIDENT'S OFFICE ENTRUSTED WITH ADMINISTRATION AND BROADCASTING SERVICES (Reply laid upon the Table with leave of House):

Hansard

(1) Not all persons who have reached pensionable age qualify for concessionary television licences. Only the following people may qualify therefore on condition that they possess one television set only and no one other than their dependants reside with them, viz:

(i) People who are 70 years and older;

(ii) Indigent people who are under the age of 70 and receive a social pension or allowance. This category includes old age, war veteran and disability pensions.

(iii) Blind persons or the recipients of certain maintenance grants, family and settlers allowances paid by a government department of the Republic of South Africa.

The intention of the SABC was to assist indigent people wherever possible but because of the enormous administration which would be required to determine a persons degree of indigence and also financial considerations the Corporation was forced to adopt the same criteria used by the Department of Health Services and Welfare. Consequently the SABC decided to use the social pensioner as criterion.

(2) Naturalised South African citizens and non-citizens who have permanent or temporary residence in the Republic of South Africa and who receive pensions from sources outside the Republic do not qualify for concessionary television licences unless they have been resident in the Republic for longer than five years, if their income is less than the amount currently paid to South African social pensioners and their pensions are supplemented up to the level of social pensions paid by the Department of Health Services and Welfare and on condition that they possess only one television set and do not live with someone other than their dependants.

The SABC does not see it as its duty to financially assist overseas institutions who pay pensions to such people to enable them to meet their obligations.

(3) Bona fide farm labourers may also qualify for concessionary television licences on conditions that:

(i) they are in full time employ of the owner or lessee of the farm and permanently resident on the farm;

(ii) possess only one television set; and

(iii) their employer submits a written declaration in support of the application for a concessionary television licence to the post office confirming the above-mentioned facts.

Owners or lessees of farms who provide television sets for the exclusive use of their farm labourers may also qualify for a concessionary television licence on condition that:

(i) the television sets are used only by bona fide farm labourers;

(ii) the farm labourers are in the employ on the applicant and reside on his farm; and

(iii) the owner or lessee of the farm submits a written declaration in support of the application for a concessionary television licence to the post office confirming the above-mentioned facts.

For full particulars the hon member is referred to the Broadcasting Act No 73 of 1976 (R1720 of 7 August 1987).

Caravan parks/camping sites: draft regulations

Hansard

*24. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) Whether he has issued new draft regulations pertaining to caravan parks and camping sites; if so, (a) when, (b) why and (c) with which organizations did he consult prior to issuing these regulations;

(2) whether the new draft regulations are different from the previous regulations; if so, (a) what are the main differences and (b) by what bodies, organizations or individuals were they suggested;

25/8/87

300 Whole page

PERSONAL FINANCE

JUST WHAT THE DOCTOR ORDERED

THE South African medical profession can claim the credit for the establishment of the Professional Provident Society (PPS) — a mutual organisation which provides sickness and disability insurance (through Profmed), group life cover and retirement annuity facilities to its membership.

The extensive benefits of membership are now available to all graduate professionals who meet its age and other requirements.

Although management and membership were heavily dominated by the medical profession for many years, lawyers and other professionals are now well represented.

The PPS made news in May of this year when it elected a legal man — Edwin Letty — as chairman.

The progress of the PPS is well demonstrated by the gross value of its assets at the end of the 1986 financial year, which corresponds with the calendar year — more than R329m. Net assets were R189,9m.

Membership

During 1986, benefits totalling more than R40m were paid out to members, while aggregate incapacity benefits paid to members from the date of incorporation reached R29,1m.

During the 1986 year, net membership grew by 1 850 to a total of 37 866 ordinary members.

Investment management is under the control of UAL Merchant Bank, and various assurance facilities are provided contractually by Sanlam — for instance, through "The One Retirement Annuity".

It can safely be said that the PPS at its present scale and standing represents an unqualified success story.

Business Day would suggest that all individuals who qualify for membership (see article, this page) should make every effort to join — that is if they have not done so already.

soos burg.

headed

25/8/87 (300) B/Day

Battling claims

PROFMED — the medical aid society available to PPS members — had a total of 11 587 members at the end of the 1986 financial year (June 30, 1986). The members have 28 476 dependents, so that Profmed catered for the medical needs of 40 063 people.

During the financial year Profmed — in common with all medical aid schemes — again suffered an increase in its claims experience, which necessitated the raising of subscriptions with effect from January 1, 1987. Profmed chairman Edwin Letty, in the annual report, noted that the higher claims were not only due to the escalating cost of medicines and the increasing cost of medical services, but were also in part "due to an over-utilisation" of medical services by members. Letty notes that the tendency towards over-utilisation "and has no doubt contributed to the rising claims recorded by all medical aids in the country".

At the same time, suppliers of medical services have also been faced with spiralling cost increases. The cumulative effect of these factors has been the increase in medical aid subscriptions over the last few years.

As a result of the increase in premium rates, a deficit of R500 000 in 1985 was converted to a surplus of R976 000 in 1986 on claims totalling R12,484m against R10,847m.

PARLIAMENT

NEWS 25/8/87 (300) (180)

State pension fund under the spotlight

By DALE LAUTENBACH, Parliamentary Staff

AFTER predictions that the public service pension fund would go broke if it continued to be administered as it was at present, the Progressive Federal Party has called for the fund to become the responsibility of the Commission for the Administration under Minister Mr Alwyn Schlebusch.

This was said by the PFP spokesman on the commission, Mr Roger Burrows.

The fund has been at the centre of controversy since the release of Dr Andreas Wassenaar's book *En Route to Fairyland* in which he warned that the fund was spiralling out of control.

Speaking during the debate on this budget vote in the House of Assembly yesterday, Mr Burrows said it was "illogical" that pensions should fall under the Department of National Health when the Commission for the Administration was responsible for all other public sector matters.

Urgent inquiry needed

Professor S C Jacobs of the official Conservative Party Opposition said Dr Wassenaar's analysis that the State pension fund was in serious financial trouble should be investigated urgently.

It was difficult to know whether Dr Wassenaar's allegation that the fund was R7 000-million short was true but it would be in the national interest to investigate this claim.

Mr Burrows also challenged the Government to disclose the details of its policy on the employment of blacks in the public service.

There were 865 000 people in the public service of whom 33 percent were white, 11 percent coloured, three percent Indian and 48 percent black.

"This is not reflected in the senior posts where 96 percent are white, 0,7 percent coloured, 1,5 percent Indian and 1,8 percent black. These are figures for concern," he said.

Evaluating productivity

The Government apparently approved the promotion of blacks as senior managers and executives in private business companies but had not done similiar promoting itself.

Introducing the debate on his budget vote, Mr Schlebusch said productivity and the evaluation of all Government functions to ensure their necessity were matters of the highest priority.

Mr Mike Ellis (PFP Durban North) said thousands of people, especially white men, had been employed in the civil service as a vote-catching mechanism by the National Party.

It was difficult to provide renumeration to these hundreds of thousands of civil servants comparable to salaries in the private sector but he welcomed Mr Schlebusch's announcement that productivity and functional efficiency were being looked into.

Mr Roger Burrows

Mr Alwyn Schlebusch

Margo — 'task force' to meet

A TASK force under the chairmanship of the director-general of finance is to meet in Pretoria for four days in October to discuss memoranda submitted on the Margo Commission report, said the Minister of Finance, Mr Barend du Plessis.

Replying to the debate on the finance vote, he said the task force would consider all memoranda received by September 30 "with all possible dispatch".

INVITATION

Where it considered that further discussions were warranted, the task force would invite representatives of the bodies concerned to Pretoria for that purpose.

The discussions would take place between October 14 and 17 and the relevant organisations would be notified "well beforehand" of the date and time at which the task force would be able to receive representatives, Mr du Plessis said. — Sapa.

BIG BASH FOR SOWETO'S ELDERLY FOLK

LOTS of surprises are in store for the many elderly people who will be entertained on September 12 at one of Soweto's biggest parties.

By LANGA SKOSANA

The organisers plan to serve about 6 000 people with a variety of goodies and some of the guests will receive "mystery" prizes which will be revealed to them on that day.

The co-ordinator of the event, Mrs Nomhlobo Ndala said yesterday the party is planned to mark the international week of the aged which is celebrated annually between September 7 and 12.

This year's celebrations, she said, will take the form of a party to entertain the 40 000 pensioners in Soweto townships.

She said: "Our idea of a party has had a fascinating start with big companies like OK Bazaars, Woolworths and Cash and Carry Price Club giving us support. We are still awaiting the response of black businessmen who, in fact, should be the people who are pioneering this event.

"The Soweto Care of the Aged organisation is still making appeals to every business house and the man-in-the-street to help in making this day the happiest day for all the elderly people of this land."

Mrs Ndala said the organisers have planned a series of exciting events which will start with a street parade by drum majorettes and boy scouts followed by floats which will find their way to the Ipelegeng Community Centre in White City, Jabavu, where a mammoth party will take place.

There will also be another party at the Tshiawelo Community Centre to entertain elderly people living in that area.

Mrs Ndala has asked residents of Soweto who know of any people who are 100 years old or more to contact the National Council for the Aged at 23-6146. The centenarians will be given a special treat on that day.

She has also asked companies to whom the Soweto Care of the Aged has asked for donations to contact the National Council for the Aged telephonically because no mail is delivered in Soweto due to the postal strike. The contact person is Mrs Margaret Sebatlelo.

227

e Welkom Railway Station,
ing within this area.

Warning on inequities in benefits tax

KAY TURVEY

UNAPPROVED funds would emerge if the inequities between the tax treatment of pension and provident funds was not addressed.

It was important these inequities were resolved in light of the encouraged public debate following the Meiring Commission, Barrie Horlock, personnel director of C G Smith Sugar, said at a conference on Employee Benefits in Johannesburg yesterday.

Horlock said existing tax laws marginally favoured pension funds as tax relief was upfront, whereas in the case of provident funds it was granted on retirement.

Further, there was different tax legislation for civil servants and the private sector.

The big benefit to civil servants was that they did not have to commute a third of their pension to obtain a lump sum benefit.

Tax concessions for past service contributions were limited in the private sector whereas they were not in public service.

Call for better staff benefits

28/8/87 B/Day 300

KAY TURVEY

THERE WAS an urgent need to improve worker benefits as the marketplace demanded it, Old Mutual GM Gerhard van Niekerk said at the Witwatersrand Chamber of Commerce and Industry Conference on Employee Benefits yesterday.

He urged government to appoint the committee suggested in the Meiring report without delay as the private sector had done much to create alternative worker benefit arrangements despite the rigidities of the current system.

Short-term conditions, which would preserve accumulated benefits voluntarily, could be set up, Van Niekerk said and directions could be introduced for wider provision and preservation of minimum retirement benefits.

An integrated system which looked at sickness, unemployment, death, disablement and retirement needed to be formulated between employers and employees, he said.

A more meaningful State Old Age Pension means test could be suggested, so as to encourage the private build-up of retirement capital, as it had to be worth an individual's while to save towards retirement.

He said the Meiring report showed the realities to be taken into account in the development of a new dispensation. As the white population was expected to shrink to 10% of the total population by 2015, traditional Western approaches to pensions provision were becoming less appropriate.

Further, the significant increase in the population over the age of 65 and inflation, coupled with the elimination of racial differentiation, would mean the cost of the current State Old Age Pensions system would increase dramatically.

In addition the standard nuclear family around which traditional Western pension schemes were designed was increasingly atypical.

Trade unions were beginning to put forward opinions, which was a positive step, Van Niekerk said. The increasing awareness of pension-related matters was demonstrated by the growing number of funds, which had increased 113% from 1968 to 1982.

Self-help urged for the elderly

By Janine Simon

Star 27/8/87

308

Services to the aged were on the threshold of a phase in which natural forms of care would be emphaised, the director of the South African National Council for the Care of the Aged said this week.

Mr Sid Eckley told the annual meeting of the Johannesburg Association for the Aged that services for the old had developed in two main stages: first came family care, with support from the church, followed by the era of professionalism, where care was left to institutions.

He said welfare organisations would now have to rationalise their resources and promote an awareness of the need for self care amongst the public.

Several international bodies had concluded that institutional care was too expensive and that a country could afford services for the aged only ifthey were re-directed towards the community and independent living.

South Africa could expect people over 60 to comprise 10 percent of its total population by 2 000. Its aged population now numbered 1,1 million.

Govt set to stay out of pensions debate

28/8/87

Sh (300)

By Sven Lünsche

In line with its declared policy of non-intervention in industrial disputes, the Government has over the last few years abstained from laying down strict laws regarding pension benefits.

And it seems intent on continuing with this policy, if they adhere to the recommendations of the Meiring Committee on Pension Benefits, which published its findings in May this year.

The recommendations are to be discussed in Parliament in a few weeks time and are expected to be supported.

The centrepiece of the recommendation is that the private sector should be urged to expand its active role in the field of pensions and that individuals and employers are to be encouraged to make provisions for their own and their employees' retirement.

The ball is now in the private sector's court, a development welcomed by employers, unions and the insurance industry.

Said Old Mutual's senior general manager of pensions, Mr Gerhard van Niekerk, at a seminar hosted jointly by Old Mutual and the Witwatersrand Chamber of Commerce yesterday: "The Meiring Report was notable for recommending a framework within which a new pensions dispensation could develop, rather than prescribing a particular legislative programme."

There was a massive outcry in April when the chairman of the committee, Mr Kobus Meiring, indicated that he recommended a unilateral freeze on pension fund withdrawals.

Government attempts in 1981 to prohibit pension withdrawals before retirement were successfully resisted.

Management and labour are still opposing each other on the idea that pension fund contributions should be "preserved".

The unions strongly oppose this. "Workers are out of work for long periods because of the recession and are increasingly forced to rely on pension money for survival," Mr Bobby Marie, spokesman for the Metal and Allied Workers' Union, said this year.

Many unions have backed out of pension funds and opted for provident funds, which meet some of the immediate problems.

The motives of the life insurers and employers are not all that altruistic. A continuous flow of funds ensures more stable income for the funds, which can be reinvested to yield profitable returns.

Mr Thabo Motau, pensions manager at Old Mutual, suggested a portion of the employees' contribution could be invested in the Provident Fund and the remainder be invested to ensure a minimum pension and cash payment at retirement.

"Most important, however, is that managers stop imposing their 'First World' ideas on the 'Third World' needs of the workers and actively involve employees... in decisions concerning their retirement and their pensions," Mr Motau concluded.

Elderly urged to register with police

1/9/87

By Craig Kotze, Crime Reporter

The weekend murder of Johannesburg widow Mrs May Needham (86) — the 15th person older than 42 to be murdered in the Transvaal since June — has caused police, once again, to urge the elderly to register at the nearest police station immediately.

Mrs Needham's death brings to six the number of people older than 50 killed in the Johannesburg area alone since June.

Police are still hunting her killer. She was found strangled at her Auckland Park home at 8.30 am yesterday.

Overwhelming response

Reacting to Mrs Needham's death, Witwatersrand police liaison officer Major Dries Jacobs said: "Registration at the nearest police station is extremely important and we are taking the situation seriously."

The response of the elderly to registration was overwhelming and Johannesburg police have established an Elderly Care Unit to deal with the aged.

Mrs Needham's death came only four days before a massive public meeting planned by police at the Johannesburg City Hall to discuss security for the aged.

The wealthy widow, who had not registered with the police, took many security measures to keep out intruders, but kept a dog-hatch open for her dog.

Robbery appeared to be the motive for the crime as some of Mrs Needham's jewellery was stolen. There were signs of a struggle.

Her killing shocked Finsbury Road residents, who include many aged people and at least six widows, according to residents.

"We are absolutely shocked at this senseless killing — Mrs Needham and I were very good friends. She had burglar-proofing, alarms and was very security-conscious but did not want to register with the police scheme," said neighbour Mrs Ina Viljoen (63).

Another resident, Mrs A Kruger (76), said the killing had shocked her and that she and other elderly people would have to be more vigilant than before.

1/9/87

Appointment of teaching staff

*6. Mr R M BURROWS asked the Minister of Education and Culture:

Whether, in appointing persons to the teaching staff of schools falling under the control of his Department, management bodies are permitted, in considering candidates, to deviate in their selection from the determinants for appointment and promotion as laid down in the Public Service Act; if so, (a) in which matters and (b) in terms of what statutory provisions may they so deviate?

Hansard

The MINISTER OF EDUCATION AND CULTURE:

(a) Appointment of CS educators takes place in terms of Provincial Education Ordinances and not in terms of the Public Service Act.

(b) Falls away.

Pre-primary school teachers: salaries

*7. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether he intends bringing about, (a) directly or (b) through the provincial directors of education, the cessation of the direct payment of salaries of pre-primary school teachers who do not teach pupils in the pre-school year immediately preceding the Substandard A year; if so, why;

(2) whether he will make a statement on the matter?

†The MINISTER OF EDUCATION AND CULTURE:

(1) (a) and (b) No, no such action is being contemplated.

(2) No.

Mr R M BURROWS: Mr Speaker, arising out of the reply furnished by the hon the Minister, can the hon the Minister give us the assurance that none of the directors of the four provincial departments has taken steps to curtail the employment of pre-primary teachers in the departments?

1/9/87 Hansard

HoA

†The MINISTER: Mr Speaker, my reply to that is very clear; that is the reply to the hon member's question. I have nothing to add to that.

For written reply:

General Affairs:

Cape Town area: accommodation for aged Blacks

279. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether there is any accommodation available in the Cape Town Area for aged Black persons; if so, (a) how many units and (b) where are they situated in each case;

(2) whether any accommodation units for aged Black persons are to be built in the Cape Town municipal area during 1987 with financial assistance from the State; if not, why not; if so, (a) how many units, (b) when and (c) where will they be built?

300

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) Yes.

(a) Two units providing accommodation for 75 aged persons.

(b) One in Langa (51 persons)
One in Nyanga (24 persons)

(2) A National Housing Commission (NHC) loan to the amount of R2 223 418,00 has been approved on 19 June 1986 for the construction of an old age home in Guguletu. The proposed home will provide accommodation for 125 aged persons and will include a service centre. The architectural plans for the building were referred to the NHC for approval on 3 July 1987. The NHC has furthermore indicated that it is unlikely that funds would be available for this project in the 1987/88 financial year.

Hansard 1/9/87

Library services

302. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

(1) Whether any library services are administered by bodies falling under his control; if so, (a) what library services and (b) by what bodies;

(2) whether any libraries provided by White local authorities are open to members of all race groups; if so, (a) which libraries and (b) why?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) No.

(a) and (b) Fall away.

(2) The following replies have been received from the various Provincial Administrations.

Transvaal

(a) and (b) The library of a White local authority which renders a library service falls within the discretion of such local authority and the Transvaal Provincial Administration does not in any way interfere in the exercise of such discretion, nor does the Transvaal Provincial Administration impose any condition in this regard in rendering any assistance to such local authority in terms of section 7 of the Transvaal Provincial Library and Museum Service Ordinance, 1982 (Ordinance 20 of 1982).

Cape Province

(a) and (b) The Provincial Administration does not have control over the registration of borrowers in public libraries. The establishment, control and management of public libraries are the sole responsibility of local authorities.

It is therefore not possible to furnish information on the accessibility of private libraries to members of all race groups. This information is only obtainable from local authorities.

HoA

Orange Free State

(a) and (b) It is the traditional practice in the Orange Free State for the management and control of libraries to be left to local authorities. This practice is confirmed by Executive Committee resolution no 350 of 27 June 1985 by which it was determined that local authorities should themselves decide on the opening of library facilities for all race groups.

The Provincial Administration does not keep a record of which local authorities have opened their libraries to all race groups.

It appears that libraries in White local authorities' areas are mainly used by Whites. Some of these libraries do provide services to bona fide students from other residential areas who do not yet have library facilities of their own.

Natal

(2) Yes.

(a) The following public libraries provided by White local authorities in Natal are open to all race groups:

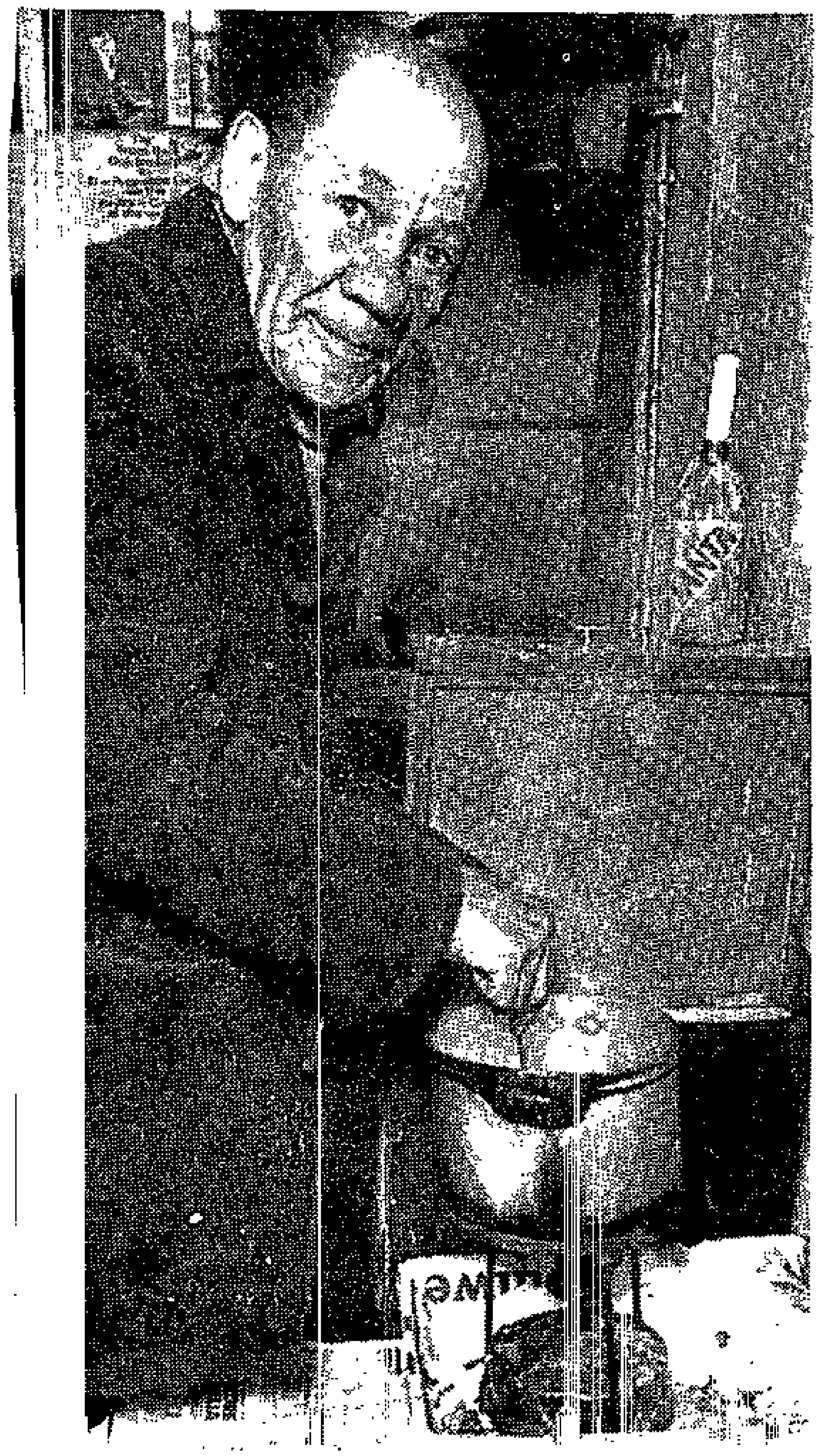
Ballitoville
Bendigo
Botha's Hill
Camperdown
Cato Ridge
Colenso
Dannhauser (reference service only)
Darnall
Durban (all branches)
Mooi River
Pietermaritzburg
Pinetown (all branches)
Shelley Beach
Southbroom
Empangeni
Eshowe
Gingindlovu
Hillcrest
Howick
Kloof
Kokstad
La Lucia

Hansard

Cape Times 2/9/87 (300)

A Cape Times investigation

Old-age pensions: Battle for survival



"SOMETIMES it is enough, but sometimes it is too small."

Old-age pensioner Mrs Lydia Mokwena of Guguletu was speaking of the food which her bi-monthly R168 pension can buy her. Her words sum up the position of hundreds of thousands of people living on government pensions.

A Cape Times investigation into the circumstances of the elderly in Cape Town followed a recent call in Parliament by Mr Ken Andrew, Progressive Federal party MP for Gardens, for the appointment of an independent inquiry into the plight of South Africa's less affluent senior citizens.

Bread-winner

According to the South African National Council for the Aged, old-age pensions vary from R198 a month for whites, an average R145 a month for coloured people and Asians and a maximum of R198, paid every two months, for blacks.

Figures from various government departments which administer

REPORT: Renee Moodie
PICTURES: Anne Laing and Richard Bell

Aged housing for only 75 blacks

Political Correspondent

THERE is accommodation available for only 75 aged black people in the Cape Town area, the Deputy Minister of Constitutional Development, Mr Piet Badenhorst, disclosed yesterday.

There were two units providing accommodation for aged black people, one in Langa (51 people) and another in Nyanga (24 people), Mr Badenhorst said in reply to a question from Mr Ken Andrew (PFP Gardens).

A National Housing Commission (NHC) loan had been approved in June last year for the construction of an old-age home for 125 people in Guguletu, but the NHC had indicated that indicated it was "unlikely" that funds would be available for this project in the 1987/88 financial year.

Replying to another question from Mr Andrew, the Minister of Local Government, Housing and Works, Mr Amie Venter, disclosed that during last year alone accommodation for 670 aged white people had been built in the Cape Town area.

Accommodation for 310 people had been built in Bellville. Accommodation for 150 had been erected in Plumstead, for 140 in Muizenberg and for 70 in Fish Hoek. The state had assisted in all these projects.

ical abuse of the elderly, said he received a bi-

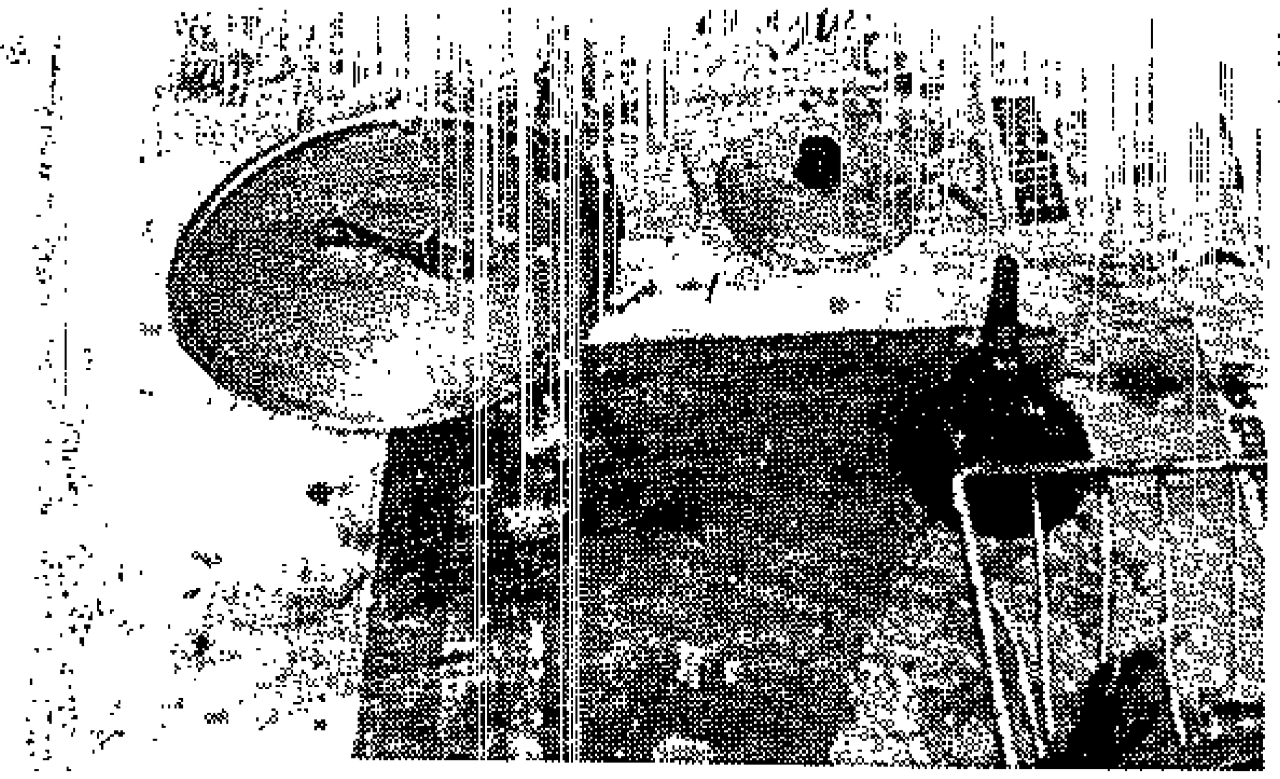
A PICTURE OF DIGNITY . . . Mrs Lydia Mokwena with her prized picture of her husband David who died last year.

times the rent must wait and sometimes the water — last month I was R104 in arrears with the water and I had to find R50 to pay them.

"My son is a fruit-and-vegetable hawker and he often helps me with vegetables," she said.

Mrs Bull is active enough to catch a bus to do her monthly shopping outside Belhar, but that families are often dependent on their old parents for a home.

"Often the parent is the one with a council house, and their families do not have housing. This can lead to overcrowding, and if the younger members of the household become unemployed the pension is the only income," she said.



COOKING FOR TWO ... 74-year-old Mr Jakobus Hansen cooking lunch for himself and his wife Marie.

BEDRIDDEN AND ALONE ... Mrs Elsie Nkomo in her Nyanga East home, where she spends much of her time alone.

about 1 277 300 ... coloured and Indian people receive old-age pensions in the Republic. Black pensions are now administered separately by the provinces and in the Cape Province in June there were 59 793 black government pensioners.

Pensioners are often the only bread-winner for their children, or the only person in the family with a house. This leads to overcrowding, and can often result in financial, emotional or phys-

...ved alone in a small rented room — for which she pays a monthly R18 — since the death of her husband David last year. They lived together in the same room from 1976.

Mrs Mokwena, who cooks for herself on a small paraffin stove in her room, and does her own shopping, was uncertain of her age but knew she had been drawing her pension for at least ten years.

Asked if she always had enough to eat, she said: "Sometimes it is enough, but sometimes it is too small."

Moving out

Mrs Mokwena is fortunate — she recently found a place in an old-age home in Guguletu, but 81-year-old Mr John Mazinyo, senile and incontinent and living in a backyard shed, is not so lucky.

He is cared for by his stepdaughter-in-law, when she is home from work. Till now other lodgers have been seeing to his needs, but they are moving out soon.

He was too confused to answer questions when visited by the Cape Times, but his relatives,

Mrs Elsie Nkomo, 75, of Nyanga East, was in bed and alone in her house when the Cape Times visited her. She said she had been sick for a long time and spent much time by herself, although her daughter spent nights in the house.

"The lady down there (pointing in the direction of a neighbour's house) brought me breakfast this morning," she said, adding that although a relative collected her pension, she did not know how much it was.

In Belhar, Mrs Johanna Bull, a 78-year-old mother of ten children and widow of 17 years, lives on a monthly pension of R147.

"I come out every month because I must. I just find a way," she said.

Mrs Bull pays R24 a month rent, an average electricity bill of about R30, gas bills and tri-monthly water bills. She usually buys a R60 food hamper at a Bellville South supermarket every month.

"The electricity bill I must pay, or I will have no lights. So I wait for that bill and then I see who else I can afford to pay in a month. Some-

...dependent on local cafés and hawkers for their grocery requirements.

Residents said local shops often charged up to R2 more for a product than bigger shops, while hawkers' wares were "fresh but expensive".

Not enough

Entirely dependent on local shops are the Hansens of Da Gama Street. Mrs Marie Hansen, 64, has weak legs and a useless left hand — it was broken three years ago and all the housework is done by her 74-year-old husband, Jakobus.

"We both get R147 pension (total R294) and we pay R19 rent. But the food is so expensive and we also have to pay for paraffin," said Mrs Hansen.

A social worker who asked not to be named and who deals with cases in several coloured areas, said the monthly old-age pension of R145 was not enough.

"But people have got used to working with such a little that they do not perceive their lives as difficult."

One of the main problems facing the elderly people she deals with is

...sion could be used to finance alcohol abuse by the children of elderly people. Physical abuse of the elderly occurred and could be caused by the tensions of overcrowding.

"Social workers have no legal power to remove an elderly person from their home, as we could remove a child if necessary. Sometimes we see a situation where we would like to remove someone but cannot because they refuse to move — sometimes they fear persecution by members of their family," she said, adding that she had seen about four cases of physical abuse over the past six months.

Mrs Monica Marais and Mrs Gesa Wolhuter, social workers in the elderly-care division of the Ned Geref Kerk's Christelike Maatskaplike Raad (CMR), said cases of elderly people in their area — the northern areas — who were unable to exist on their pensions were rare.

"But we do have cases where a pensioner is supporting other people.

And we have had examples of physical abuse of an elderly person," Mrs Marais said.

Weekly Wage at 12/85: R 22.27
Weekly Wage at 12/85: R 22.27
Weekly Wage at 12/85: R 29.04
Weekly Wage at 12/85: R 26.14
Weekly Wage at 12/85: R 34.37
Weekly Wage at 12/85: R 29.04
Weekly Wage at 12/85: R 21.30
Weekly Wage at 12/85: R 23.23
Weekly Wage at 12/85: R 27.11
Weekly Wage at 12/85: R 60.50

2/8-2/9/87

No pension for veteran

Sowetan

380

A MAN who was decorated while on active service in North Africa during Second World War, is living in poverty because he can't get a pension.

Albert Thamsanqa Cakata, now 78, survives by selling rags and bones, and through the support of his nephew, Haggard, his only living relative.

He lives the life of a destitute in a shack in Haggard's backyard in Duncan Village, having failed since 1946 to get a pension.

His wife and twin children died in a car accident while he was in North Africa, fighting for South Africa and a free Europe.

Cakata's medals and decorations were all stolen when he returned to East London at the end of the war.

For many years now he has been trying to get a pension, but the authorities have been sending him between his birthplace outside King William's Town and East London, where he now lives.

The fact that Cakata was born at Tyutyu Village near King William's Town has prolonged his battle to get a pension. Finally he was allowed to apply in East London. "I don't know why I have to suffer," Cakata said.

After 10 years at various mines in Johannesburg, he joined the South African Defence Force (SADF) in 1941. He joined the army as a volunteer.

He described his experience of trench warfare in North Africa as "four years of living the life of an ant hiding from German fighter planes".

While serving abroad they were paid R3 a month, Cakata said. Some money was kept by the authorities and some was sent to families.

After four years they were sent back to South Africa and returned to their home towns. Cakata said he was robbed at a railway station of his suitcase, a certificate and medals.

Albert Thamsanqa Cakata

Among Cakata's awards were the 1939/45 Star and African Star, symbols of good service and loyalty. After his return to East London, he worked for two years at an army rifle range teaching young white boys how to shoot.

Cakata resigned from the army in 1951 and returned to the mines. He had started applying for his pension on his return in 1946, without success.

He said the government had promised them big farms, houses and many cows during the course of their service.

"All those promises have turned my life into a nightmare - I don't know why I have to suffer," he said. - Elnews

Interest rates likely to hold at current levels

(300) 3/9/87

Cash flows into property as granny bonds die off

HELENA PATTEN

THE demise of the granny bond has seen participation mortgage bond intermediaries sigh with relief, as funds return their way.

Syfrets group marketing manager Andre du Plessis said the company was definitely experiencing more investor interest with a much better inflow of funds.

However, demand for property development capital was still relatively quiet — a function of the lack of confidence continuing to impact on the economy. He said there had been some improvement, as property owners looked to expansion.

But the whole lending market still had excess capacity and rates were likely to hold at current levels, because of a relatively good balance between the inflow and outflow of funds.

Metboard senior bonds manager Andrew Joubert attributed the increase in investor interest partly to the company's month-old increase in rates to 13,5% in defence against granny bonds. He indicated the scrapping of the government bonds meant Metboard might reduce its rates in the next quarter.

However, he stressed investment interest by institutions had been more significant than that of "grannies" and was a reflection of the market's rate-sensitivity.

Metboard had enjoyed a stable and sustained high demand for loans during the whole year, mainly owing to the property expertise in the company.

First Persam MD Ken Burgess said the investment side had been sluggish over the granny bond period, but had picked up recently. Demand for borrowings had also shown signs of revival, although there had been no fireworks — "we're being very selective and accepting only good stuff".

Board of Executors participation mortgage bond manager Noel Geber said during the five or six weeks of the granny bond offer, interest in part-bonds had fallen off noticeably. However, he was happy to say the inflow of funds was "back to normal".

Cape Times 4/9/87 300

Public being 'milked' for pension fund

By ROGER WILLIAMS
Chief Reporter

DR Andreas Wassenaar, former chairman of Sanlam, warned yesterday of a continuation of what he believed to be "blatant manipulation" of the government service pension fund in its present form.

Speaking at a Cape Town Press Club lunch he said there was also apparently less financial discipline under the present Minister of Finance (Mr Barend du Plessis) than under previous ministers.

Dr Wassenaar, author of the controversial new book "En Route to Fairyland", said the South African taxpayer was being "milked" by the government to keep the pension fund in such a state that both the public and the bureaucracy were being assured that all was well.

"All is not well! The taxpayer is not being told he is already being milked to keep the pension fund going. And the bureaucracy is not being told the taxpayer has not been told to what extent he is being milked to keep the pension fund going."

'Unbelievable'

Dr Wassenaar said he had no idea what he was going to expose when he started the research that led to his new book.

He had discovered, he said, "the most unbelievable manipulation of pension fund regulations" in his experience as an actuary.

"It started with normal good pension fund rules which produce pension benefits equal to the best in the private sector. It ended up producing pension benefits — pension and gratuity combined — of up to 117% of salaries in the last year of service!"

Dr Wassenaar called for an inquiry into changes made in recent years to the regulations by which the fund is controlled, and said the government must also know why and on whose recommendation the consulting actuaries were sacked in 1976.

"Until these matters have been thoroughly investigated one cannot avoid the question of whether the actuaries could possibly have been removed because they did their job as the watchdog of the government too diligently."

He also called for conversion of public pension funds in such a way that they would be managed in the same manner as private funds.

● Dr Wassenaar said there was no sign that the country was preparing to repay its national debt, and that South Africa must make a greater effort to return to balanced budgeting. "It is not likely to happen under the present Minister of Finance."

There was one area, Dr Wassenaar said, in which billions could be saved — the civil service.

"The main areas in which savings can be effected are firstly in their numbers — and secondly on their fairyland pension fund."

Cape Times 4/9/87

Call for probe into pension funds

By CHRIS CAIRNCROSS 380

GOVERNMENT has failed to respond to calls for an urgent and intensive investigation into the affairs of the public sector's pension funds.

These calls were renewed, inside and outside Parliament, after attention was again focused on these pension funds in a controversial expose authored by Andreas Wassenaar, a previous chairman of Sanlam.

The control of these pension schemes falls under National Health and Population Development Minister Willie van Niekerk, who failed this week to respond to the considerable concern over the state of the funds during his vote in the House of Assembly.

His only token reference to the issues raised was to declare there was no need to be concerned over the short term state of the civil service pension fund because its income easily exceeded its expenditure.

Van Niekerk said the interest alone accrued by the pension fund amounted to R1,3bn whereas the expenditure was some R200m.

Opposition spokesmen described his response as misleading and totally unacceptable.

Van Nierkerk has since said that a new investigation is to be launched into the establishment of a pension provision system for all in SA — shaking off the dust of a similar investigation undertaken some years ago by the Meiring Committee.

Roger Burrows, PFP MP for Pinetown, said yesterday that the fears were not over the short term future of the civil service pension fund, but over its long term viability.

He welcomed the fact that the buy-back terms which apply exclusively to the state pension schemes, are to be reviewed.

But, at the same time, he expressed concern that no indication had been given as to timescale.

Burrows suggested that Van Niekerk's announcement merely provided a signal to civil servants to buy back service as soon as they could, and predicted there would be a flood of applications to do just that.

Van Niekerk said in his statement yesterday that government placed a high premium on labour relations and it was obvious that nothing should be done to endanger the situation.

A careful look would have to be taken at the provision for maximum economic growth and work provision within any compulsory pension system.

Van Niekerk said the proposed investigation will also be covering the public sector, and confirmed the committee is to be appointed by the Minister of Finance.

See Page 11

No pensions in Lebowa

By LOUISE FLANAGAN

360

THOUSANDS of elderly Lebowa residents are not receiving pensions as a result of a revived nine-year-old law turning pension rights in the self-governing "homeland" into a privilege.

The Lebowa Social Pensions Act, passed in 1978, removed the right to old age pensions and instead left it to the Secretary of Health, Welfare and Pensions to determine the number of pensions to be paid out each year.

4/10/9/87 W/Mail

Allegations that new pension applications have not been processed since June 1984, when the Lebowa administration announced there was no money available, have been denied by Lebowa's Deputy Secretary for Health, MS Mashaba.

He said he was not aware that the Lebowa Social Pensions Act absolved the administration of the obligation to pay pensions.

However, even some people who applied before the 1984 cut-off date — some as long ago as 1980 — are not receiving their pensions.

A representative of the Johannesburg Legal Resources Centre said the LRC was currently investigating the validity of the Act. However, he said people who had applied for pensions before June 1984 ought to be receiving them.— Elnews

300 Argus 4/9/87

CITY/NATIONAL

New formula promised for State pension fund

Political Staff

THE Government is to change the public servants' pension buying-back scheme to forestall a predicted R16,997-billion shortfall in the Government Service Pension Fund.

The Minister of National Health and Population Development, Dr Willie van Niekerk, announced several new measures in Parliament yesterday to try to put the controversial fund on a healthy footing.

Critics of the fund, including former Sanlam chief Dr Andreas Wassenaar, are still not satisfied that the measures will solve the problem.

Dr van Niekerk also released the actuary's report on the fund, withheld for 17 months. It disclosed that at current rates of pension increases the fund would eventually face a shortfall of R16,997-billion.

Dr Wassenaar recently published a book in which he said the taxpayer would eventually have pay out billions to save the fund because of over-generous pension benefits. One of his main targets was the provision which allows public servants to buy back pension service to the age of 16.

Buying back

Yesterday Dr van Niekerk announced during the debate on his portfolio in Parliament that the formula for buying back pension service would be changed next month "in accordance with the actuary's recommendation.

"This will result in the fund being fully compensated in each case for the benefit which the member will eventually receive from the fund."

Dr Wassenaar said it was impossible to assess if the new measure would solve the problem as Dr van Niekerk had not said what the new formula would be.

Mr Roger Burrows, MP, Progressive Federal Party spokesman on the Public Service, today accused Dr van Niekerk of not painting the true picture and not spelling out the cost to the taxpayer when he appeared on television last night.

The actuary's recommendation on this point was not contained in the report released yesterday.

Mr Burrows said the taxpayer was already having to foot an extremely high bill. For every rand a civil servant contributed the taxpayer contributed R2,74.

This is far more than the average proportion in the private sector, which tends to be one rand to R1,50.

Dr van Niekerk said last night the fund was sound enough to be paying out only from the interest on its capital.

"So the taxpayer can expect to pay even more in the future."

He pointed that in Parliament Dr van Niekerk had conceded the fund was not in danger because the taxpayer would always be behind it.

Mr Burrows said that in simple terms the pension fund was a young fund with a large proportion of contributors compared with beneficiaries. A tremendous problem would be experienced as the fund matured and more and more beneficiaries received money.

Taxpayer being milked, says Wassenaar

Staff Reporter

THE taxpayer was being milked to pay for the civil service when proper management would save billions, says economist Dr Andreas Wassenaar.

A prime example was the Civil Service Pension Fund which could result in civil service pensioners earning more in retirement than while they were working, the former Sanlam chairman told the Cape Town Press Club yesterday.

"Blatant manipulation" and "extraordinary" changes to the fund's regulations needed to be investigated.

Dr Wassenaar's recent book *En Route To Fairyland* tells the story of his own probe into the fund. He said he had found "the most unbelievable manipulation" of regulations and expected this to continue.

BORROWING

As a result he has proposed turning the fund into a corporate body controlled by a board of trustees in the same way as private funds — and paying more realistic pensions.

One of the major drains on the taxpayer was the Government's "excessive grasp" on loan money and its reliance on increased borrowing to repay a runaway national debt, he said.

'Taxpayer milked for state pensions'

300 BDay 4/9/87

CHRIS CAIRNCROSS

CAPE TOWN — The taxpayer was being milked to feed the civil service and there were no signs government was preparing to repay the debt, former Sanlam chairman Andreas Wassenaar told the Cape Town Press Club yesterday.

Government had failed to respond to renewed calls for an intensive investigation into the affairs of the public sector's pension funds, on which he had focused attention, said Wassenaar.

The control of these pension schemes fell under National Health and Population Development Minister Dr Willie van Niekerk, who failed this week to respond adequately to serious concern expressed during his vote in the House of Assembly.

His only reference to the issues raised was to declare there was no need for concern over the short term state of the civil service pension fund because its income easily exceeded its expenditure.

Van Niekerk said interest alone accrued by the pension fund amounted to R1,3bn, while expenditure was about R200m.

He was roundly castigated by opposition spokesmen who described his response as misleading and totally unacceptable.

Van Niekerk's subsequent statement that a new investigation is to be launched into the establishment of a pension provision system for all in SA — shaking off the dust of a similar investigation undertaken some years ago by the Meiring Committee — has also been greeted with disdain.

Government was fiddling with an issue when its main concern should be to focus on the dubious circumstances surrounding the state pension fund, it was argued in Parliament yesterday.

Roger Burrows (PFP, Pinetown) noted that fears were not over the short-term future of the civil service pension fund, but over its long-term viability.

He welcomed the fact that buy-back terms which apply to state pension schemes are to be reviewed.

● See Page 5

Cape Times 5/9/87 (300)

State Pension Fund deficit 'R20 billion'

By NICO MULLER
Political Staff

HOUSE OF ASSEMBLY. — While the PFP speculated yesterday that the State Pension Fund's deficit could be around R20 billion, the government said it would investigate the fact that civil servants could buy back pension to the age of 16 years.

The Minister of Finance, Mr Barend du Plessis, however, told the House of Assembly while replying to debate on his budget vote that control over buying back service time was not the responsibility of his department.

His department's only responsibility was to see that funds under the State Pension Fund were invested to ensure maximum returns.

Average returns had increased by 13,5% at the end of June, by 13,3% so far this year, by 12,84% last year, by 11,92% the previous year and by 10,96% in 1984.

If the conditions under which pensions could be bought back were too wide, it was the collective responsibility of all government departments falling under conditions of service.

However, he said the government "would have to" investigate the fact that civil servants could buy back their pensions to the age of 16.

Mr Du Plessis said "responsible attention" was being given to pension funds at the moment.

- Statements by the Minister of National Health and Population Development, Dr Willie van Niekerk, on television on Thursday night about the State Pension Fund were "totally misleading", Mr Harry Schwarz (PFP Yeoville) said yesterday.

'Very clear'

Referring to recent reports about the fund's shortfall of R7 600 million, he said during debate that Dr Van Niekerk's statements about the fund's cash flow "had absolutely nothing to do with its solvency".

The actuarial report on the fund, made available yesterday from the minister's office but not provided to the Standing Committee on Finance, was in fact very clear on the fund's position.

"The deficit is not R7,6 billion, but it is in reality R16 billion, in fact nearly R17 billion.

"That was in 1985, and with interest increasing it, the total must now be about R20 billion," Mr Schwarz said.

"The (actuarial) report says that the situation will be contained if there is a 'cut off' now and that there will be a surplus of R150 million per year in the fund.

"But even that will not really be a surplus in view of inflation and that the deficit will still have to be eliminated, which will take years and years at a rate of R150 million per annum.

Mr Schwarz said the fund's problems had arisen as a result of changing the calculation of a civil servant's pension on his last salary as opposed to the average of the last three years, and the opportunity to "buy back" service time.

"A man of 54 who joins the public service can buy back service time to the age of 16."

Dr Van Niekerk's announcement yesterday that the formulae were to be looked at and that details would be announced within the month were an open invitation to public servants to make applications now to buy back their service before it was too late.

"This should be frozen today, so that we can get some sense back into this issue

"The taxpayer will eventually have to finance the deficit," he said. — Sapa

CP: 'Like attorney caught with hand in till'

HOUSE OF ASSEMBLY. — The State Pension Fund should be run on a sound economic basis and it was not good enough for the government to simply say it would make up any deficit, Mr Casper Uys (CP Barberton) said yesterday.

Speaking in the Finance vote of the Budget, he said it appeared the government planned to use taxpayers' money to make up any shortfall in the pension fund.

The government's assurance that there was no need for concern because the pension fund's income exceeded its expenditure was not acceptable.

He said the pension fund was similar to a trust account and compared the situation to that of an attorney being caught with his "hand in the till". It would not be acceptable for the attorney to say his income still exceeded his expenditure.

The situation had to be put right and not by using taxpayers' money to make up any deficit. — Sapa

Wassenaar rejects assurances on fund

W/E ARGUS 5/9/87 (300)

Political Staff

FORMER Sanlam chief Dr Andreas Wassenaar has rejected the Government's assurances that the controversial Government Service Pension Fund is sound because its expenditure is only a fraction of its income.

The fund came under heavy fire in Parliament this week and opposition MPs are saying that it is blowing up into a major scandal.

In a statement issued to The Argus last night Dr Wassenaar, a professional actuary, dismissed assurances about the fund given by Dr Willie van Niekerk, Minister of Health and Population Development.

Dr van Niekerk said the fund's expenditure was only 31,6 percent of income and the interest income was enough to cover all expenses.

"In other words the members' contributions are not even touched,' Dr van Niekerk said.

"It follows, therefore, that for the forseeable future there need be no fear in regard to the fund's financial position."

Dr Wassenaar said that in his book, *En Route to Fairyland*, he had given the example of a totally insolvent life assurance fund where the payments from the fund in the first five years amounted to only 66 percent of the investment income, leaving the premium income untouched.

In the case of a pension fund contributions to the fund would be equivalent to the premium income of the assurance fund.

"Yet after 20 years this life assurance fund was completely bankrupt with payments of R9 000-million in five years against income of R600-million.

"The minister's figures and the conclusion which he draws from this excess of income over expenditure were not supplied to him by the actuaries.

"They were supplied to him by his department. This wrong conclusion that he draws from the figures, proves how dangerous it is to regard people as experts when they are not experts at all."

Veto

The actuary's report into the fund, completed in March 1985, showed that with pension increases at the current rate the fund would eventually have a shortfall of R16,997-billion.

With interest accrued since then, it has been estimated that the shortfall would now be closer to R20-billion.

Dr Wassenaar said Dr van Niekerk had also announced that in future any proposals to improve pensions would be subject to veto by actuaries.

"That used to be the principle on which ministers have acted in the past.

"Yet it was possible to change the regulations so that those provisions were ignored.

"Unless an inquiry is conducted into the procedures whereby this very provision was by-passed, the Minister cannot give any assurance that

Pensions: private sector losing out

300 5/9/87 W/Post

[redacted]

A PUBLIC SERVANT earning R25 000 a year who has "bought back" the maximum number of pension years could retire on a higher pension than a business executive ending his career on an annual salary of R100 000.

This estimate of the tremendous financial advantages enjoyed by public servants emerged from interviews this week with financial experts in Port Elizabeth.

They were asked to comment after the farewell party at Tuynhuis, the State President's residence in Cape Town, for the directors-general of seven Government departments, who were eligible to retire with a total payout of nearly R3 million and yearly pensions of R100 000 each.

Dr Andreas Wassenaar, the former former chairman of Sanlam, who has written a book attacking the State pension scheme, said this week that the taxpayer was being milked to feed the public service.

The managing director of a PE management consultancy, Mr Ernold Wills, told Weekend Post this week pensions in commerce and industry were "nowhere near those in the public sector".

"The public sector's pension plan is probably 50% better than the private sector's provisions," he said.

For one thing, there were no gratuities like the estimated R392 291 cash payouts that each of the seven retiring directors-general could have received this week.

And there was no system of buying back your pension with interest-free money borrowed from an employer.

"Pensions of R100 000 are unheard of in the private sector," Mr Wills said, commenting on the estimated annual pensions of R106 000 (or R8 800 a month) for each of the retiring directors-general — assuming they had bought back their pensions to the maximum of 49 years.

The normal manner in which a person's pension was calculated in the private sector was the number of years of service divided by 50, multiplied by his average salary of over the last three or five years.

The managing director of a Port Elizabeth company earning R100 000 a year — "and there are very few of them earning that much" — and with 12 years' service would therefore get a pension of about R24 000 a year, based on his salary in his [illegible] year of servic[illegible]

A public servant earning R25 000 a year, and who has bought back his pension (for which purpose he could borrow money from the state) to the maximum service of 49 years, would receive an annual pension of R24 500, more than a retiring managing director.

Mr Wills said in the private sector most people held five jobs in their working lives which meant that few people retired after long service with one firm. In addition, pensions were not transferable.

For this reason people supplemented their company pension schemes at their own expense with investments in retirement annuities and other schemes.

Mr Neville Walker, branch manager of a financial advisory service, agreed that most people resorted to retirement annuity schemes to supplement their pensions, but pointed out that the maximum tax-free investment in such schemes had remained fixed since 1978.

He pointed out that with inflation at 15%, the buying power of a fixed income was halved every five years and interest rates on investments had virtually halved compared with three years ago.

Port Elizabeth's municipal servants are not as well off as their counterparts in the State either.

They can buy back their pensions — but they have to this on actuarial calculations and they cannot borrow the money interest-free.

"It is so expensive that only two people have done it," a spokesman for the City Treasury said.

● According to a report

(300) Citizen 6/9/87

A law which cuts the lifeblood of the aged

THOUSANDS of Lebowa senior citizens are missing out on their pensions because the homeland administration claims it has run out of money.

Since 1984, when the administration announced that no more money was available, no new old age pension applications have been processed in the homeland.

However, other pensioners who applied before 1984 claimed they were also not receiving their pensions.

In terms of the Lebowa Social Pensions Act of 1978, the government is not obliged to pay pensions.

Instead, the secretary for health decides how much should be paid out in pensions.

This came about in June 1984 when funding from South Africa ran out.

A spokesman for the Johannesburg Legal Resources Centre confirmed that action to test the validity of the act was being studied.

However pensioners who live in non-independent homelands who first applied before the 1984 cut-off date, claimed they were also missing out on their pensions.

Martha Ngetona Masimola, 65, said she had first applied for her pension in 1981 and then again in 1984. She was still waiting for her first payout.

At the moment she is living off money sent by her children and by working the small amout of land she owns.

Her husband has died and she still has four children at school.

As Masimola applied for her pension before the 1984 deadline, she appears to have grounds for claiming not only her pension, but also accumulated back pay.

However, for Matlema Wilson Makofane, the prospect of him getting pension seems far more bleak.

The 73-year-old Makofane first applied for his pension in 1984 – shortly after the cut-off date.

Since then he has returned to the nearby shop where pensions are paid out every two months, but has received nothing.

His wife Monica is also not getting her pension, and the two also survive on money sent by their children.

Makofane said he had first applied for his pension in Johannesburg.

However he was told that he should apply to the Lebowa government as he was their responsibility.

Other elderly people had similar stories to tell.

Elizabeth Madihlaba, 62, said she applied for her pension in 1985 and had since returned to await payment every two months.

She said officials had told her that her papers had been sent "somewhere" and were still being processed.

"I'm just living. I'm just ploughing," she said when asked how she made ends meet.

"We are living in hunger and we don't trust anyone now," said one of the pensioners interviwed. – Elnews

6/9/87 360

Without pensions ... (Left to right) Wilson Mafokane, Elizabeth Madihlaba and Ngetona Masimola.

360

Crushed to death in pension queue

SOWETAN Correspondent

A PENSIONER was crushed to death and several others injured in a stampede for payouts for the elderly and infirm at Jabulani Amphitheatre, Soweto, last Thursday.

The death of the pensioner, identified only as Mrs Nkosi of Zola Three in Soweto, has been confirmed by different sources.

Cries among the aged are now for the authorities to improve the way in which elderly and disabled blacks receive their grants.

Some witnesses told of "confusion" at the gates of the amphitheatre, and said that during the pushing and jostling by other pensioners, Mrs Nkosi had fallen and was crushed by the weight of other bodies landing on top of her.

Pensioner Mrs Letia Tholo was at Jabulani Amphitheatre when the elderly were handed their bi-monthly grants.

She said: "There were thousands of us at the payout point, and the officials ordered us to form queues outside the gates of the amphitheatre.

"It was to be first come, first served.

"To be among the first in the queue you needed to have risen as early as 4am and to have been at the payout point in the next hour, even though the cashiers only arrive around 8am.

"Some late-comers did not like being at the tail end of the queues and were prepared to do anything to be at the head.

"That was what caused the problem which ended in the stampede."

Because of the large number of pensioners, officials used "marshalls" to monitor those waiting for their money and also to see that nobody jumped the queues.

Said Mrs Thulo: "Unfortunately some of the marshalls were not very honest people.

"For R2 they were willing to take someone from the back of the queue and push them ahead of the rest.

"Some pensioners saw the marshalls accepting money from people at the back of the queues, and knew they would spend the whole day out there unless they also parted with R2 — despite the fact they had been at Jabulani much earlier."

The result was that many of the oldies pushed away any people brought to the head of the queues by the marshalls, and the confusion and jostling began.

That is when Mrs Nkosi fell and was trampled to death. Several people who also fell were injured.

The Star

The way to a better state pension fund

STOP-GAP emergency action to cut a potential shortfall of billions of rands in the Government pension scheme is all very well. It makes a start at correcting serious miscalculations of the past. But it should only be the beginning of a major reassessment of the viability of the fund as presently structured and of the whole pay and service benefits package enjoyed by the country's public servants.

The Minister concerned, Dr van Niekerk, has announced a change in the controversial pension buy-back scheme, a plan to get higher returns on the fund's investments, and a decision to subject the fund to fresh actuarial scrutiny every three years. These moves go some way to meet a problem that has caused a wave of concern among taxpayers and a ripple of panic among public servants.

It is still not enough. The formula by which buying back pension service will be calculated in future has not been disclosed and has thus not passed the test of public scrutiny. Pensions will still be calculated on a public servant's final salary rather than on an average of the last few years of service — a quite exceptional pension perk. And the consequences for public servant and taxpayer alike have not been spelt out.

It took the sharp insight of retired insurance magnate Dr Andreas Wassenaar to uncover the major flaw in the actuarial basis of the fund — a flaw that had the potential to bring down the fund itself and the country's taxpayers with it.

Government acknowledgement of Dr Wassenaar's service in exposing the deficiency has so far been lacking. Yet he deserves the highest praise from the public and the State. After what he has done to reveal the fund's shortcomings, it would be wise for the Government to heed the criticisms he still levels at the structuring of the fund.

Enough has emerged to make a full-scale, expert inquiry essential. Taxpayers want proof of the fund's viability. They must also be assured that the cost is acceptable. Any changes bear directly on service conditions of public servants compared with the private sector.

Until the Government provides these answers, through the work of an independent specialist examination of the fund, it remains in the dock.

Pensioners crushed in stampede

JOHANNESBURG — A pensioner was crushed to death and several others injured in a stampede for payouts for the elderly and infirm at Jabulani Amphitheatre, Soweto, last Thursday, the Sowetan newspaper reported today.

The death of the pensioner, identified only as Mrs Nkosi of Zola Three in Soweto, has been confirmed by different sources.

The aged are now calling for the authorities to improve the way in which elderly and disabled blacks receive their grants.

Some witnesses told of "confusion" at the gates of the amphitheatre, and said that during the pushing and jostling by other pensioners, Mrs. Nkosi had fallen and was crushed by the weight of other bodies landing on top of her.

A pensioner, Mrs Letia Tholo, who was at Jabulani Amphitheatre when the elderly were handed their two-monthly grants, said: "There were thousands of us at the payout point, and the officials ordered us to form queues outside the gates of the amphitheatre.

"It was to be first come, first served.

"To be among the first in the queue you needed to have risen as early as 4am and to have been at the payout point in the next hour, even though the cashiers only arrive at around 8am.

"Some late-comers did not like being at the tail end of the queues and were prepared to do anything to be at the head.

"That was what caused the problem which ended in the stampede."

Because of the large number of pensioners, officials used "marshalls" to monitor those waiting for their money and also to see that nobody jumped the queues.

Said Mrs Tholo: "Unfortunately some of the marshalls were not very honest people.

"For R2 they were willing to take someone from the back of the queue and push them ahead of the rest.

"Some pensioners saw the marshalls accepting money from people at the back of the queues, and knew they would spend the whole day out there unless they also parted with R2 — despite the fact they had been at Jabulani much earlier."

The result was that many of the pensioners pushed away people brought to the head.

That is when Mrs Nkosi fell and was trampled to death. Several people who also fell were injured. — Sapa

Concern at plight of pensioners

38

EPOST 9/9/87

JOHANNESBURG — The plight of South Africa's pensioners is growing worse every year as inflation eats into their pensions at an "alarming" rate, says Sanlam.

The company every two years conducts a comprehensive survey into pension benefits.

The latest survey, to be released later this month, also criticises the attitudes of overseas-controlled companies towards pensions.

Local pensioners, with inflation eating into their incomes, are significantly worse off than they were three years ago, says the survey in what it terms a "frightening trend".

Mr Desmond Smith, Sanlam's senior general manager: pensions, told a forum on the survey in Johannesburg yesterday that the gap between the increases granted to pensioners and the inflation rate was widening at an alarming rate.

In 1984 the average increase granted to pensioners amounted to 9,2% against an inflation rate of 11,7%. The 1987 figures, however, revealed that increases last year averaged only 11,5% as against an inflation rate of 18,6%.

"Should this trend continue," he said, "the State, already burdened with funding for civil servants' pensions, could face the awesome task of having to provide for 'occupational' pensioners who are forced into penury."

The survey has been expanded this year to include a section on internationally-controlled companies operating in South Africa. This section reveals that foreign-controlled companies tend to provide lower benefits than their South African counterparts.

The discrepancy, said Mr Smith, probably stemmed from the fact that most Western countries provided a significantly higher level of social security than in South Africa.

"This," he said, "results in overseas pension design consultants drawing on home criteria when designing benefit structures for subsidiaries."

On the positive side, there was a noticeable move towards improving the rate of pension accrual. Some 86% of funds now provided a pension scale of between 2% and 2,5% for each year of pension fund membership.

This indicated an awareness among funds that it was necessary to provide members with a pension which, at least initially, was adequate.

Also of interest was the tendency towards non-discrimination in the retirement ages of men and women. In the 1985 survey only 27% of women retired at 65. However, this percentage had now increased to 42%.

"This is to be welcomed," said Mr Smith, "as not only are differing retirement ages discriminatory but they fly in the face of mortality statistics which clearly show women outlive men."

Perhaps the most significant change had occurred in the area of withdrawal benefits, particulary in view of the growing demands by unionised employees for enhanced benefits funded via provident style funds.

In 1985, only 29% of funds provided retrenched employees with a benefit greater than their own contributions plus interest. This had now risen to 40%.

Even more dramatic had been the change on voluntary resignation. In 1985 only 1% of all pension funds were prepared to grant withdrawing members a share of the employer's contributions.

The 1987 survey showed 27% had now incorporated such a provision. Moreover, an increasing number of funds now granted reasonable compound interest on withdrawn contributions. — Sapa

Pensioners take a beating from inflation

SM 9/9/87

By Magnus Heystek, Finance Editor

Pensioners are significantly worse off than they were three years ago, says insurance giant Sanlam in its latest pension benefits survey.

This is due to the ever-widening gap between increases granted to pensioners and the inflation rate.

The survey, conducted every two years and purporting to be the most comprehensive of its kind, reveals a generation of pensioners who are staring poverty and penury in the face, mostly as a result of pension benefits not keeping pace with inflation.

Mr Desmond Smith, senior general manager at Sanlam, points out that the average increase granted to pensioners in 1984 amounted to 9,2 percent, against an inflation rate of 11,7 percent.

The 1987 figures, however, reveal that increases last year averaged only 11,5 percent, against an inflation rate of 18,6 percent.

"Should this trend continue," he says, "the state, already burdened with funding for civil servant pensions, could face the awesome task of having to provide for occupational pensioners who are forced into penury."

Desmond Smith ... govt facing awesome task

The survey has been expanded this year to include a section on internationally controlled companies operating in South Africa.

This section reveals that foreign-controlled companies tend to provide lower benefits than their South African counterparts.

The discrepancy, according to Mr Smith, probably stems from the fact that most Western countries provide significantly higher levels of social security than does South Africa.

"This results in overseas pension design consultants drawing on home criteria when designing benefit structures for subsidiaries.

"They therefore incorporate inferior employee benefits into the South African subsidiary's programmes," he says.

On the positive side, the reports says there is a noticeable move towards improving the rate of pension accrual.

About 86 percent of funds now provide a pension scale of between 2 and 2,5 percent for each year of pension fund membership.

According to Mr Smith this indicates an awareness among funds that it is necessary to provide members with a pension which, at least initially, is adequate.

Also of interest is the tendency towards non-discrimination in the retirement age of males and females.

In a previous survey in 1985, only 27 percent of females retired at age 65. However, this percentage has now increased to 42 percent.

Cape Times 10/9/87 300

R400m due to SA's pensioners

HOUSE OF ASSEMBLY. — More than R400 million a year due to old people was not being paid out because it was not being claimed, Mr Ken Andrew (PFP Gardens) said last night.

Speaking in the debate on the Constitutional Affairs vote, he said an estimated 650 000 blacks were of pensionable age in SA while 289 119 were receiving pensions in July this year. It was incumbent upon the government to ensure people knew what they were entitled to, especially old people who might be illiterate and likely to be baffled by bureaucracy.

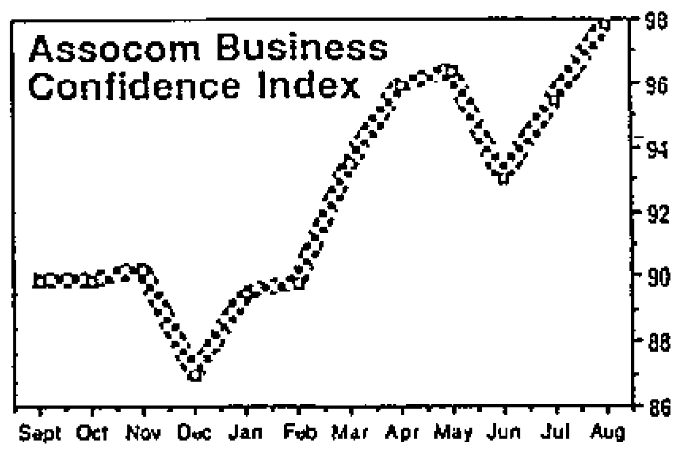
He referred to the long delay in processing identity documents, without which pensions cannot be claimed. — Sapa

11-17/9/87 (300) WM

THE ECONOMY

BUSINESS BAROMETER

GENERAL INDICATORS

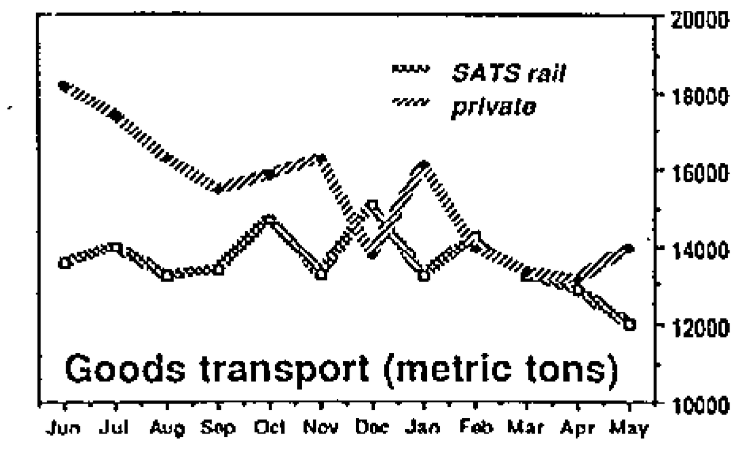


ASSOCOM INDEX
Assocom's Business Confidence Index continued to rise in August, having dropped in June but recovered in July. The index for August was 14,1 percent up on the same month last year. Positive influences on the August BCI, according to Assocom's statisticians, include improvements in motor vehicle and retail trade sales, a drop in the inflation rate, an increase in the stock exchange index, a fall in insolvencies and an increase in the number of new companies registered. Assocom predicts a real economic growth rate of 2,5 percent for this year.

INFLATION
The Production Price Index for June showed a 14,8 percent increase on that for last June, slightly up on the May figure of 14,6 percent. Prices of locally produced goods increased faster than those of imported commodities: 15,4 percent compared with 12,8 percent. Changes in the PPI, which measures wholesale prices, are usually reflected later in the Consumer Price Index, which measures retail prices. The annual CPI increase for July was 16,3 percent: down from the June figure of 17,2 percent. Food price inflation was still very high at 23 percent for July.

MANUFACTURING PRODUCTION
South Africa's factories were running 20,5 percent under their full capacity in May, due mainly to insufficient demand, according to the CSS. However, the percentage utilisation of production capacity for May showed an increase of three percent compared with May last year. Running closest to full capacity are the glass sector (94,5 percent), paper (91,4 percent) and footwear (89,7 percent). Some of the most underutilised plants were in transport equipment (using only 62,6 percent of production capacity), motor vehicles (71,4 percent) and metal products (73 percent)

DEBT
The number of civil judgements for debt for the three months to June was 1,9 percent higher than in the previous three months but 12,1 percent lower than in the same period last year. Summonses for debt in the three months to June showed a decrease of 16,9 percent on the same period last year.



GOODS TRANSPORT
Private contractors transported 13,9-million metric tons of goods in May — a decrease of 18,5 percent on a year ago but an increase of six percent on the April figure. Sats, on the other hand, increased the tonnage of goods transported by rail by 4,1 percent from April to May this year but the May figure was 12,2 percent down on last year's figure. The number of workers employed in this sector increased by six percent during May.

FINANCIAL INDICATORS

Johannesburg Stock Exchange Indices

JSE Indexes	7/9/87	WEEK AGO	% CHANGE
All Market Index	2706	2704	+0,07
All Gold Index	2397	2388	+ 0,4
Industrial Index	2220	2209	+ 0,5

Short-term interest rates

	7/9/87	WEEK AGO	YEAR AGO
Three-month bankers acceptances	8,8%	8,9%	10,5%
Prime overdraft rate	12,5%	12,5%	14,0%

Gold Price

7/79/87	WEEK AGO	% CHANGE
463,5	453,40	+2,2

Selling price: Major currencies against rand

	9/9/87	WEEK AGO	% CHANGE
US dollars	49,30	49,10	+ 0,4
Pounds Sterling	336,61	335,23	+ 0,4
Deutsche Mark	0,8839	0,8875	- 0,4
Yen	0,7314	0,6623	+10,0
Swiss Franc	0,6967	0,7316	- 4,7
Financial Rand	0,2988	0,2900	+ 3,0

US Dollar against major currencies

	9/9/87	WEEK AGO	% CHANGE
Dm	1,7930	1,8075	- 0,8
Sterling	1,6570	1,6460	+ 0,6
Yen	141,15	141,00	+ 0,1
SwFr	1,4825	1,4900	- 0,5

Source: First National Bank

Southern's 'too-radical' call starts gaining ground

With workers having a say over investment portfolios, political questions are likely to influence share-buying decisions

THE call a year ago by life insurance company Southern Life for worker representation on the boards of pension funds was greeted with some derision in business circles.

According to Southern Life chief executive Bill Haslam, the idea of trade unions having a say in investment decisions was a very controversial one.

Trade union officials confirm this: some employers have proved intransigent in the face of calls for representation on pension fund boards or — favoured by the Congress of sA Trade Unions — the substitution of provident funds for pension funds.

But things are changing: "People are realising now that paternalism is dead and they've got to involve their employees," Haslam says.

Worker representatives now sit on the boards of some company pension funds. And in at least 20 companies, unions have negotiated or are negotiating new provident funds, with boards of trustees composed equally of worker and management representatives.

Trade unions see the provident funds as bodies of assets, owned by workers, which could in the long term be put to use to meet social needs, such as low-cost housing or education or community facilities.

It could also mean a careful watch on investment portfolios by workers wishing to avoid holding shares in, for example, companies with particularly bad labour relations — a prospect which financial institutions which do the investing for these funds may find a little worrying: "What stocks can you hold in a volatile South Africa?" Haslam asks.

Such questions have been raised by some worker trustees in the provident funds — with worker trustees checking that their funds were not holding SA Transport Services stock during the railways strike, for example

This has not become a widespread practice, but certain kinds of investment are absolutely out of the question: workers and trade unions will not allow provident funds to hold defence, police or Armscor stock. "Workers do not want to finance their own oppression," says Chemical Workers' Union general secretary Rod Crompton.

Apart from this unambivalent stance, the trustees of the new funds have so far done nothing very unconventional on the investment front.

The priority for the funds is financial stability. They have to build up their assets so that they can meet workers' benefit claims. They've thus adopted fairly conventional investment strategies which ensure good returns with minimum risk.

In doing so, the trustees are relying on investment consultants from established financial institutions.

National Union of Metalworkers' Bobby Marie adds: "Workers don't have the time or the skills." But just as management does, they are buying expertise.

What is most significant is that trade unions are building in to the provident fund agreements the requirement that information be fully disclosed and regularly reported back to workers.

At this stage trade unions haven't yet built up the expertise to determine alternative investment strategies, but this may come. Through participation in the provident funds, says Crompton, workers will learn more about financial markets.

Meanwhile, they will stick to avoiding the most sensitive investments, in government stocks and bonds. But they can't avoid it altogether.

By law, pension funds have to hold 53 percent of their investment in prescribed assets, while provident funds can hold 33 percent in prescribed assets, as long as the investments are held through life assurance companies (53 percent if they are not).

Prescribed assets are mainly government stocks and bonds but also include cash and bank deposits.

Trade unions are not the only ones who find the prescribed assets requirements problematic.

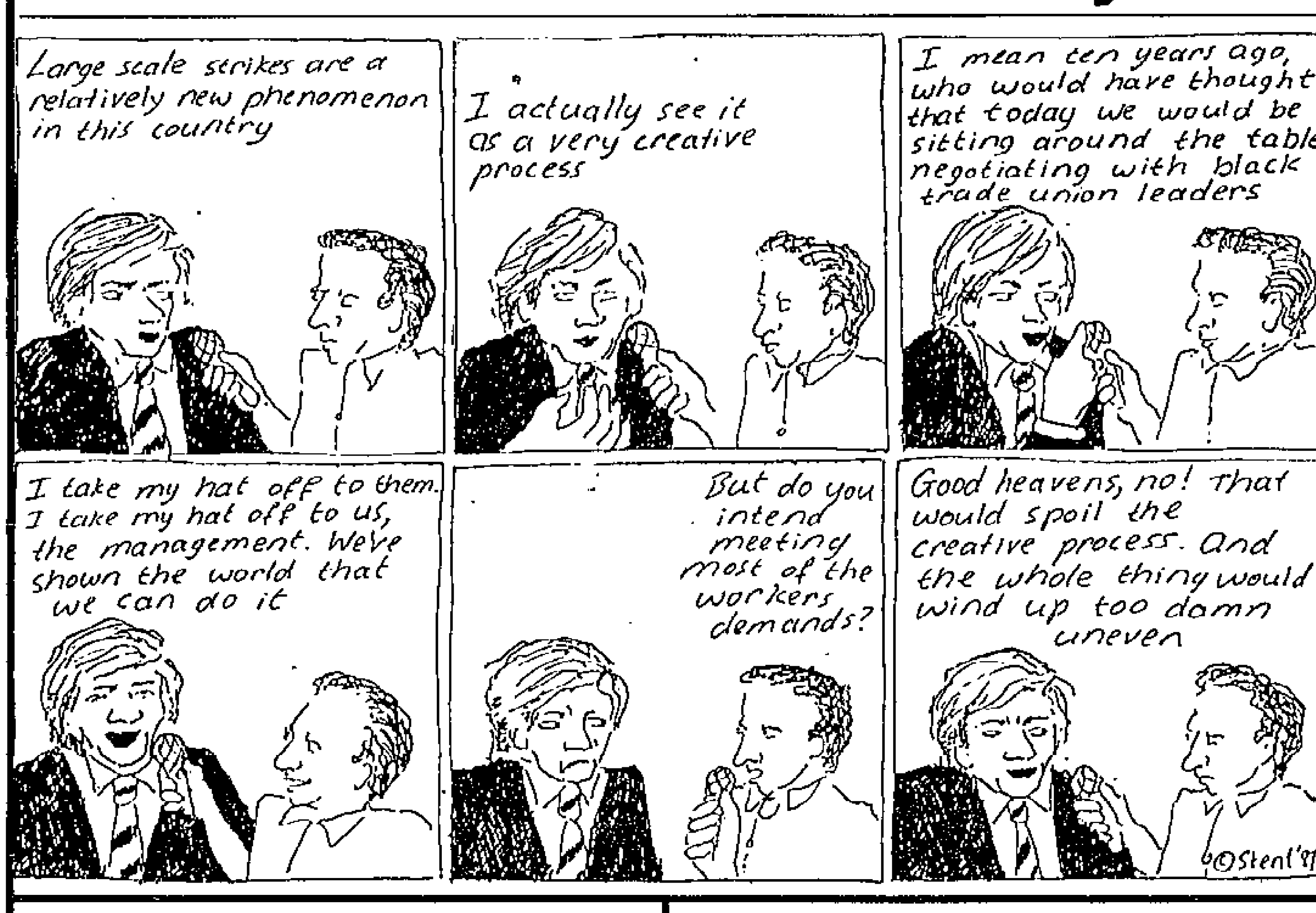
The life assurance and pensions industry has come out against the idea generally. The Pensions Institute of South Africa said earlier this year it had set as one of its priorities the reduction of prescribed assets held by pension funds: its concern relates to the relatively poorer return of presribed assets compared with those allowed free rein on the stock exchange.

"The prescribed assets requirement is a cheap way of raising finance for the government: a ready source of finance at reduced rates," says Haslam.

The prescribed asset requirements were originally supposed to be a way of protecting the money of pension fund members. But full disclosure of information to members would provide as much — or more — protection, he argues.

Labour and Economic Research Centre researcher Taffy Adler comments that the anti-prescribed assets strategy of all the life assurers is a way of maximising their returns — and that if they do this they should be looking at increasing the payouts to pension fund contributors too.

WHO'S LEFT? by Stent



THE ECONOMY

A learning experience on both sides of the table

What's distinctive about the new breed of provident funds is the close employer-employee co-operation from setting-up stage through day-to-day management

MAKING investment decisions which involve millions of rands is a new experience for most workers. And sitting on a board with a blue collar shop steward in the chair is a new experience for senior managers.

But with the rise of the new generation of joint worker-employer managed provident funds, both experiences are becoming more common.

For both parties, managing the funds is very much a learning experience. It's new, too, for the experts who act as consultants — the brokers, the actuaries, the life assurers and the investment consultants.

Provident funds are not a new institution. They are favoured by top executives who prefer managing their own money to membership of a pension fund. And the clothing industry industrial council has had such a fund since the Thirties.

What's distinctive about the new funds is they involve negotiation between the trade union and the company at every stage: from the setting up and structuring of the fund to its management once it's established. Full disclosure of information — on both benefits and investments — is another key feature.

Workers and management have equal representation on the boards of trustees of most of the funds and these are run by consensus. So while shop stewards and union officials may be in dispute with management over wages one day, both parties will have to work together as provident fund trustees the next.

Trade unionists see the worker control and the reportbacks built into the funds as some of their most significant features.

And employers who have agreed to negotiate such funds with the trade unions recognise that the the debate is not only about appropriate benefits for blue collar workers but is also about relations in the workplace.

"Let me stress, it is not just a question of setting up a provident fund because blacks like lump sums. You have to recognise the objective of obtaining joint control over the fund and its assets plus ... their perception of deficiencies in existing pension fund benefits," WB Horlock, personnel director at CG Smith Sugar, told a recent Old Mutual seminar on Employee Benefits.

CG Smith was the first company to negotiate and finalise a new Employee Benefit programme with a Congress of South African Trade Unions affiliate, the Food and Allied Workers Union, in 1985.

Metal Box group personnel manager Neil Cumming goes further, pointing to the possible long-term significance of the new funds. "The days of the white bosses deciding arbitrarily on the nature of the problem and how they are going to solve it are over," he told an Institute for Personnel Management seminar, in which he described the one-year-old Metal Box Alternative Benefit Fund to an audience of managers, pension fund people and the shop steward chairman of the fund who had come along to check on him.

Pensioners queue for pay — Picture: PAUL WEINBERG, Afrapix

"Whether we like it or not, the joint management and the negotiation process are indicative of some of the other things we are going to have to do in the future," Cumming said. "The fund is indicative of the way we will have run processes, institutions and maybe our companies in future: for the people and run with them."

Cumming stressed the importance of worker education — but added that managers needed a lot of re-educating too.

At least 14 of these new generation provident funds have been negotiated by Cosatu affiliated trade unions in the last two or three years.

Most are in large companies, employing large numbers of workers.

The list includes Metal Box, BMW, Tongaat, CG Smith, Glendale Sugar, Rennies Freight Services, Tiger Oats, Bakers, National Beverage, Cumar, Dunlop, SA Tioxide. And more funds are being negotiated by the unions.

Cumming says Metal Box has had enquiries about its new fund from more than 20 companies thinking of going the same route.

In a significant move Sasol and the Chemical Workers' Industrial Union are finalising plans for the first joint managed fund in the mining industry — and one of the first provident schemes in an industry where black workers usually have no retirement benefits. The Sasol fund, which will be open to all hourly paid workers (all of them black) at its coal mines, has potentially 11 000 members. The fund should start operating on October 1 this year, according to Sasol Deputy General Manager Hendrik Jacobs.

At least two more such funds were set up as management initiatives but are now jointly managed by trade unions and employers. Examples are Van Leer, a Dutch-owned packaging manufacturer, and Natal company Metal Press.

In addition, there is now talk of national provident funds. The Chemical Workers' Industrial Union is seriously thinking of setting one up. In Textiles, the National Union of Textile Workers is working through the industrial council to do so.

Some of the funds are being set up from scratch — in Sasol, for example, the coal workers eligible to join the provident fund have not been pension fund members. In other companies, such as Metal Box, Van Leer and Renfreight, the provident fund was set up with contributions from an existing pension fund.

The transfer of workers' pension fund assets to a new provident fund has been a contentious issue, trade unionists say. Companies agreed to allow workers to take their own contributions out of pension funds to put them into the new funds but resisted transfer of the company's contribution. However, it's now become fairly standard practice for the full actuarial reserve to be transferred for each worker who decides to pull out of the pension fund and join the provident/alternative benefit fund.

The trade unions who have been involved in the funds say the vast majority of their members support provident funds — and in the companies where these funds have been established, the majority of black workers have chosen to join them. White workers have also expressed interest.

But some employers are concerned that the lump sum payouts which provident funds offer, in contrast to the income guaranteed by pension funds, may result in workers ending up with no income in their old age.

This is a general problem in South Africa: figures indicate that up to 90 percent of people retire without adequate provision for their old age. And some companies feel a moral obligation towards long serving workers.

"The disadvantage of the provident fund is that in the end you put in the hands of an unsophisticated person a lump sum which represents his total life's savings and he has the responsibility for investing it properly to cater for the rest of his life," says Old Mutual's Gerhard van Niekerk.

But this is a paternalistic argument, counter trade unionists and some pension consultants.

"A worker who is old enough to work in a factory is old enough to look to his/her retirement," says Crompton. He emphasises that there are different spending patterns in different classes: "Employers in their paternalism want to impose upper class attitudes on the working class."

National Union of Metal Workers of South Africa's Bobby Marie adds that black workers don't plan to end up in old age homes — they expect to spend their retirement in an extended family setting. Often they need the lump sum of cash to buy a house.

Transport and General Workers' Union general secretary Jane Barrett adds a different angle. "Our argument is that the state must provide pensions for old age: both capital and the trade union movement need to step up the pressure on central government to improve pensions."

Many of the funds do offer workers the option of buying a retirement annuity with their lump sum, through the fund administrators. And trustees may be able to assist workers with investing their money. Most of the funds are so new that it's impossible to assess quite how workers will make use of them.

But they are structured to meet workers' needs, as workers perceive them. They have been set up primarily for the workers in the lowest job categories. Some union commentators acknowledge that for more skilled and highly paid workers, pension funds may still be the more appropriate benefit schemes.

Meiring looks better, but it's much the same

THE Meiring Committee report may look more enlightened than previous government attempts to deal with the pensions issue but, with one exception, its proposals do not deviate from those of its discredited predecessors.

Taffy Adler, of the Labour and Economic Research Centre, expresses this view in a document on the Meiring report.

The Report of the Joint Committee on Pension Benefits, a joint tricameral parliamentary committee chaired by JWH Meiring, was published in May this year and was greeted with cautious congratulation by employers.

Employers were relieved that the committee did not recommend that compulsory preservation of pension fund contributions be implemented in the short term — in contrast to the 1980 government bill which resulted in industrial unrest.

The report was welcomed for two other reasons:

- Its desire to take into account the views of trade unions on the pensions issue — although the committee was unable to obtain their views.
- Its comments on the need to move away from "Western bias" in the approach to pension provision.

But, Adler argues, it does not move away from Western bias.

The committee decided to make no specific recommendations. Rather it set out broad policies within which a representative committee could "work out the details of a suitable pension dispensation for South Africa".

However, Adler argues, although the report appears more sophisticated than its predecessors, for the long term it advocates the same goal — pension fund preservation.

"The committee's approach is clearly 'softly, softly, catchee monkey'. The ultimate goal is the establishment of a privately funded preserved pension fund system," Adler says. "The 'monkey' in this case is the vast number of workers who don't want to be involved in such a system."

The one policy area in which the Meiring report differs from its discredited predecessors is that it drops the proposal for a state-run National Pension Fund, Adler notes. In line with current government policy of diminishing the state's involvement in pension provision, the committee recommends the extension, and preservation, of existing private funds.

"But," Adler says, "any plan which minimises the role of the state in the provision of pensions effectively denies a long-suffering workforce their right to a secure retirement."

In his document, which includes an in depth analysis of the background to the pensions issue as well as a critique of the Meiring proposals, Adler doubts that the report has facilitated a pensions dispensation which satisfies the requirements of the majority of South Africans.

- *Pension Panic Revisited: A Consideration of the Meiring Report* by Taffy Adler, is available from LERC, Ph: (011) 23-0437.

WHAT TO EXPECT IN A FUND

MOST of the new provident/alternative benefit funds have similar structures and offer similar benefits.

Although the details vary from fund to fund, these are some of the standard features:

Contributions

Members and their employers each contribute a fixed percentage of wages to the fund: this ranges from five percent in some funds to 7,5 percent in others. In addition, in some funds, the company contributes an extra four percent to cover the cost of the insured benefits, such as those for sickness or funerals. This extra contribution also evens out the cost to these companies of the provident fund and the company pension fund.

Lump sum

What the worker gets back when he/she leaves the company is his/her contribution plus the company's contribution as well as the interest earned while the money is in the fund. There are no complicated actuarial calculations as there are in a pension fund.

That this money is paid back in a lump sum is the fundamental difference between pension funds and provident funds.

When it's paid out

The lump sum can be paid out to the worker whenever he or she leaves the company. But most of the funds now set limits on the proportion of the company's contribution which can be paid out, depending on length of service. Usually the full contribution is only paid out if the worker has 10 years of service with the company, not 10 years with the fund.

Benefits

Most of the funds provide for funeral benefits — for the member and his/her dependents. They also provide for illness, disability or death.

Who is paid out

Beneficiaries are not limited to one person such as a legal spouse. Workers nominate their beneficiaries and this can include any number of spouses, and dependents. But the trustees will try and ensure fairness — for example, that members don't maliciously exclude dependents.

Housing loans, education

Certain of the funds provide for members to take out low interest housing loans against their stake in the fund. However, in some of the companies where funds have been set up, there are already separate housing loan schemes. So far the funds do not seem to have worked out whether, or how, they might provide education benefits such as bursaries for the children of workers.

How the fund is run

Most of the funds are administered by boards of trustees composed of equal numbers of worker and employer representatives — usually six each. The worker representatives will often be five shop stewards and a union official. In many, the chair alternates each year between managers and workers. The Metal Box fund, for example, has been chaired by a shop steward in its first year while the Renfreight fund was chaired by a union official in its first year.

THE ECONOMY

Why it's no great surprise workers want no pensions

Even people in the pensions industry itself will admit: South Africa has evolved so inequitable a pension fund scheme that it serves financiers better than those it's supposed to benefit.

On the next pages we provide an in-depth survey of pension funds: how they work, who they help, whether they're worth having

By HILARY JOFFE

THERE'S a consensus among trade union, employer and insurance industry leaders that something is badly wrong with the pension system for black workers.

And there's a feeling even among the more conservative institutions that there are good reasons why blue collar workers vote against pension funds and for provident funds.

Trade unions have been fighting — successfully in many cases — for provident funds managed jointly by worker and company representatives.

The major difference between the two types of fund is that pension funds pay out income monthly to a worker once he or she retires at 65 (only a third of this may be taken as a lump sum), but provident funds pay out the full lump sum in cash at any time the worker is dismissed, retrenched or leaves his or her employers. The new provident funds offer other benefits too, catering to needs for funeral, sickness and disability benefits as well as housing loans, in some cases.

Those who would defend pension funds argue that they can and should be modified to meet the needs of low-paid black workers more adequately and to provide worker representation.

But many trade unionists and even some in the pensions industry view the system which has evolved in South Africa as fundamentally inequitable: a pension fund system which serves employers and financiers better than the workers it's supposed to benefit. In this view, also, it's a system which favours higher-paid, more skilled and secure employees at the expense of low-paid, unskilled workers, most of whom are black.

The current pension-provident debate goes back to 1981, when thousands of workers went on strike and demanded the return of their pension fund contributions. The wave of strikes was sparked off by the publication of the Pension Preservation Bill, in which the government proposed freezing pension fund contributions so that workers could not claim these back if they were retrenched, dismissed or took early retirement. So effective was worker action that the government backed down and withdrew the Bill. In the course of the strikes, thousands of workers demanded their pension fund contributions back.

The Bill and the strikes opened pension funds up to criticism on a wider front. Workers were not happy with pension funds and trade unions and some employers began to think about alternatives.

In a survey comissioned by Dutch-owned packaging company Van Leer, researchers, according to the company's Gerald Thompson, found workers saw their pension funds as inadequate for a number of reasons:

- Workers wanted to be able to retire at 55 and not wait to 65;
- They wanted to be able to go back to rural areas when they retired;
- They wanted to get a cash lump sum on retirement with which to buy a house or cattle;
- They wanted provision for retrenchment and for sickness, death or disability.

These are just some of the reasons why trade unions began to call for existing pension funds to be turned into provident funds by about 1983. And by 1985 the first of these new funds was being established in Natal, the centre of the 1981 pension battle. As Bobby Marie of the National Union of Metalworkers of SA puts it, every clause in the agreements of the new provident funds (see story), the main thrust of which is for unskilled black workers, reflects some problem with the pension fund system.

It's a system which sets 65 as retirement age for a population with a life expectancy which is less than that. A recent Medical Research Council document estimated the average life expectancy of a black (African) man at between 50 and 55 years (compared with 66,6 years for white men). A worker who retires before the age of 65 will receive pension benefits but will be penalised for each month of early retirement.

Actuary Graeme Kerrigan, of Price Forbes Federale, points out that most pension schemes do not take account of the different needs of different categories of workers. A ditch digger, for example, simply can't carry on working until he is 65.

that most pension schemes don't take account of different needs of different categories of workers. A ditch digger, for example, simply can't carry on working until he is 65.

Kerrigan points out too that workers who retire to the "homelands" often have difficulty in getting their pension benefits. There may be no post office, bank or building society and workers may have to cash their cheques (if they receive them at all) at the local shop, which will take commission.

The experience black pensioners have of pension funds reinforces their in-principle objection to these, argues Labour and Economic Research Ccentre's Taffy Adler: "The effort to get their pensions is enormous, involving long queues, red tape and constant hassle." The sums may be tiny anyway — state pensions for black workers are extremely inadequate (R97 a month maximum) and private pensions, for workers who were in very low-paid jobs, may be even smaller.

Max Maisela, local director at Price Forbes, argues that South African pension funds are modelled on First World examples, which are inappropriate in relation to a Third World situation. Pension funds have for example a legal notion of a family drawn from First World cultures, he argues: "What is a family here? What if there is more than one spouse?" He adds the kind of legal documentation of births and marriages which pension fund administrators require can pose problems for black workers.

These are some of the practical problems which lead workers and trade unions to choose provident funds for the greater flexibility they can offer.

But the most important in principle objection to the traditional pension fund system is that it is not appropriate for workers who are low paid and see their jobs as very insecure.

"You can't tell a man to provide for the future when he can't even provide for the present" is the line quoted by Chemical Workers' Industrial Union general secretary Rod Crompton.

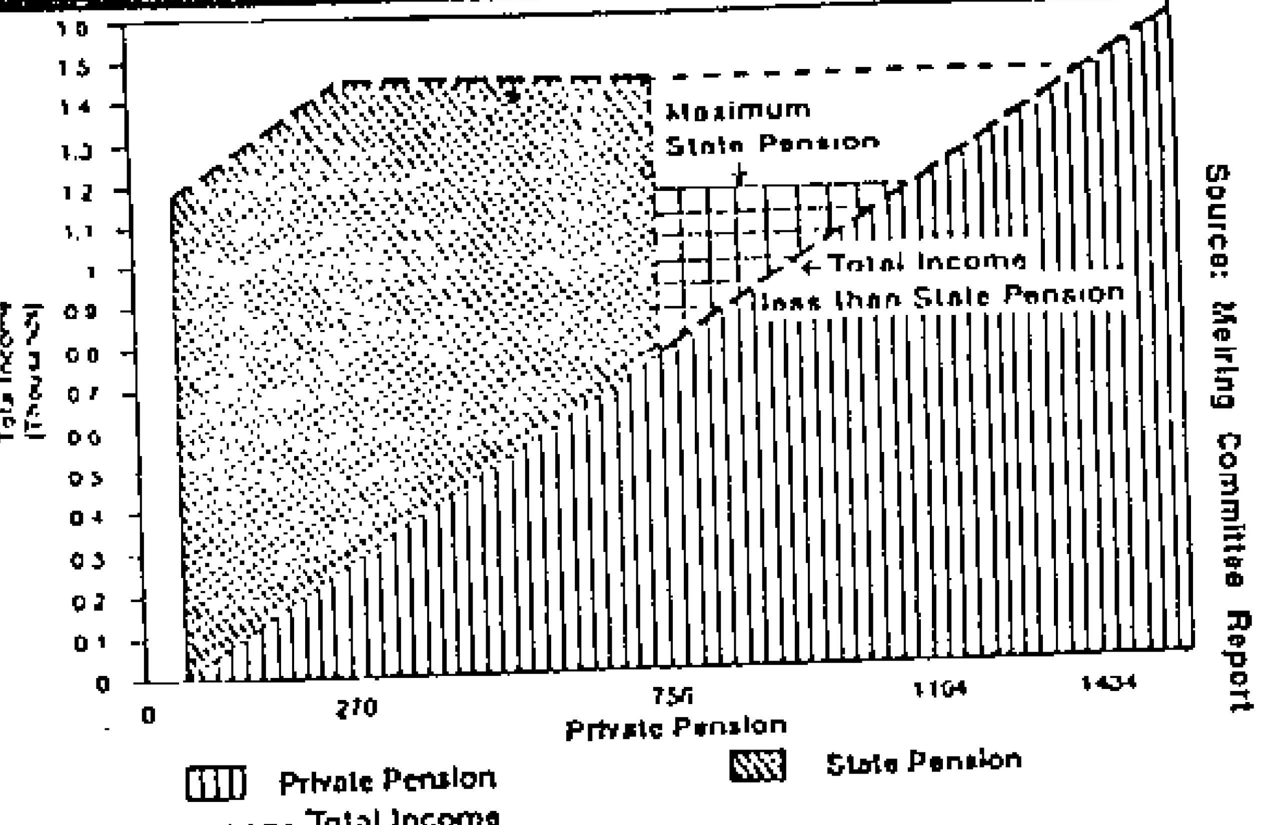
Marie says black workers earning starvation wages see their pension money reflected on their pay slips and they want to know that if they get dismissed or want to leave their jobs they will get the money back.

The traditional South African pension fund will give them their money back, but what is paid out is the sum of the worker's contributions plus a very low rate of interest. In most funds this is about 4,5 percent (compounded), according to Kerrigan, while the pension fund's assets will probably have earned more than 20 percent. The employer's contribution to the fund on behalf of the worker will not be refunded.

	Other income per month	State pension	Total income
WHITES	None	R304†	R304
	R168*	R304	R472
	R200	R272	R472
	R320	R152**	R472
	R322	None	R322
COLOUREDS, ASIANS	None	R186†	R186
	R84*	R186	R270
	R100	R170	R270
	R160	R110**	R270
	R161	None	R161
BLACKS	None	R114†	R114
	R42*	R114	R156
	R50	R106	R156
	R80	R76**	R156
	R81	None	R81

* Maximum income from other sources before pension is reduced.
** The minimum old-age pension payable by the state.
† The maximum state pension.

Source: Sanlam



Unless you have a fairly substantial pension income from a private fund, it may be better not to have one at all — or to get a lump sum payout from a provident fund. The table and the graph show some of the anomalies resulting from the application of the means test for who qualifies for a state old age pension: the figures are for a married couple.

Workers who do make it to retirement age and collect their monthly pension income find that they are stuck with a fixed income which does not keep up with inflation. Many funds do provide for increases, but these seldom keep pace with the inflation rate — or with the rate at which the fund is earning. According to pensions manager Michael O Reilly, a member of the Institute of Life and Pension Advisors, many of the large funds last year earned in excess of 35 percent but they gave pensioners only 12 to 15 percent increases.

Given all the practical and financial question marks, it's hardly surprising black workers are deeply suspicious of pension funds and the retirement benefits they offer.

However, Adler points out many black workers don't see their pension fund stake as merely a provision for retirement. Low-paid workers see their pension contributions as a form of saving or of deferred income.

The demand that workers are making of the funds is that they also address needs during working life, for funeral benefits for family members, for sickness and disability, and for housing and education.

Provident funds — or alternative benefit funds, as some call them — are thus seen as more appropriate in terms of meeting the real needs of low-paid, insecure blue collar workers, most of whom are black.

They are also much simpler in operation than are most existing pension funds, and thus much easier for workers to understand and to participate in.

But perhaps the most important thing about the new funds is that workers are being asked what they want and what their needs are. Black workers were never consulted when they were brought into existing pension funds. "The provident funds are negotiated by workers and employers: that gives them a lot more credibility and accountability than the pension funds, which were unilaterally introduced by employers," says Crompton.

It's this which gives the new provident funds an edge which existing pension funds can't acquire, even if they are reformed.

And the pension funds can be reformed, argue many in the pensions industry argue.

Old Mutual's general manager (pensions), Gerhard van Niekerk, argues there is a need to get away from a pension fund versus provident fund battle. What is important is to understand and meet the needs of workers at various stages in their lives. He emphasises the inadequacy of existing pension fund provisions to do so but argues "You don't need a provident fund to fix these — you can do many of the same things in a pension fund which you can do in a provident fund."

Like others in the life assurance industry, however, he feels all the options must be kept open and encourages the government not to close off the provident fund route or insist on pension preservation.

Sanlam's General Manager (pensions) Desmond Smith sees the call by workers and unions for provident funds as an inevitable result of the inadequacies both of the state pension system and of the Unemployment Insurance Fund. The means test which determines whether or not people are entitled to state pension contains many anomalies, which make lump sums a better bet than pensions (see table above).

tables). And unemployment insurance is so inadequate that it's inevitable workers will need provident funds to tide them over periods of unemployment. He too argues, however, that pension funds can be restructured to provide appropriate benefits.

Technically speaking, pension funds could be fundamentally changed. The only thing they can't do is pay out full lump sums in cash.

But trade unions' rejection of pension funds is based on more than just the argument that they fail to meet workers' needs and have not given workers a say.

The critique of the pension funds is based also on the inequities which have been built into the structure of the vast majority of traditional funds. "Technically any pension fund can be as flexible in its benefits as a provident fund," says Kerrigan. But, he argues, the pension funds which have evolved are "ridiculously complicated". And the pension funds in the South African marketplace have been inflexible, even though legally they don't have to be.

Most South African pension funds are of the "defined benefit" type: members are guaranteed a certain income once they retire.

In practice, workers contribute a percentage of their wages. But the employers' contribution is not fixed: employers put into the fund what the actuaries calculate is necessary for the fund to meet its commitments to pensioners now and in the future. This is the "actuarial reserve".

Employers thus carry the risk of keeping the fund adequately funded, since no-one can be sure what the pension benefits will cost in future.

But what it means in practice is that if the fund does very well on its investments — for example at the moment, with share prices very high — employers can take a contributions "holiday". In recent years many of the funds have been judged overfunded and employers have waived their contributions.

In provident funds, by contrast, both employers and workers contribute fixed percentages. What the worker gets back is his or her own contribution plus the employer's contribution plus the interest earned. There are no built-in uncertainties.

And there is thus no necessity for the funds to hoard reserves for the future such that some workers, in effect, subsidise others. Statistically it has been assumed by pension funds in calculating the life expectancy of black pensioners that this is five years shorter than that of whites; in effect, black contributers to pension funds thus subsidise white pensioners.

And Crompton argues that there has been a high turnover rate of black workers, who are easily fired by employers. When they leave jobs, they don't get employer contributions back. These stay in the fund and over the years have helped the employers get their "contribution holidays".

The structure of the pension funds tends to encourage an inherent conservatism. Pension fund administrators plan for the worst scenario, Adler points out — hence payouts of two or four percent interest to workers who leave when the fund is earning more like 20 percent.

"The alternative benefit programmes are simply more equitable," says Kerrigan. The way they are structured means there are no subsidies of white by black contributers or of old people by young people.

In addition, he argues, they are much simpler to understand and to administer than are existing pension funds. And that provides the basis for the understanding, trust and involvement by workers which are central to the new provident funds.

PENSIONS (300)

Margo's message

The Margo Commission's message appears to be that the existing tax regime of retirement provisions is generally satisfactory and should not be tampered with.

Few recommendations concern this sector. Probably the most significant, and "apparently negative," is that lump sums on retirement or death should be taxed more heavily. This would especially affect provident funds, where the full benefit is usually paid in cash, as would abolition of the R75 maximum rebate for premiums.

The main proposals are:

☐ All lump sum benefits, including retirement gratuities, should be taxed at the beneficiary's average rate for the three preceding years of assessment;

☐ The deduction for withdrawal benefits should be abolished;

☐ A "retirement instrument" concept could be adopted whereby all employee benefits, including deferred compensation and the like, would be itemised on pay slips;

☐ Different treatment of contributions and lump sum benefits between the private and public sectors should be abolished; and

FINANCIAL MAIL SEPTEMBER 11 1987

☐ Requirements for registration of funds should be streamlined, while much of the approval functions of the Commissioner for Inland Revenue should be handed over to the Registrar of Pension Funds.

Important is the "cash-flow principle" whereby persons should only be taxed when they actually receive a benefit.

Comments Arnold Basserabie, MD of Federated Life: "Abolition of the R1 800 tax-free allowance on withdrawal makes sense and would encourage preservation. People leaving one company's employ could leave their benefits intact, transfer into a retirement annuity, or transfer to the next employer's pension fund."

However, this may create administrative problems, while a question would hang over whether the "lower level of workers" would accept such an arrangement.

Taxation of lump sum benefits appears onerous. Basserabie sees it as the "one negative. But this has to be viewed in the light of other tax recommendations," he adds.

Three come to mind:

☐ Separate taxation of married couples;

☐ Possible cuts in marginal rates of tax; and

☐ Possible broadening of tax bands.

These could offset some adverse effects of taxed lump sums. But here may also lie a more serious problem that might disrupt moves toward pension reform.

More life assurers are developing products or packages that, largely based on the provident fund concept, address some shortcomings of current retirement provision. But, as Basserabie points out, "provident funds are being more harshly treated if, on the one hand, the premium deduction is abolished and, on the other, all lump sum benefits are taxed.

"To the extent that people are looking more at provident fund benefits, these changes will obviously affect their view."

Some unions are averse to pension funds. "We have found some emerging unions don't understand the concept and feel, often wrongly, that provident funds can give them a better benefit."

Comments another assurer: "On the whole Margo's proposals are interesting, but not threatening. The emphasis is on simplification. As proposals for life assurers suggest the possible scrapping of the sixth schedule to the Income Tax Act, so they suggest abolition of the second schedule."

There is still a question over the Comprehensive Business Tax (CBT), defined as a tax on all sales less all purchases. No one is sure whether it could or would apply to the life assurance industry. As the commission puts it: "Principal areas of difficulty (for a CBT) are banks, HP companies and life assurers. The profits of the latter are difficult to determine, and interest should really be imputed to policyholders."

This suggests there's at least one tax the life and pensions industry will avoid. ■

PENSION SURVEY (300) 7/1/98

Inflation bug

Sanlam's latest biennial pension survey confirms that pensioners are losing the battle with inflation. In 1984 the average increase granted to pensioners was 9,2% compared to an inflation rate of 11,7%. But by 1987 the gap had widened alarmingly, pension increases averaging 11,5% against an inflation rate of 18,6%.

In researching 380 funds spread across a broad spectrum of employers from financial institutions and service industries to mining, professional groups and semi-government bodies, Sanlam finds, however, a welcome improvement generally in terms and conditions, comprising:

☐ Better rates of pension accrual, with most funds providing between 2%-2,5% for each year of membership;
☐ Less discrimination between males and females regarding retirement age, and between races generally;
☐ More funds offering better payouts on retrenchment and voluntary resignation; and
☐ Significantly better communications with members.

Sanlam's sample included 1,2m members and 142 000 pensioners.

It says the most common contribution rate remains 7,5% of salary. Though in general retirement ages have remained static, there is a tendency towards earlier retirement for top and middle management.

Sanlam found no less than 87% of funds reporting now admit members of all races and sexes. It adds that perhaps the most significant gain over the past two years has been in withdrawal benefits.

In 1985, 29% of funds provided retrenched employees with a benefit in excess of their own contributions plus interest. "Now the figure is more like 40%."

Even more dramatic has been the treatment of voluntary resignation: "Only 1% of participating funds in the 1985 survey indicated they granted withdrawing members a share of employers' contributions. By contrast, the 1987 survey indicates that 27% of funds now incorporate such a benefit."

Many companies are providing additional benefits such as retirement gratuities. There is an increasing tendency for funds to provide for earlier retirement of senior executives without penalty. And more funds are regarding fringe benefits as pensionable.

Desmond Smith, Sanlam senior GM pensions, commenting on the widening gap between pension increases and the rate of inflation, says: "Should this continue, the State, already burdened with funding civil servants' pensions, could face the awesome task of providing for those forced into penury."

One irony emanating from the report is that foreign-owned companies tend to provide lower benefits than their South African counterparts. It is surprising that despite overseas pressures by anti-apartheid lobbyists, these "incorporate inferior employee benefits into South African subsidiaries' programmes," says Smith. ■

Crisis in the making

300

People are living longer — but the social and financial resources for keeping up their standards of living are waning. Part of the solution lies in drawing many of the aged back into the workplace, rather than relying on stopgap, and disastrous, efforts like the granny bond scheme.

"**Old age,**" said Charles de Gaulle, "is a shipwreck." Many would echo his lament.

While the physical burdens of old age may be inescapable (although held back by modern medicine), the financial woes should be capable of effective social management — the prerogative of the State, some would say. But what with the granny bonds fiasco, and lifted eyebrows over State employees' pensions, SA does not appear to have thought the issue through. It isn't alone in this. Even advanced industrial countries are experiencing anxiety about the funding of expensive old-age pension and health insurance commitments. Even so, SA's position, it is generally agreed, is serious.

The 1986 Meiring Report (on pension benefits) noted brutally the adverse socio-economic factors bedevilling local efforts to improve on the present, admittedly inadequate arrangements. A "unique South African backdrop" includes a young aggregate population, but with ethnic sections "which are aging (see chart)." A population, furthermore, "for which Western models are not necessarily the most appropriate."

The cost of the current social old-age pension system, notes Meiring, "is rapidly escalating," while the social and family environment is "very heterogenous and in the process of changing." The emerging labour movement has "its own pension-related interests" and is "developing momentum." We have a vast Third World population with financial priorities "which tend of necessity to be focused on the immediate short term."

These circumstances, it hardly needs to be stressed, have generated an overwhelming need "to create jobs and maintain a high level of economic growth." The figures for 1986 cited in the report disclose 143 000 white State old-age pensioners to whom some R314m was paid in pension benefits — equivalent to R182,98 per capita a month. It is interesting to note that between 1973 and 1986, the number of white pensioners increased from 115 000 to level off at around 140 000 after 1978 (a 22% rise).

The number of black pensioners increased by 75% over the period from 472 000 to 825 000 (including the dependent homelands), with substantial increases for coloureds and Indians too. Payments to whites went from R60m to R314m, and total payments from R103m to R1 825m, with a further substantial increase estimated in the latest Budget. Meiring estimated, incidentally, that it would have taken another R750m in 1986 to bring State old-age pensions for all ethnic groups up to the (indisputably niggardly) levels for whites.

According to an important study published in 1986 by Monica Ferreira of the Human Sciences Research Council (*Attitudes of South Africans regarding provision for old age*), under 60% of urban whites perceive themselves as having made adequate provision for their old age. The corresponding perceptions of other communities is, not surprisingly, much lower: at the lowest end of the socio-economic scale, only 7% of rural blacks consider that they have made adequate provision.

These subjective criteria are probably some guide to the objective situation. According to statistics gathered by Old Mutual Pensions, the 1980 census revealed a white population of some 400 000 over 65. As the number of whites drawing old-age pensions (according to the Meiring statistics) was 141 000 in 1980, only about 35% of the white population qualified in terms of the means test. So it might be argued that the balance of 65% had access to private pension benefits or was fortunate enough to own substantial assets without reference to a pension fund.

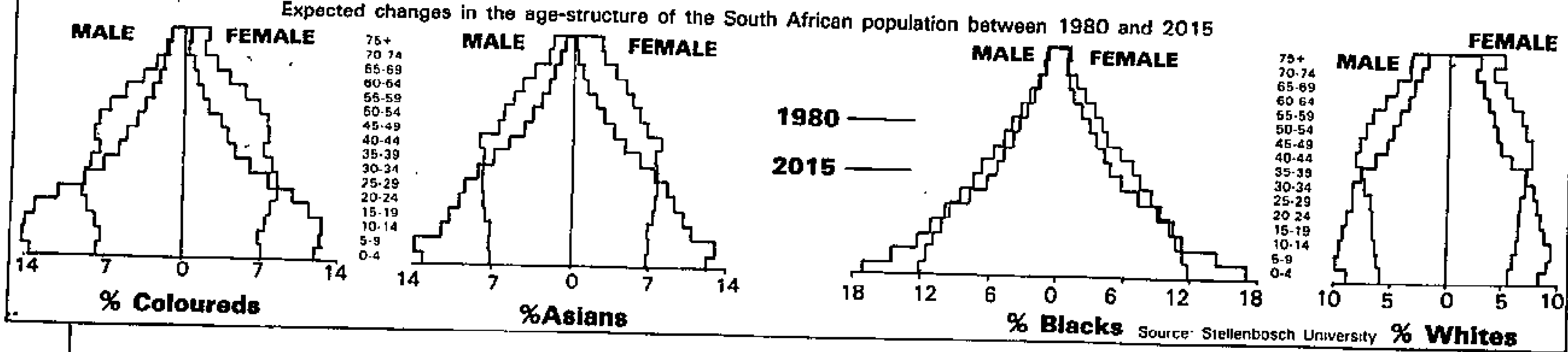
The Mutual observes that there is "probably some bias" in that people are inclined to understate their real means when applying for an old-age pension, so that whites are "probably somewhat better off than these figures would suggest." But what is the effective meaning of "better off"? A study of 24 000 pensioners by the Mutual has disclosed that the whites within the sample averaged a monthly pension of R459; the coloureds R173; and the blacks R116.

Even if we take the most generous statistics thrown up — the R459 a month average for white pensions — we are left with the conclusion that a significant proportion of the white population is likely to experience a grim old age. The position of the aged of other communities hardly bears considering, even when allowance is made for the admittedly significant buffer effect of the traditional black extended family. And we must concede that as black urbanisation proceeds, the importance of the traditional social networks will wane too.

Several overarching principles can be discerned in this depressingly familiar situation. In the first place, the overriding need for economic growth is once again emphasised. The South African economy cannot be healthy nor the body politic secure when the dichotomy between the developed segments of the population and the exponentially growing Third World rearguard is so pronounced.

The aging process

Expected changes in the age-structure of the South African population between 1980 and 2015



Source: Stellenbosch University

300

Black expectations are moving rapidly ahead of the ability to deliver the goods, both literally and figuratively. This comment applies to social security in old age as much as to any other goals such as political participation. So the growth both in population and in expectations has to be accommodated by commensurately rapid economic growth — a necessity well-recognised by Meiring.

A second problem addressed by Meiring, and by innumerable life office studies too, is one which has afflicted much richer countries than SA — the actuarial problem provided by high inflation rates. The current double-digit rates make it a terrifying challenge to maintain the purchasing power of a given life or pension fund. This problem is aggravated for pension funds — as frequently emphasised — by the "prescribed assets requirement," which locks up 53% of the book value of a fund in non-growth assets.

The need to preserve pensions when employees switch jobs needs no further emphasis. But a solution has yet to be found which would allow for the needs of blacks in intermittent employment to draw on their pension credits as rough and ready unemployment relief. To an unemployed 30-year-old black, his possible needs at age 66, relative to immediate and urgent wants, are a difficult cause to argue.

There is also the roadblock of the means test in terms of current requirements. The means test acts as a disincentive to provision for self and even inspires outright fraud in making declarations of financial status to qualify for a State pension — aspects which surely could be given immediate attention.

But one possible approach to the problem has certainly received insufficient attention. The Institute for Futures Research at Stellenbosch University has drawn attention to "the utilisation of persons in the 65-plus cohort to make use of their accumulated expert knowledge in a part-time or full-time capacity."

This is a lateral approach to the problem which deserves our full support. Most individuals of 65 are still, under modern conditions, potentially effective economic units for many, if not for all, purposes. A healthy woman of 65 can expect to live another 20 years. The whole policy of compulsory retirement (which smacks of a restrictive guild attitude to employment anyway) needs to be revised to permit healthy individuals to continue in employment beyond that date, with any allowance needed for reduced capacity.

In some areas of life abilities even increase with age. It is legitimate to ask where the world would have been today if there had been a compulsory age limit of 65 for British prime ministers in 1940. ■

11/9/87 FM

300

Farm workers get pension plan

JOHANNESBURG. — The general council of the South African Agricultural Union has approved in principle a retirement scheme for agricultural employees.

This follows an investigation conducted by Sentraboer and is expected to be instituted in January next year.

The union's vice-president, Mr Nico Kotze, said that the scheme's main objective was to provide for the retirement needs of employees in agriculture, with death and disability benefits as perks.

"The scheme is unique in the sense that, as employers, farmers join voluntarily and that each employer with his team of employees build up their own fund within the registered umbrella fund.

"The scheme offers agricultural employees a truly unique opportunity to provide for a more confortable retirement," Mr Kotze said.

In the case of retirement, either a lump sum or a monthly pension would be paid.

The amount will depend on how long and how much the relevant employee contributed to the fund. In the event of death or disability an amount equalling twice the annual salary of the employee will be paid out, with a choice of pension in the case of disability.

Mr Kotze appealed to farmers to support the scheme because a maximum number and steady increase of members was essential for implementation and its future viability.

A board of trustees from the ranks of organised agriculture will administer the fund, with Sentraboer as mediator and Old Mutual as underwriter.

South African agricultural organisations have offered certain kinds of food.

(b) Yes. The representatives concerned were informed that the South African authorities are sympathetic towards the possibility of training members of the relative communities in disciplines such as medical services.

(2) Not relevant.

(3) No.

Hansard 15/9/87

Patrols: plain clothes/unmarked vehicles

*2. Mr P G SOAL asked the Minister of Defence:

(1) Whether any members of the South African Defence Force conduct patrols in the Black townships while dressed in plain clothes and using unmarked vehicles; if so, (a) why do they conduct plain-clothes patrols, (b) which townships are patrolled in this manner and (c) what tasks are undertaken by plain-clothes members of the Defence Force in unmarked vehicles;

(2) whether any members of the Defence Force conducting a patrol in an unmarked vehicle in Atteridgeville on or about 11 August 1987 made enquiries as to the whereabouts of the home of a certain person, whose name has been furnished to the South African Defence Force for the purpose of the Minister's reply; if so, (a) to what purpose was this information put, (b) who instructed these members to obtain this information and (c) what is the name of this person;

(3) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF DEFENCE:

(1) Yes.

(a) To be as inconspicuous as possible.

(b) Any township where the need may arise.

(c) Collection of information.

(2) Yes.

(a) To confirm where the person resided.

(b) Their Officer Commanding.

(c) It is not considered in the public interest to divulge the name.

(3) No.

Social pensions: pay-out points

*3. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) With reference to his reply to Question No 19 on 25 August 1987, where in the magisterial districts of (a) Eshowe and (b) Mtunzini are the pay-out points for social pensions to Blacks located;

(2) whether any Black pensioners permanently resident in (a) the magisterial districts of Eshowe and Mtunzini, respectively, and (b) any other magisterial districts in Natal are required to collect their pensions in KwaZulu; if so, (i) why, (ii) in terms of what agreement or arrangement does this take place and (iii) in respect of such pensioners resident in Eshowe and Mtunzini, respectively, (aa) where are the nearest pension pay-out points located and (bb) what is the longest distance they have to travel to reach these pay-out points;

(3) whether the KwaZulu Government is fully compensated for pensions paid to such persons; if not, why not; if so, in what manner?

The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

(1) There are no pension pay-out points maintained by the Natal Provincial Administration in the (a) Eshowe and (b) Mtunzini magisterial districts as there are no Black social pensioners in these two districts who are paid by the Administration.

(2) (a) There are no pensioners resident in Eshowe or Mtunzini magisterial districts who are required to collect their pensions in KwaZulu.

(b) There are ± 110 pensioners in the Pietermaritzburg magisterial district who collect their pensions in the KwaZulu magisterial district of Vulindlela and ± 60 pensioners in the Impendhle district who collect their pensions in the KwaZulu magisterial district of Hlanganani.

Hansard

(i) It is more convenient for the pensioners concerned.

(ii) There is no specific agreement in terms of which these pensioners are paid by the KwaZulu Government on behalf of the Natal Provincial Administration.

300

(iii) (aa) and (bb) Fall away.

(3) The KwaZulu Government submits claims in respect of all pensions paid on behalf of the Natal Provincial Administration. The claims are accompanied by suitable supporting documentation and are paid in full by the Administration.

Mr K M ANDREW: Mr Speaker, arising out of the hon the Deputy Minister's reply, may I ask him why, in answer to Question No 19 on 25 August, in which I asked whether there was a pay-out point for social pensions to Black pensioners in each magisterial district of the Republic, the answer given was "yes"?

†The DEPUTY MINISTER: Mr Speaker, I am prepared to go into that matter and to furnish this information to the hon member.

Reformatories/industrial schools

*4. Mr K M ANDREW asked the Minister of Education and Development Aid:

Whether it is the intention to open any (a) reformatories and (b) industrial schools for Blacks; if not, why not; if so, (i) when, (ii) where will they be located and (iii) what total number of juveniles will it be possible to accommodate in these (aa) reformatories and (bb) industrial schools?

†The DEPUTY MINISTER OF EDUCATION:

(a) and (b) Yes.

(i) With a view to the acceleration of the provision of these facilities, negotiations to obtain existing facilities are taking place. If at all possible, the Department envisages admitting the first pupils during the course of 1988.

(ii) Still under negotiation.

(iii) According to the planning of this type of school, a reform school can admit a maximum of 216 pupils and an industrial school a maximum of 360 pupils.

In this regard I also refer to the statement by Minister F W de Klerk, Chairman of the Cabinet Committee for Social Affairs, which was released on 15 August 1987.

Mr K M ANDREW: Mr Speaker, arising out of the hon the Deputy Minister's reply, in view of the fact that his colleague the hon the Minister of Justice last week told us they do not keep figures of how many juvenile offenders there are, may I ask him on what basis his department plans reformatories and industrial schools in terms of the numbers required to be accommodated there?

†The DEPUTY MINISTER: Mr Speaker, these surveys will be done from time to time as these pupils who are sentenced under the Children's Act and the Criminal Procedure Act are referred to these schools. On this basis we will from time to time see to our requirements.

Sectional Titles Act

*5. Mr K M ANDREW asked the Minister of Public Works and Land Affairs:

Whether the status and/or rights of persons living in rent-controlled (a) units and (b) blocks of flats will be affected when the Sectional Titles Act, No 95 of 1986, comes into operation; if so, in what manner?

Hansard 15/9/87

Increased payouts from October 1 'too little — too late'

Old-age pensioners in parlous plight

INFLATION INFERNO

(300)

14/9/87

By Michael Chester

Mr Laurie Starfield, director of the Johannesburg Association for the Aged, has no problem in finding a concise summary of reaction to across-the-board increases the Government will pay on October 1 to people who depend on State social security old-age pensions for their survival.

He says the increases are: "Far too little — far too late."

The problems start with explaining to visitors how the association happens to be housed in a building named Happiness House — in Braamfontein.

Sounds paradoxical

The business address sounds paradoxical as Mr Starfield talks about the growing problems of pensioners battling to make ends meet.

The October 1 round of increases will nudge the social security pensions of nearly 145 000 white males aged over 65 and white women over 60 from R198 to R218 a month — as long as they have taken a means test to prove the pension is their only source of income.

Pensions of retired coloured and Indian pensioners — nearly 150 000 of them — will be lifted from R147 to R167 a month.

Black pensions will move from R97 to R117 a month — hardly enough for groceries for one week in more affluent households, yet still supposed to pay the bills for rent, clothing, coal and electricity, occasional bus rides and other items taken for granted in the homes of still-active breadwinners.

"The imagination aborts when one reflects on how far a State social security pension can run against the tide of sky-high inflation," says Mr Starfield.

"True, there are numerous organisations, such as Meals-on-Wheels, which try to cushion the blow. But the fact remains that old-age pensions are losing out in the battle against inflation more and more every month that passes.

"The real losses in the battle are camouflaged by the official figures on the average movements of the consumer price index. When one homes in on the real basic necessities for pensioners, almost invariably one finds the very worst instances of inflation."

Purchasing power

Examinations behind the overall flat rate of inflation presented by Central Statistical Services begin to yield the answers. First off, the purchasing power of R1 in 1980 has shrunk to only around 38c, and still goes on shrinking.

The cost of housing has soared since 1980 by 183 percent, transport by 147 percent, furniture by 153 percent, clothing and footwear by 153 percent, beverages and tobacco by 137 percent. Food prices have jumped by 181 percent.

Financial expert Mr Nic Nel reveals the impact on pensioners in new studies. The buying power of social pensions is now 42 percent behind the increase in inflation since 1980 — even allowing for the October 1 increases.

The hunt for solutions is not new. Three years ago, Professor Joubert Botha, head of the economics department at the University of the Witwatersrand, wrote the foreword to a survey into the plight of aged whites in Johannesburg, which he found "disturbing".

Contrary to earlier global analyses, he found that pensioners, without outside income of any sort, were now being forced to spend as much as 50 percent on food alone. Until then, it was always supposed that the biggest item in the budget was rent.

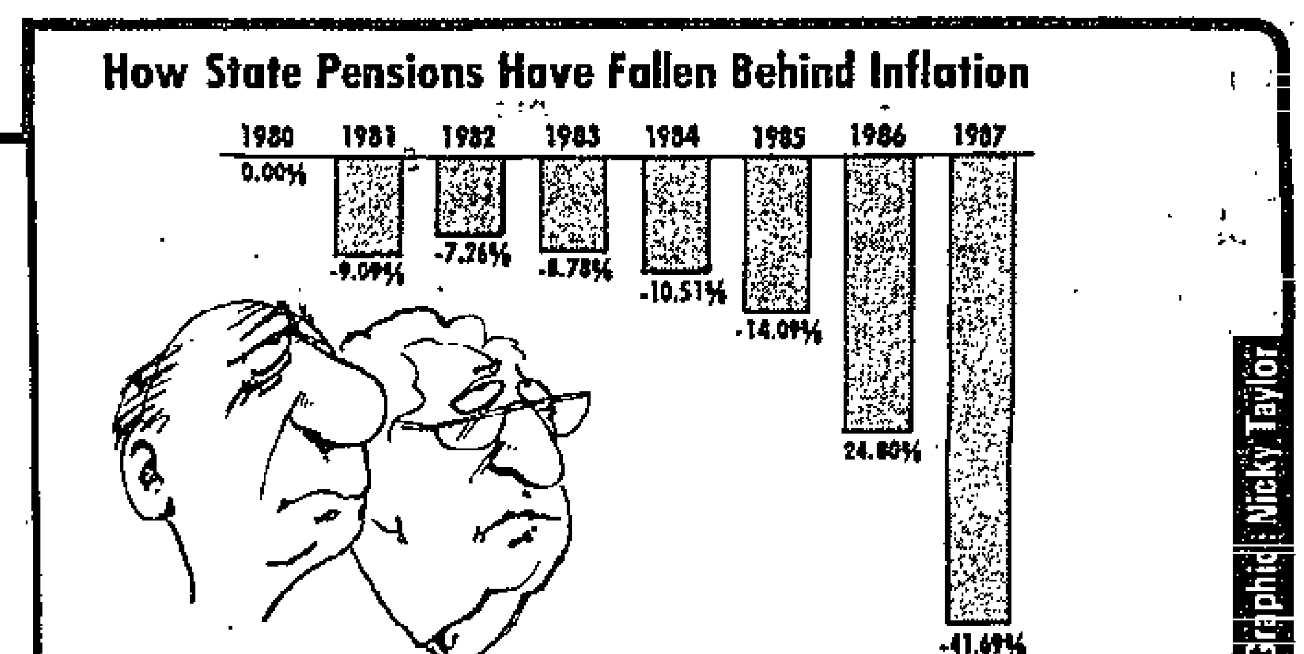
It was, he wrote, an "ominous figure", leaving no allowance for spending on recreation whatsoever.

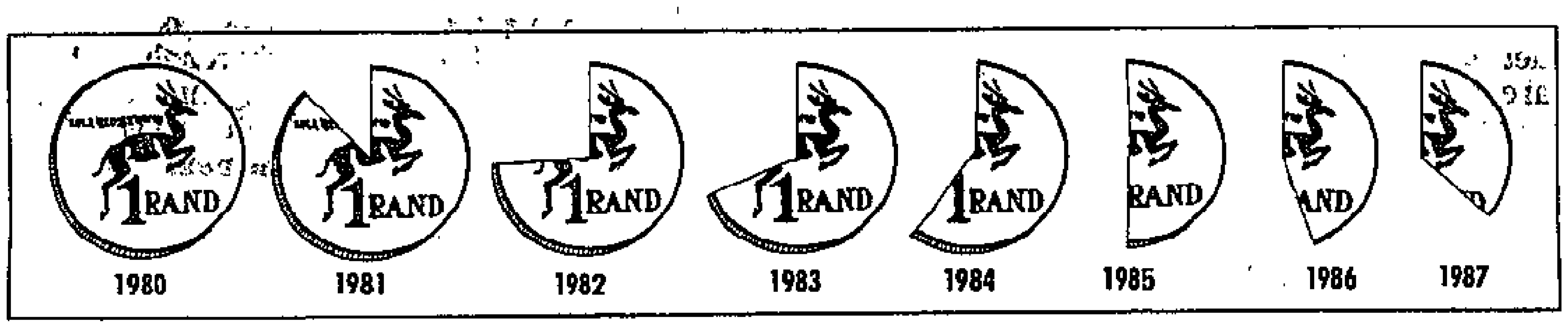
The author of the survey, Mr W A Pringle, a lecturer in economics, called pensioners "the forgotten members of society". And Professor Botha feared that "many of them eke out a living under incredible conditions".

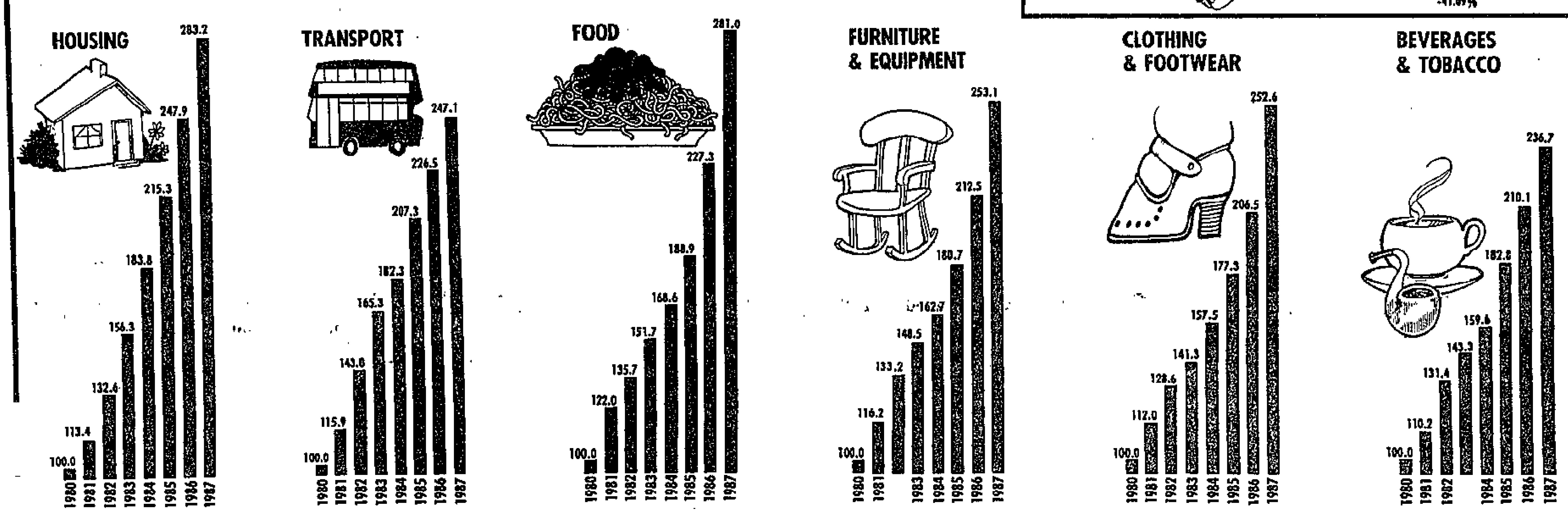
Three years later "the situation ... is worse," says Mr Starfield.

Hard to understand

"Breadwinners who can do battle to keep salaries and wages more or less in line with inflation may find it hard to understand that even the increase in the price of bread, expected next month, may break the back of the weekly shopping budget of many pensioners."







Increases lag far behind inflation

Pensioners' plight causes fresh concern

300

SPM 16/9/87

By Michael Chester

Fresh anxiety has spread among social workers and economists over the dramatic slide of more than half a million old-age pensioners into worsening poverty as State social security pensions fail to keep pace with spiralling consumer prices.

Even with expected across-the-board increases of R20 a month from October 1, the pensions paid to nearly 150 000 white State pensioners will have fallen more than 40 percent behind inflation since 1980.

All 550 000 persons relying on State pensions — men over 65 and women over 60 — have had to prove by means tests that they have no other source of income to eke out their budgets.

The increases, announced by the Government in February, will lift State social security pensions for white senior citizens from R198 to R218 a month, for coloured and Indian pensioners from R147 to R167, and, for more than 260 000 Black pensioners, from R97 to R117.

But financial consultant Mr Nic Nel points out that the meagre 10 percent increase for white pensioners will have been wiped out in terms of real buy-

Civil servants who quit jobs lose thousands

PENSION CHEQUES NICKED

300

16/9/87
Sowetan

By SY MAKARINGE

THE Department of National Health and Population Development has been swindled of thousands of rands in civil pensions by racketeers who steal cheques and cashed them without the knowledge of the intended recipients.

The racket, which has been going on for some time, has left many retired civil servants and those who have resigned from their jobs destitute.

Many people, who have applied for their pensions as far back as June last year, have not received their benefits.

Although the Chief Director of the Pensions Division of the department, Mr Japie Visser, has denied that the racket is widespread, the *Sowetan* has learned that many cheques sent to retired civil servants and those who have resigned have gone astray.

It was for this reason, the *Sowetan* was informed, that the department decided to deposit the cheques directly into beneficiaries' bank and building society accounts. The new system came into effect at the beginning of last month.

A *Sowetan* investigation found that in some cases racketeers intercept the cheques and forge "independent" states' travel documents, with names, initials and ID numbers corresponding to those on the stolen cheques.

As the cheques are crossed, the racketeers cash them at private businesses. And as the travel documents look genuine, the owner of the business accepts the cheque when the holder makes a purchase.

One of the victims, Mr Mokgatla Judas Mathibela (38), of Tsakane township on the East Rand, is still to get his R1 800 pension that was due to him after he resigned from the now defunct East Rand Development Board in June last year.

MR MATHIBELA . . . cheque cashed by racketeers.

Officials of the department informed his

• To Page 3

'Cheque theft'

• From Page 1

lawyer, Mr Andrew Manthe, that they would not issue a duplicate cheque to him as the police had failed to trace the culprits.

Mr Mathibela said he discovered that his cheque was stolen and cashed by unknown people when he went to make inquiries in Pretoria about five months after his resignation.

Mr Manthe discovered that his client's cheque was cashed by someone who had forged a Transkeian travel document.

Mrs Pauline Lipson, director of the Legal Aid Bureau in Johannesburg, said she was handling a case of a woman whose pension cheque was cashed in the same way.

She said the department refused to issue a duplicate cheque because as far as they were concerned, the cheque was received and cashed by the payee.

Other centres giving free legal assistance have confirmed having handled cases of this nature in the past few months.

Duped by Govt bombs

Thousands of Hillbrow flatowners caught in a Group Areas prison

360

STAR 19/9/87.

SHIRLEY WOODGATE
and MARTIN CHALLENOR

their life's savings into property in Hillbrow were being duped by the Government if it planned to implement the President's Council recommendations on local option, said Mr Simon Chilchik, chairman of the local ratepayers' association.

"These people were forced to put their life's savings into buying their flats when the Sectional Title Act was implemented in 1978 — with the Government assurance at that time that the Group Areas Act was non-negotiable.

"Many of the elderly residents have been conditioned to apartheid for the past 40 years. If they do not wish to remain in the area once it is opened to all races, will the Government offer them compensation?" he asked.

He accused the Government of duping Hillbrow voters by withholding the bombshell until after the May election.

"Voters opted for the National Party because of the protection it offered under the Group Areas Act. Mr Piet Badenhorst, Deputy Minister of Constitutional Development and Planning, even went on record saying that landlords who transgressed the Act would be prosecuted.

"The Government is abrogating its powers to the city council because it lacks the guts to take action, but the only answer to the Group Areas Act is its immediate repeal," Mr Chilchick said.

Two white flatowners living in Nugget Street spoke to The Saturday Star about their experiences because they felt their position was being overlooked in the ongoing debate about illegal Group Area residents. They asked not to be identified because they feared victimisation.

'PRISONERS IN OUR HOMES'

"There are a handful of whites left in most blocks that black people have moved into. Look, you get good and bad in every community, but we are in a difficult position. We are prisoners in our own homes," one woman said.

"We mostly bought our flats a few years ago when these buildings were sold off. But now we sit with them.

"We cannot sell our flats to whites simply because no whites would buy here now ... We cannot sell to black people because it is against the law.

"What we want is for the uncertainty to be ended. Either the Government must let black people move in legally or move them out.

"If the Government lets black people in legally, we could sell to black people at a good price. At the same time a new class of home-owner could move into these buildings."

The two woman said that from discussions they had had with people in similar positions, almost all rejected the hardline approach of forcing the illegal tenants out by force. "We do not want the bloodshed that could flow to be on our conscience," one woman said.

"Man, the uncertainty just has to go."

One of the woman has written extensively to senior Government officials about the issue.

REPETITIVE REPLIES

Replying to her in September 1985, the Deputy Minister of Constitutional Development and Planning said: "As this department is not responsbile for the provision of housing the matter has been taken up with the Cabinet Ministers concerned who are taking the necessary steps to alleviate the housing shortage for coloureds and Indians."

In October 1985, Mr Badenhorst said in a follow-up letter that he was "confident that the steps being taken will have the result that members of other race groups who illegally occupy accommodation in Johannesburg's white suburbs will be provided with alternative accommodation in their own areas and that the problem will in this way be solved."

In July 1986, he wrote: "The Government is aware that difficulties are being experienced by the South African Police to act successfully against perpetrators ... The problem seems to be a lack of alternative accommodation."

Today there are just five white families left in this woman's building.

Waiting in the wings for changes in the law are property speculators owning hundreds of flats. Now they are making a fortune by demanding exhorbitant rents from black people driven from their townships by a lack of accommodation and drawn by a closesness to their jobs.

If the laws are changed, the speculators, not all of them white and not all of the whites South African, would make another fortune selling the flats off to the urban black middle class.

esley
Monk and
her dogs
set out
across
the icy
waste of

Hansard

(e) (i) (aa)	DMP	WCC	UIC	NMC
1982	None	None	None	None
1983	None	None	None	None
1984	One	None	None	None
1985	One	None	None	None
1986	None	None	None	None
(bb)	DMP	WCC	UIC	NMC
1982	One	None	None	None
1983	One	None	None	None
1984	One	None	None	None
1985	One	None	None	None
1986	One	None	None	None
(ii) (aa)	DMP	WCC	UIC	NMC
1982	—	—	—	—
1983	—	—	—	—
1984	2	—	—	—
1985	6	—	—	—
1986	6	—	—	—
(aa)	DMP	WCC	UIC	NMC
1982	2	—	—	—
1983	3	—	—	—
1984	—	—	—	—
1985	—	—	—	—
1986	—	—	—	—

Strikes

390. Mr P J PAULUS asked the Minister of Manpower:†

(a) How many strikes occurred in the Republic during the period (i) 1 January to 5 May 1987 and (ii) 6 May to 31 July 1987 and (b) how many Black workers were involved in such strikes in each of these periods?

The MINISTER OF MANPOWER:

(a) (i) and (ii) Strike statistics are released by the Department of Manpower on an annual basis. Although notices of the discontinuance of work are received continuously, the statistics for 1987, on the number of employees who took part in strikes are at this stage still unverified, and (b) thusfar 332 strikers have been reported to the Department of Manpower this year.

Own Affairs:

Aged persons: accommodation

93. Mr K M ANDREW asked the Minister of Welfare:

(1) Whether there is any State-owned or subsidised accommodation available in the Cape Town area for aged White persons; if so, (a) how many units, and (b) where are they situated, in each case;

(2) whether any of these units are (a) fully paid for and (b) subsidised by the State; if so, how many in each case?

The MINISTER OF WELFARE:

(1) There is no State-owned accommodation for white aged persons available in Cape Town area. Accommodation is provided by various welfare organisations and they are receiving subsidies from the Department in respect of sub-economic aged persons who are accommodated in homes for the aged.

(a) State-owned homes 0
Subsidised homes 24

(b) The names of the subsidised homes and where they are situated, are as follows:

Carlisle Lodge	Fish Hoek
Nerina Gardens	Fish Hoek
Arcadia Home	Observatory
Avondrust	Rondebosch
Clareinch	Pinelands
Helen Keller	Pinelands
Newlands Home	Claremont
Zonnebloem	Zonnebloem
Highlands House	Cape Town
Luckhoff House	Cape Town
Kendrick House	Thornton/ Goodwood
Nazareth House	Cape Town
Protea Home	Goodwood
Rogelim and Monte Rosa	Cape Town
The Ladies Christian Home	Cape Town
Salvation Army Men's Home	Cape Town
Sawas House	Pinelands
Sunnyside Lodge	Plumstead
Sea Point Place	Three Anchor Bay
Zonnekus	Milnerton
Princess Christian	Mowbray
Zerilda Steyn	Pinelands
Bay Beach Place	Mouille Point
Muizenberg Place	Muizenberg

(2) (a) No.

(b) Yes, 24.

(300)

Hansard

TUESDAY, 22 SEPTEMBER 1987

†Indicates translated version.

For written reply:

General Affairs:

Group Areas Act

340. Mr J J S PRINSLOO asked the Minister of Constitutional Development and Planning:†

(1) (a) How many persons are occupying premises in contravention of the provisions of the Group Areas Act in (i) White, (ii) Coloured and (iii) Indian group areas and (b) in respect of what date is this information furnished;

(2) whether he will make a statement on the matter?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) Unknown and indeterminable.

(2) No.

Public telephones

457. Mr J VAN ECK asked the Minister of Communications:†

With reference to his reply to Question No 227 on 28 July 1987, how many of the public telephones in (a) Guguletu, (b) Nyanga, (c) Langa and (d) Khayelitsha were out of order as at 30 June 1987?

The MINISTER OF COMMUNICATIONS:

(a) 2.

(b), (c) and (d) Nil.

***THURSDAY, 24 SEPTEMBER 1987**

**Precedence given to questions for oral reply on this day pursuant to resolution adopted by House on Monday, 21 September 1987.*

†Indicates translated version.

For oral reply:

General Affairs:

State President:

*1. Mr F J LE ROUX—State President.†
[Withdrawn.]

Ministers:

Questions standing over from Tuesday, 15 September 1987:

State vehicles

*16. Mr F J LE ROUX asked the Minister in

ARGUS 21/9/87 300

Coloured, black aged want parity with whites

The Argus Correspondent

PRETORIA. — Aged members of the coloured and black communities will accept the present "three department system" of Health and Welfare only as a temporary measure until parity is reached between the various race groups and one department is formed.

Speaking at the Transvaal regional conference of the South African National Council of the Aged in Eersterust, Pretoria the Minister of Health and Welfare Services in the House of Representatives, Mr C April, said the black and coloured aged communities had been neglected and suffered from large-scale poverty which was why they would accept the three departments created by the tricameral parliamentary system.

Services and problems concerning the aged in the coloured community were discussed at the one-day conference held at the Lodewyk P Spies Old Age Home yesterday.

Mr April said the aged population was expected to increase from 76 000 in 1980 to 321 000 by the year 2020, which meant that the authorities would have to look to the formulating of a national policy and strategy for all aged people in South Africa.

He said that State policy was to keep the aged person independent within the community for as long as possible and that homes for the aged should be for the weakened and senile only.

To do this, service centres should be erected to take care of the needs of the active aged in the community.

He said the community had an obligation to ensure that the aged could enjoy a valuable and comfortable existence.

He said the most important role of the South African National Council for the Aged was to rid the country of poverty among the aged and to improve the quality of life of the aged.

Poverty among the coloured and black community was one of the big stumbling blocks which his department was facing, and it was trying to eliminate discrepancies in subsidies, pensions and allowances.

The department is divided into four fields of service, namely child and family care, care of the aged, care of the handicapped and social phenomena which aim to raise the quality of life for children, family and the aged as well as promoting the interests of the handicapped.

Dr W Hoods of the Transvaal Executive Committee spoke on the gaps and needs in the caring network for the aged in the coloured communities.

He identified as problem areas pensions, the community wherein the aged person lived and local and central authorities.

REPUBLIC OF SOUTH AFRICA

REPUBLIEK VAN SUID-AFRIKA

Government Gazette
Staatskoerant

Selling price • Verkoopprys
(GST excluded)/(AVB uitgesluit)
Local 50c Plaaslik
Other countries 70c Buitelands
Post Free • Posvry

Regulation Gazette
Regulasiekoerant
No. 4131

Registered at the Post Office as a Newspaper
As 'n Nuusblad by die Poskantoor Geregistreer

Vol. 267 PRETORIA, 21 SEPTEMBER 1987 No. 10945

GOVERNMENT NOTICES

DEPARTMENT OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

No. R. 2121 **21 September 1987**

REGULATIONS UNDER THE GOVERNMENT SERVICE PENSION ACT, 1973.—AMENDMENT

The Minister of National Health and Population Development, in terms of section 17 of the Government Service Pension Act, 1973 (Act 57 of 1973), has further amended, as set out in the Schedule hereto, the regulations promulgated by Government Notice R. 1062 of 22 June 1973, as amended.

SCHEDULE

1. Regulation 6 is hereby amended by the substitution in subregulation (1) (b) (ii) for the expression "16" of the expression "18".

2. Regulation 7 is hereby amended by the substition for subregulation (3) of the following subregulation:

"(3) There shall, in respect of pensionable service which is allowed as pensionable service in terms of regulation 6 (1) (b) (ii) and (v), be paid to the Fund by the member concerned—

(i) an amount which is calculated in accordance with the formula—

$n \times S \times F(x)$

in which formula—

n represents the period in years which shall be reckoned as pensionable service and any portion of a year shall be determined according to the proportion which the number of days in that portion of a year bears to 365 days;

S represents yearly pensionable emoluments on date of application; and

GOEWERMENTSKENNISGEWINGS

DEPARTEMENT VAN NASIONALE GESONDHEID EN BEVOLKINGSONTWIKKELING

No. R. 2121 **21 September 1987**

REGULASIES KRAGTENS DIE REGERINGSDIENSPENSIOENWET, 1973.—WYSIGING

Die Minister van Nasionale Gesondheid en Bevolkingsontwikkeling het kragtens artikel 17 van die Regeringsdienspensioenwet, 1973 (Wet 57 van 1973), die regulasies afgekondig by Goewermentskennisgewing R. 1062 van 22 Junie 1973, soos gewysig, verder gewysig soos in die Bylae hiervan uiteengesit.

BYLAE

1. Regulasie 6 word hierby gewysig deur in subregulasie (1) (b) (ii) die uitdrukking "16" deur die uitdrukking "18" te vervang.

2. Regulasie 7 word hierby gewysig deur subregulasie (3) deur die volgende subregulasie te vervang:

"(3) Daar word ten opsigte van pensioengewende diens wat ingevolge regulasie 6 (1) (b) (ii) en (v) as pensioengewende diens toegelaat word, deur die betrokke lid aan die Fonds betaal—

(i) 'n bedrag bereken oorcenkomstig die formule—

$n \times S \times F(x)$

in welke formule—

n die tydperk in jare voorstel wat as pensioengewende diens gereken word en word 'n gedeelte van 'n jaar bepaal volgens die verhouding waarin die getal dae in bedoelde gedeelte van 'n jaar tot 365 dae staan;

S die jaarlikse pensioengewende verdienste voorstel op datum van aansoek; en

F(x) represents a factor determined by the Director-General or which is calculated or determined on the basis approved by the Director-General; plus

(ii) compound interest, at the rate fixed by the Director-General from time to time, as from the date on which the amount calculated in accordance with the said formula is payable, up to the date on which it is paid.".

No. R. 2122 **21 September 1987**

REGULATIONS UNDER THE ASSOCIATED INSTITUTIONS PENSION FUND ACT, 1963.—AMENDMENT

The Minister of National Health and Population Development, in terms of section 2 of the Associated Institutions Pension Fund Act, 1963 (Act 41 of 1963), has further amended, as set out in the Schedule hereto, the regulations promulgated by Government Notice R. 1653 of 10 September 1976, as amended.

SCHEDULE

1. Regulation 11 is hereby amended by the substitution in subregulation (1) (c) for the expression "16" of the expression "18".

2. Regulation 12 is hereby amended by the substitution for subregulation (2) of the following subregulation:

"(2) There shall, in respect of pensionable service which is allowed as pensionable service in terms of regulation 11 (1) (c), (f) or (g), be paid to the Fund by the member concerned—

(i) an amount which is calculated in accordance with the formula—

$n \times S \times F(x)$

in which formula—

n represents the period in years which shall be reckoned as pensionable service and any portion of a year shall be determined according to the proportion which the number of days in that portion of a year bears to 365 days;

S represents yearly pensionable emoluments on date of application; and

F(x) represents a factor determined by the Director-General or which is calculated or determined on the basis approved by the Director-General; plus

(ii) compound interest, at the rate fixed by the Director-General from time to time, as from the date on which the amount calculated in accordance with the said formula is payable, up to the date on which it is paid.".

No. R. 2123 **21 September 1987**

REGULATIONS UNDER THE TEMPORARY EMPLOYEES PENSION FUND ACT, 1979.—AMENDMENT

The Minister of National Health and Population Development, in terms of section 8 of the Temporary Employees Pension Fund Act, 1979 (Act 75 of 1979), has further amended, as set out in the Schedule hereto, the regulations promulgated by Government Notice R. 2099 of 21 September 1979, as amended.

F(x) 'n faktor voorstel wat die Direkteur-generaal bepaal of wat bereken of bepaal word op die grondslag wat die Direkteur-generaal goedkeur; plus

(ii) samegestelde rente, teen die koers soos van tyd tot tyd deur die Direkteur-generaal bepaal, vanaf die datum waarop die bedrag ooreenkomstig genoemde formule bereken, betaalbaar is, tot die datum waarop dit betaal word.".

No. R. 2122 **21 September 1987**

REGULASIES KRAGTENS DIE WET OP DIE PENSIOENFONDS VIR GEASSOSIEERDE INRIGTINGS, 1963.—WYSIGING

Die Minister van Nasionale Gesondheid en Bevolkingsontwikkeling het kragtens artikel 2 van die Wet op die Pensioenfonds vir Geassosieerde Inrigtings, 1963 (Wet 41 van 1963), die regulasies afgekondig by Goewermentskennisgewing R. 1653 van 10 September 1976, soos gewysig, verder gewysig soos in die Bylae hiervan uiteengesit.

BYLAE

1. Regulasie 11 word hierby gewysig deur in subregulasie (1) (c) die uitdrukking "16" deur die uitdrukking "18" te vervang.

2. Regulasie 12 word hierby gewysig deur subregulasie (2) deur die volgende subregulasie te vervang:

"(2) Daar word ten opsigte van pensioengewende diens wat ingevolge regulasie 11 (1) (c), (f) of (g) as pensioengewende diens toegelaat word, deur die betrokke lid aan die Fonds betaal—

(i) 'n bedrag bereken ooreenkomstig die formule—

$n \times S \times F(x)$

in welke formule—

n die tydperk in jare voorstel wat as pensioengewende diens gereken word en word 'n gedeelte van 'n jaar bepaal volgens die verhouding waarin die getal dae in bedoelde gedeelte van 'n jaar tot 365 dae staan;

S die jaarlikse pensioengewende verdienste voorstel op datum van aansoek; en

F(x) 'n faktor voorstel wat die Direkteur-generaal bepaal of wat bereken of bepaal word op die grondslag wat die Direkteur-generaal goedkeur; plus

(ii) samegestelde rente, teen die koers soos van tyd tot tyd deur die Direkteur-generaal bepaal, vanaf die datum waarop die bedrag ooreenkomstig genoemde formule bereken, betaalbaar is, tot die datum waarop dit betaal word.".

No. R. 2123 **21 September 1987**

REGULASIES KRAGTENS DIE WET OP DIE PENSIOENFONDS VIR TYDELIKE WERKNEMERS, 1979.—WYSIGING

Die Minister van Nasionale Gesondheid en Bevolkingsontwikkeling het kragtens artikel 8 van die Wet op die Pensioenfonds vir Tydelike Werknemers, 1979 (Wet 75 van 1979), die regulasies afgekondig by Goewermentskennisgewing R. 2099 van 21 September 1979, soos gewysig, verder gewysig soos in die Bylae hiervan uiteengesit.

SCHEDULE

1. Regulation 5 is hereby amended by the substitution in subregulation (1) (b) (iii) for the expression "16" of the expression "18".
2. Regulation 6 is hereby amended by the substitution for subregulation (4) of the following subregulation:

"(4) There shall, in respect of pensionable service which is allowed as pensionable service in terms of regulation 5 (1) (b) (iii) and (iv), be paid to the fund by the member concerned—

(i) an amount which is calculated in accordance with the formula—

$n \times S \times F(x)$

in which formula—

n represents the period in years which shall be reckoned as pensionable service and any portion of a year shall be determined according to the proportion which the number of days in that portion of a year bears to 365 days;

S represents yearly pensionable emoluments on date of application; and

$F(x)$ represents a factor determined by the Director-General or which is calculated or determined on the basis approved by the Director-General; plus

(ii) compound interest, at the rate fixed by the Director-General from time to time, as from the date on which the amount calculated in accordance with the said formula is payable, up to the date on which it is paid.".

BYLAE

1. Regulasie 5 word hierby gewysig deur in subregulasie (1) (b) (iii) die uitdrukking "16" deur die uitdrukking "18" te vervang.
2. Regulasie 6 word hierby gewysig deur subregulasie (4) deur die volgende subregulasie te vervang:

"(4) Daar word ten opsigte van pensioengewende diens wat ingevolge regulasie 5 (1) (b) (iii) en (iv) as pensioengewende diens toegelaat word, deur die betrokke lid aan die Fonds betaal—

(i) 'n bedrag bereken ooreenkomstig die formule—

$n \times S \times F(x)$

in welke formule—

n die tydperk in jare voorstel wat as pensioengewende diens gereken word en word 'n gedeelte van 'n jaar bepaal volgens die verhouding waarin die getal dae in bedoelde gedeelte van 'n jaar tot 365 dae staan;

S die jaarlikse pensioengewende verdienste voorstel op datum van aansoek; en

$F(x)$ 'n faktor voorstel wat die Direkteur-generaal bepaal of wat bereken of bepaal word op die grondslag wat die Direkteur-generaal goedkeur; plus

(ii) samegestelde rente, teen die koers soos van tyd tot tyd deur die Direkteur-generaal bepaal, vanaf die datum waarop die bedrag ooreenkomstig genoemde formule bereken, betaalbaar is, tot die datum waarop dit betaal word.".

dable basis."

CAPE TIMES 23/9/87 (300)

Govt moves on pensions fund

Own Correspondent

JOHANNESBURG. — Government moved yesterday to dispel criticism of its pension fund management, but resisted pressure to scrap its "buy-back" system, or to make actuarial assessments compulsory by law.

Chief critic of the running of the funds, former Sanlam head Andreas Wassenaar, said yesterday government was "nibbling at the edge of the problem".

According to a government notice issued by National Health and Population Development minister, Willie van Niekerk, two changes are being introduced:

- Civil servants will now only be able to buy back service they never worked to age 18, instead of age 16. This reverses a change introduced in 1980;
- Members' monthly payments have also been adjusted by means of a formula which appears to place the determination of payments in the hands of civil servants.

The administration of the Government Service Pension Fund has been criticized by pensions fund experts who argue benefits are being determined solely by civil servants who are its beneficiaries.

In terms of yesterday's regulations monthly payments will be set by the formula: the number of years worked, multiplied by yearly pensionable emoluments, multiplied by "a factor determined by the Director General".

Members' payments will be in line with compound interest "at the rate fixed by the Director-General from time to time".

Wassenaar said yesterday the changes appeared to open the way for "terrific manipulation".

He said he wanted to study the regulations more closely before commenting further.

Sanlam survey shows . . .

Firms improve pension benefits

CAPE TIMES 23/9/87 (300)

By AUDREY D'ANGELO
Financial Editor

SA companies tend to provide better pension benefits than funds with international connections, according to the third biennial survey just completed by Sanlam.

Large companies usually provide better benefits than smaller ones. And many companies have improved the benefits offered since the last survey was carried out, or are planning to do so soon.

Desmond Smith

About 30% of funds now calculate pensions on the basis of the final salary or the average for the past two years. An increasing number of funds regard fringe benefits as pensionable.

More funds are allowing members who leave to keep some of the employers' contributions and 28% now credit them with between 6% and 10% compound interest compared with 3% who did so in 1985.

Announcing the findings of the survey, Desmond Smith, Sanlam's senior GM (pensions) said yesterday that large schemes usually allowed lower retirement ages — particularly for senior staff.

"Smaller funds also apply less generous formulae in calculating pensions with only 13% using the member's last salary or the average salary of the last two years. By contrast, the figure is 33% for large funds.

"Unfortunately these inequities continue after retirement with the pensioners of small schemes receiving significantly lower increases in their pensions."

Pointing out that larger funds are more actively managed and utilize available opportunities to better advantage Smith warned: "It's time that the smaller funds do likewise if they wish to reduce their turnover of quality personnel."

The survey showed that 50% of the funds surveyed had improved benefits to existing pensioners in the past year and 53% had arranged for growth in pensions.

It showed an increasing tendency for earlier retirement by top and middle management and for women to retire at the same age as men.

"Almost a third of all participants include bonuses in their definition of pensionable salary," the report stated.

"An interesting trend is the number of funds including the 'remuneration value' of fringe benefits such as motor vehicles in the pensionable salary definition.

"A further trend is that 15% (12%) of funds are calculating pensions on the final year's remuneration. In addition, 3% of funds define pensionable salary as the highest salary earned during fund membership.

"In general and taking cognizance of inflation, one could therefore assume that 18% of funds now calculate pensions on the member's remuneration in his retirement year."

Almost all funds — 98% — allow members to advance their date of retirement and 87% to defer it.

"Of those funds which allow deferment of retirement, some 59% (50%) allow for the continuation of members' contributions."

Hansard

Video cassette industry: inquiry

*26. Mr M J ELLIS asked the Minister of Economic Affairs and Technology:

(1) Whether he or any member of his Department recently received a request from a certain association, the name of which has been furnished to the Minister's Department for the purpose of his reply, to conduct an inquiry into the viedo cassette, industry; if so, (a) when, (b) what reasons were given by the association for requesting this inquiry and (c) what is the name of the association;

(2) whether he has reached a decision regarding this request; if so, (a) what is the decision and (b) what action has been taken to implement it; if not, (i) why not and (ii) when is it anticipated that a decision will be reached?

(D/A

The DEPUTY MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY (Dr T G Alant):

(1) Yes.

(a) During the period July to September 1987.

(b) It is alleged that the provisions of certain legislation inhibits the activities of the industy.

(c) South African Video Retailers Association.

(2) No.

(a) and (b) Fall away.

(i) The Association requested the Registrar of Patents, Trade Marks and Models as well as the Competition Board that the Registration of Copyright in Cinematograph Films Act, 1977 (Act 62 of 1977) and Sections 27 (1) (b) to (f) of the Copyright Act, 1978 (Act 98 of 1978), be repealed. It was further suggested that the form of trade agreements should be enacted by statute and that certain conditions should be provided for. The Registrar of Patents, Trade Marks and Models referred the request to the Advisory Committee on Copyright for comment while the Competition Board is also investigating the matter.

(ii) As soon as comments have been received from the Advisory Committee on Copyright and the Competition Board has finalised its investigation.

~~Social old-age pensions~~

*27. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

Whether, with reference to his reply to Question No 17 on 4 August 1987, any social old-age pensions to Black persons are being paid (a) on a monthly basis and (b) by way of transfers into savings accounts at banks and building societies; if so, (i) how many, and (ii) in respect of what categories of persons, in each case; if not, (aa) why not, (bb) when will the first such pensions be paid in this manner, and (cc) what categories of persons will be the first to benefit, in each case?

†The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

(a) No, not at this stage, but it is so intended.

(b) No, not at this stage, but it is so intended.

(aa) Although important objectives have been phased in to effect monthly payments, the Provincial Administrations must, however, establish well equipped pay-out structures where cash payments of social pensions can be dealt with effectively. Arrangements for the transfer of pensions into savings bank accounts have not been finalized as certain technicalities viz, the correctness of the bank and building societies account numbers as well as the minimum balance requirements, in terms of building society policy, have yet to be clarified with the recipients.

(bb) As soon as the Provincial Administrations have sucessfully implemented their pay-out structures and the necessary communication with the applicants in respect of account numbers and minimum balances have been finalized.

(cc) Beneficiaries, who already are in possession of bank or building society accounts and who prefer their pension benefits to be paid into these accounts.

300

Hansard

Lwandle, Strand: family housing

*28. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether, with reference to his reply to Question No 23 on 11 August 1987, renewed consideration has been given to the provision of family housing in Lwandle, Strand; if not, why not; if so, what further decisions have been made;

(2) whether his Department has received copies of any independent investigations into Black housing in this area; if so, (a) what investigations, (b) when did his Department receive copies of such investigations, (c) by whom were they conducted, (d) what were their conclusions or recommendations in respect of family housing at Lwandle, (e) what was his Department's response to such conclusions or recommendations and (f) what were his Department's reasons for (i) agreeing or (ii) disagreeing with each of these conclusions or recommendations;

(3) whether there is family accommodation available at present at (a) Khayelitsha and (b) Mfuleni; if so, (i) what type of accommodation, and (ii) how many families can be accommodated, in each case; if not, what alternative accommodation is available to families from Lwandle?

The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

(1) Yes, persuant to my discussions with residents of Lwandle on 6 August 1987, additional information has been received and is being considered by the Department of Development Planning.

(2) (a), (b) and (c) Yes, a report compiled by the Urban Foundation at the request of the Municipality of Somerset-West has been received on 31 July 1987 and is at present being studied by the Department of Development Planning.

(d), (e) and (f) In view of the abovementioned particulars it is not possible to supply further information at this stage.

(3) (a) and (b) The question of providing housing to families from Lwandle at Khayelitsha and Mfuleni is in an advanced stage of planning by the Cape Provincial Administration. The matter is therefore receiving attention.

Own Affairs:

Questions standing over from Tuesday, 22 September 1987.

Graskop: anti-semitism at veld school

*1. Mr D J DALLING asked the Minister of Education and Culture:

(1) Whether a certain school, particulars of which have been furnished to the Minister's Department for the purpose of his reply, attended a veld school at Graskop in the Transvaal recently; if so, (a) on what dates and (b) what is the name of this school;

(2) whether any incidents allegedly involving violence and anti-semitism occurred at this veld school; if so, (a) what incidents, (b) what were the circumstances surrounding these incidents and (c) what other schools were involved;

Bop accused of no-votes, no-pensions plot

By THAMI MKHWANAZI

WITH Bophuthatswana's general election four weeks away, more than 1 000 pensioners in the Mankwe region are allegedly being denied their pensions because they do not support the ruling Democratic Party.

Six of the pensioners have already instructed lawyers to bring a Supreme Court application, asking that the Department of Social Pensions be compelled to pay them their grants.

A Rustenburg firm of attorneys confirmed yesterday it had received instructions to act for six Mankwe pensioners.

According to a senior member of the opposition People's Progressive Party who asked not to be identified, the pensioners, "all PPP supporters", assembled on September 15 to collect their subsistence but none was paid.

Instead, he said, they were summoned to the kraal of the ruling chief at Ramokokastad, Augustus Ramokoka, and told by Gilbert Mauwane, whom he called a "prominent Democratic Party member", that unless they switched their allegiance and voted for the party in the forthcoming elections they would be denied their pensions.

The pensioners are card-carrying members of the PPP, he said, and allegedly refused to be "intimidated" into voting for President Lucas Mangope's party.

Mauwane, who is said to be an unemployed former chauffeur of the "homeland's" minister of foreign affairs, TM Molatlhwa, was in the company of three pension-paying officers when he allegedly addressed the pensioners.

The incident, said the PPP man, followed a meeting on August 15 at which the "homeland's" minister of internal affairs, BLMI Motsatsi, had allegedly threatened to withdraw the penioners' grants if they did not support his party in the elections.

A PPP spokesman who asked not to be identified accused the ruling party of attempting to cripple the PPP. He said the PPP foiled attempts by the Democratic Party to have nine PPP candidates disqualified during the August 4 nominations.

After the candidates were disqualified his party applied successfully for their reinstatement in the Mmabatho Supreme Court case which was presided over by Justice ET Smith.

Bophuthatswana secretary for internal affairs, David Mosiane, refused to comment.

25/9 – 1/10/87

300

W/Mail

Hansard

(1) (a) (i) How many annual reports were produced in 1986 by his Department and/or statutory bodies falling under his Department and (ii) in respect of what bodies were these reports produced, (b) what was the cost of producing each such report, (c) how many copies of each report were printed and (d) who undertook the printing of each report;

(2) whether the printing of these reports was put out to tender; if not, why not; if so, (a) what was the (i) lowest and (ii) highest tender submitted, and (b) was the amount of the successful tender, in each case;

(3) whether any copies of these reports were sold; if so, (a) how many, (b) to whom, and (c) at what price, in respect of each report;

(4) in respect of each of the latest specified five years for which information is available, (a) what was the total cost to his Department of these annual reports, (b) how many copies were printed, (c) how many of these reports contained (i) full colour and (ii) black and white pictures, (d) on what quality paper were the annual reports printed and (e) (i) how many of these reports contained a photograph or drawing of the (aa) political head and (bb) top official of his Department and/or the statutory bodies in question and (ii) how many of these pictures were in (aa) colour and (bb) black and white in each case?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

(1) (a) (i) One.

(ii) The Department.

(b) R24 950.

(c) 2 200.

(d) Cape and Transvaal Printers (Pty) Ltd, Cape Town for the Government Printer, Pretoria.

(2) Cape and Transvaal Printers (Pty) Ltd is a year tenderer for the Government Printer, Pretoria.

(a) (i) Falls away.

(ii) Falls away.

(b) Falls away.

(3) No. The annual reports are available at the Government Printer.

(a) Falls away.

(b) Falls away.

(c) Local at R9,50 and abroad at R11,90 per copy.

(4) The annual report for the period 17 September 1984 to 31 December 1985 is the first annual report of the Department.

(a) R24 950.

(b) 2 200.

(c) (i) and (ii) One.

(d) Ducusa, matt, white.

(e) (i) (aa) and (bb) One.

(ii) (aa) None.

(bb) One in each case.

Old-age pensions

101. Mr J J WALSH asked the Minister of the Budget and Welfare:

(a) How many White persons applied for old-age pensions in 1986, (b) how many of these applications (i) were granted, (ii) were refused and (iii) are still under consideration, (c) how many of the refusals were attributable to the applicants' assets exceeding the limits laid down in terms of the means test and (d) what total number of White persons were in receipt of old-age pensions as at the end of 1986 or the latest specified date for which information is available?

The MINISTER OF THE BUDGET AND WELFARE:

(a) 15 236

(b) (i) 11 487

(ii) 3 749

(iii) Nil

(c) 1 049

(d) 143 022 as at 31 August 1987.

300

QUESTIONS UNDER NAME OF MEMBER

Rush to beat Govt's buy-back curbs on pensions

By HAMISH McINDOE

QUESTIONS will be asked in Parliament over the Government's early warning to its civil servants that sweeping changes would be made to the pension buy-backs in the State's R12-billion pension fund.

And the Department of National Health and Population Development has disclosed to the Sunday Times that 2 142 civil servants took the gap.

They have applied to buy back years of service at bargain rates before amendments to the Government Service Pension Act were gazetted last week.

After the announcement, civil servants scurried to raise funds to bankroll their pension buy-backs.

Countdown to the 18-day warning started on September 3 when the Minister, Dr Willie van Niekerk, told Parliament that the Act would be amended. The changes were gazetted on September 21.

The PFP Member for Pinetown, Mr Roger Burrows, said: "Any civil service staff association worth its salt would have advised its members to buy back their years of service at the higher rate."

The 63 000-member Public Servants' Association (PSA), for one, did not. PSA president Colin Cameron said the association was opposed to making "propaganda" out of Government's early warning.

As matters stand, civil servants will now only be able to buy back service at a lower rate to the age of 18, instead of 16.

Rush to beat Govt's buy-back curbs on pensions

By HAMISH McINDOE

QUESTIONS will be asked in Parliament over the Government's early warning to its civil servants that sweeping changes would be made to the pension buy-backs in the State's R12-billion pension fund.

And the Department of National Health and Population Development has disclosed to the Sunday Times that 2 142 civil servants took the gap.

They have applied to buy back years of service at bargain rates before amendments to the Government Service Pension Act were gazetted last week.

After the announcement, civil servants scurried to raise funds to bankroll their pension buy-backs.

Countdown to the 18-day warning started on September 3 when the Minister, Dr Willie van Niekerk, told Parliament that the Act would be amended. The changes were gazetted on September 21.

The PFP Member for Pinetown, Mr Roger Burrows, said: "Any civil service staff association worth its salt would have advised its members to buy back their years of service at the higher rate."

The 63 000-member Public Servants' Association (PSA), for one, did not. PSA president Colin Cameron said the association was opposed to making "propaganda" out of Government's early warning.

As matters stand, civil servants will now only be able to buy back service at a lower rate to the age of 18, instead of 16.

Aged care under dicussion

CARE for the aged in South Africa is at the crossroads. With this in mind, the South African National Council for the Aged has organised a conference with the theme "Care for the Aged on the way to the year 2000," which will take place from October 6 to 8, 1987.

"We must take urgently account of what awaits us, and what new directions we should follow to solve the problems concerning our country's aged. We should not simply anticipate the so-called 'grey-tide.' Positive alternatives must be found to enable our aged to retain their independence and to contribute to society both socially and economically," said Syd Eckley, director of the South African National Council for the Aged.

Eckley is enthusiastic about the conference, which will be held in Pretoria's Sinodale Conference Centre, and he is confident that, at this occassion, "unique" answers will be found.

In this connection the Conference chairman and chairman of the South African National Council for the Aged, Reverend Hennie Visser, said that the conference would move away from traditional "solutions," such as old age homes, and that alternative solutions will be sought.

"We can no longer depend on the State to bear the burden. The potential of volunteers from the community, will have to be developed," he said.

Sanca sees the problem concerning the aged as one originating in the community.

Some 260 000 aged require immediate services and care in South Africa – this number excludes those presently being cared for.

For this reason a penetrating investigation will be initiated at the conference.

(300) C Press 27/9/87

(3) No. (a), (b) and (c) Fall away.

(4) (a)

	1986	1985	1984	1983	1982
	R	R	R	R	R
Department of Trade and Industry	3 960	3 963	3 932	2 716	—
Registrar of Companies	Not applicable				
Board of Trade and Industry	2 600	2 787	2 366	1 471	—
Competition Board	1 225	1 091	—	—	—
Estate Agents Board	Not applicable				
SABS	11 857	(1982-1985: R44 174)			
CSIR	Not applicable				
Travel Agents Board	1 568	(1984 and 1985: R7 320)			

(b)

	1986	1985	1984	1983	1982
Department of Trade and Industry	1 500	1 530	1 530	1 400	—
Registrar of Companies	20	20	20	20	20
Board of Trade and Industry	1 200	1 200	800	500	450
Competition Board	1 500	1 200	1 000	615	800
Estate Agents Board	25	25	25	25	25
SABS	4 500	4 500	4 500	4 500	4 500
CSIR	5 750	5 700	5 700	5 700	5 700
Travel Agents Board	50	250	250	—	—

(c) (i) Three.

(ii) Two.

(d) Good quality local paper.

(e) (i) (aa) None.

(bb) The reports of the SABS and the CSIR as well as two reports of the Department of Trade and Industry.

(ii) (aa) Two reports of the SABS and each of the relevant reports of the CSIR.

(bb) Two reports of the Department of Trade and Industry and three reports of the SABS.

Annual reports

375. Mr K M ANDREW asked the Minister of Economic Affairs and Technology:

(1) (a) How many annual reports were produced in 1986 by the South African Tourism Board, (b) what was the cost of producing each such report, (c) how many copies of each report were printed and (d) who undertook the printing of each report;

(2) whether the printing of these reports was put out to tender; if not, why not; if so, (a) what was the (i) lowest and (ii) highest tender submitted, and (b) what was the amount of the successful tender, in each case;

(3) whether any copies of these reports were sold; if so, (a) how many, (b) to whom, and (c) at what price, in respect of each report;

(4) in respect of each of the latest specified five years for which information is available, (a) what was the total cost to this Board of these annual reports, (b) how many copies were printed, (c) how many of these reports contained (i) full colour and (ii) black and white pictures, (d) on what quality paper were the annual reports printed and (e) (i) how many of these reports contained a photograph or drawing of the (aa) political head and (bb) top official of this Board and (ii) how many of these pictures were in (aa) colour and (bb) black and white in each case?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) (a) One.

(b) R68 784 (Total production cost for a specially upgraded report as part of an intensive campaign to attract foreign tourists).

(c) 7 000.

(d) Whitnall Simonson, Johannesburg.

(2) Yes.

(a) (i) R19 878.

(ii) R23 997.

(b) R19 878.

(3) No.

(a), (b) and (c) Fall away.

(4) (a) R138 160 in respect of the four annual reports since the Board's inception in 1983.

(b) 7 000 in 1986 and a total of 8 500 in the preceding three years.

(c) (i) Two.

(ii) One.

(d) Sappi coated papers.

(e) (i) (aa) None.

(bb) None.

(ii) (aa) and (bb) Fall away.

Pensions

406. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) Whether it is possible for State employees who are members of a State pension fund to buy (a) previous service and (b) non-service to the age of 16 years; if so, (i) in which State pension funds is such buying back permitted and (ii) when was this concept (aa) introduced and (bb) amended;

(2) what is the formula for the buying back of (a) previous service and (b) non-service to the age of 16 years in the case of each pension fund in which it is permitted;

(3) whether State employees are required to pay immediately the full amount of the cost of buying back service and/or non-service periods; if not, (a) on what basis does the State accept repayment of buying back amounts and (b) what is the current interest rate charged on the outstanding amounts owed to the State for buying back service and/or non-service periods;

(4) whether the buying back income for each pension fund is separately accounted for in his Department; if not, why not; if so, (a) what income was received in respect of each fund in the latest specified financial year for which information is available and (b) what total income has accrued to each scheme as a result of buying back since the introduction of this concept;

(5) whether the effect of buying back service and/or non-service periods on the accumulated funds has been calculated or estimated; if not, why not; if so, what has been and will be the effect of such buying back on each pension fund?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) (a) Yes.

(b) Yes.

(i) Government Service Pension Fund; Associated Institutions Pension Fund; Temporary Employees Pension Fund; Authorities' Service Pension Fund and in the case of the Authorities' Service Superannuation Fund previous service only.

(ii) (aa) to age of 25 years with effect from 22.06.55.

Hansard

300

Hansard

(bb) to age of 18 years with effect from 26.08.66; to age of 16 years with effect from 5.12.80.

(2) (a) Repayment of the resignation benefit received plus interest.

(b) (A × B × C × D) × E plus interest where—

A = the rate at which the member contributes to the Fund.

B = pensionable emoluments at the date on which the member became a member of the Fund.

C = period member wishes to purchase.

D = an actuarial factor.

E = Government Service Pension Fund—3,47
Associated Institutions Pension Fund—3,04
Temporary Employees Pension Fund—3,00
Authorities' Service Pension Fund—3,25

(3) No.

(a) The Funds accept repayment on a monthly basis for a maximum period of 15 years on condition that any balance outstanding must be paid on or before the retirement date.

(b) The current interest rate charged on the outstanding amounts owing to the relevant fund is 5,5% compounded annually at the 31st March of each year.

(4) Yes.

(a) 1986/87
Government Service Pension Fund—R79 417 355,52
Associated Institutions Pension Fund—R33 054 264,86
Temporary Employees Pension Fund—R9 657 721,38
Authorities' Service Pension Fund—R598 441,05

(b) Information not readily available.

(5) Up to date only in respect of the Government Service Pension Fund. An estimated deficit of R1,5 milliard.

Newsprint industry

410. Mr W J D VAN WYK asked the Minister of Economic Affairs and Technology:†

Whether he will furnish the names of undertakings in South Africa which are involved in the newsprint industry; if not, why not; if so, what are the names of the (a) manufacturers, (b) dealers and (c) importers concerned?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

Yes.

(a) SAPPI Ltd and Mondi Paper Company Ltd are the only manufacturers of newsprint in the Republic of South Africa.

(b) SAPPI and Mondi supply newsprint mainly direct to members of the Newspaper Press Union of South Africa, ie newspaper publishers. A relatively small volume of newsprint which is used for purposes other than the printing of newspapers, is supplied directly to dealers of which the most important are as follows:
Haddons (Pty) Ltd.
VRG (Pty) Ltd.
Peters Papers (Pty) Ltd.
Spicers (Pty) Ltd.
Wiggins Teape (Pty) Ltd.
Press Supplies Ltd.
Main Paper (Pty) Ltd.

(c) During the past three years no newsprint was imported.

State expenditure on education

465. Mr K M ANDREW asked the Minister of National Education:

(1) What was the total State expenditure on education in the Republic, (a) including and (b) excluding the (i) self-governing territories and (ii) independent Black states, in the 1984-85, 1985-86 and 1986-87 financial years, respectively;

(2) what amount was spent in each of these financial years on education in respect of (a) Blacks in the (i) Republic, (ii) self-governing territories and (iii) independent Black states, (b) Whites, (c) Coloureds and (d) Indians?

Hansard

The MINISTER OF NATIONAL EDUCATION:

(1) The total State expenditure on education in the Republic:

	1985-86	1986-87
(a) Including the self-governing territories	R6 130 262 000	R7 557 762 000
(b) Excluding the—		
(i) Self-governing territories	R5 446 522 000	R6 662 383 000
(ii) Independent Black states	The amounts are not available.	

These amounts do not include expenditure in respect of education in the independent Black states which do not form part of the Republic. The amounts for 1984-85 are not available.

(2) The expenditure on education in the Republic in respect of:

	1985-86	1986-87
(a) Blacks—		
(i) Outside the self-governing territories	R950 096 000	R1 265 185 000
(ii) In the self-governing territories	R683 740 000	R895 379 000
(iii) In the independent Black states	The amounts are not available.	
(b) Whites	R3 241 707 000	R3 698 469 000
(c) Coloureds	R799 526 000	R1 173 619 000
(d) Indians	R455 193 000	R525 110 000

These amounts do not include expenditure in respect of education in the independent Black states which do not form part of the Republic. The amounts for 1984-85 are not available.

The above-mentioned amounts include expenditure in respect of the following number of universities and technikons:

(a) (i) 5 universities, 1 technikon.

(ii) 1 technikon.

(b) 11 universities, 8 technikons.

(c) 1 university, 1 technikon.

(d) 1 university, 1 technikon.

Hansard (300)

300

regarding the construction and utilisation of single-quarter hostel accommodation has changed since his reply to the above-mentioned question; if so, (a) when, (b) why and (c) what is his present policy regarding the provision of family accommodation;

(5) in respect of what date is the above information furnished?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) No. Funds not available.

(a) (i), (ii) and (b) Fall away.

(2) Yes.

(a) 650 hostel units.

(b) Langa—111 hostel units
Nyanga—326 hostel units
Guguletu—213 hostel units.

(3) Yes. As soon as funds can be made available.

(4) No. But the Government is prepared to consider well motivated applications on merit.

(a), (b) and (c) Fall away.

(5) As at 9 September 1987.

Trespass

461. Mr K M ANDREW asked the Minister of Law and Order:

How many (a) Whites, (b) Coloureds, (c) Indians and (d) Blacks were arrested for trespass during the period (i) 1 July 1984 to 30 June 1985, (ii) 1 July 1985 to 30 June 1986 and (iii) 1 July 1986 to 30 June 1987 in (aa) each of the main urban centres and (bb) the Republic?

The MINISTER OF LAW AND ORDER:

(a) to (d) Because the work involved in compiling these statistics would be so voluminous and time-consuming, it is not practically feasible to furnish this information.

Aged Whites murdered

469. Mr J J S PRINSLOO asked the Minister of Law and Order:†

How many Whites over the age of 60 years were murdered in White residential areas in each province during (a) 1985, (b) 1986 and (c) the period 1 January to 31 August 1987?

The MINISTER OF LAW AND ORDER:

	(a)	(b)	(c)
Cape Province	30	35	26
Natal	6	10	7
Orange Free State	5	7	0
Transvaal	45	47	31

TUESDAY, 29 SEPTEMBER 1987

†Indicates translated version.

For written reply:

General Affairs:

Annual reports

373. Mr K M ANDREW asked the Minister of Economic Affairs and Technology:

(1) (a) (i) How many annual reports were produced in 1986 by the Department of Trade and Industry and/or statutory bodies falling under this Department and (ii) in respect of what bodies were these reports produced (b) what was the cost of producing each such report, (c) how many copies of each report were printed and (d) who undertook the printing of each report;

(2) whether the printing of these reports was put out to tender; if not, why not; if so, (a) what was the (i) lowest and (ii) highest tender submitted, and (b) what was the amount of the successful tender, in each case;

(3) whether any copies of these reports were sold; if so, (a) how many, (b) to whom, and (c) at what price, in respect of each report;

(4) in respect of each of the latest specified five years for which information is available, (a) what was the total cost to this Department of these annual reports, (b) how many copies were printed, (c) how many of these reports contained (i) full colour and (ii) black and white pictures, (d) on what quality paper were the annual reports printed and (e) (i) how many of these reports contained a photograph or drawing of the (aa) political head and (bb) top official of this Department and/or the statutory bodies in question and (ii) how many of these pictures were in (aa) colour and (bb) black and white in each case?

Hansard

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(1) (a) (i) Eight.

(ii) The Department of Trade and Industry.
The Registrar of Companies.
The Board of Trade and Industry.
The Competition Board.
The Estate Agents Board.
The South African Bureau of Standards (SABS).
The Council for Scientific and Industrial Research (CSIR).
The Travel Agents Board.

(b)

Department of Trade and Industry	R3 960
Registrar of Companies	Produced internally
Board of Trade and Industry	R2 600
Competition Board	R1 225
Estate Agents Board	Produced internally
SABS	R11 857
CSIR	Produced internally
Travel Agents Board	R1 568

	(c)	(d)
Department of Trade and Industry	1 500	Aurora, Pretoria for Government Printer
Registrar of Companies	20	Produced internally
Board of Trade and Industry	1 200	Government Printer
Competition Board	1 500	Government Printer
Estate Agents Board	25	Produced internally
SABS	4 500	Heer Printers
CSIR	5 750	Produced internally
Travel Agents Board	50	Pro-Print

(2)

Department of Trade and Industry	No Printed on behalf of Government Printer.
Registrar of Companies	No Produced internally.
Board of Trade and Industry	No Printed by Government Printer.
Competition Board	No Printed by Government Printer.
Estate Agents Board	No Produced internally.
SABS	Yes.
CSIR	No Produced internally.
Travel Agents Board	Yes.

	(a) (i)	(a) (ii)	(b)
SABS	R11 857	R16 240	R11 857
Travel Agents Board	R 1 568[1])	R11 000[2])	R 1 568

[1]) For 50 copies.
[2]) For 600 copies.

Old age home for coloureds asks public for financial help

(360)

2/9/87

By Janine Simon

In the 60 years since its inception the Jordan House Old Age Home has never asked the general public for financial help. But, just this once, it has relented.

In an attempt to show the public how it has been serving the coloured frail aged community, and to ask for funds to upgrade these services, Jordan House has thrown itself open to visitors.

And what they can expect to find is a modest homely establishment sandwiched between the Newlands Police Station and the Westbury High School in Main Road, Westbury.

Like any institution it has its store of routine events and treasured occasions: a residents' centenary celebration, a matron who does a daily jig to enchant one of her elderly residents, a wedding.

But what is most noticeable, and perhaps exceptional for an institution of this type, is that its residents are content.

From the newest incomer, Mrs Annie Moses (77) to Mrs Mary Stoffel (88), who has been there for 23 years, all seem to have something pleasant to say about their lives there.

"It's baie nice here. The matron and sisters especially are baie nice. Everyone is friendly," said Mrs Moses. Mrs Stoffel said: "There's nothing I don't like, nothing I would stand against. Instead of getting older I'm getting younger, when I came here from the hospital I couldn't walk — now I only use a stick."

Even Jordan House's oldest resident, 94-year-old Mrs Sarah Erasmus, is content: "I enjoy myself here. It's quiet but I like quietness," she said.

Jordan House was the Witwatersrand's first old age home for coloured people. Today there are 73 people at the home, although it can take 92, cared for by seven trained nurses and 26 other staff.

"Places go to the most needy and there is no waiting list," said the matron of 20 years Mrs Margery Hoffman.

In 1985 the Methodist Church took over control of the home. And it is under Mr John Rees, organiser of the Methodist Relief Food Scheme, that the Jordan House is appealing for funds to upgrade its kitchen facilities and build a multi-purpose hall.

● The Methodist Relief Food Scheme is a registered fund-raising organisation. Contact Matron Hoffman at (011) 673-5408 for further information. Donations may be sent to Box 6906, Johannesburg.

Wassenaar slams pension fund laws

Development capital drained from economy

CAP Times 30/9/87

300 88 60

By AUDREY D'ANGELO
Financial Editor

THE real purpose of forcing pension funds to invest in low-interest government stock is to make large quantities of cheap money available to the Treasury, former Sanlam chairman Andreas Wassenaar said last night.

In a hard-hitting speech in a city hotel, he said this policy had caused the taxpayer to subsidize the public service pension fund heavily and had drained development capital from the economy.

If the regulations were changed to make it no longer compulsory for 100% of the money in the public service pension fund and 50% of that in private pension funds to be invested in government stocks, more would be available to stimulate the private sector.

Private pension funds would be able to provide a better hedge against inflation and the taxpayer's exorbitant contribution to the public service pension fund — 21,9% of salary for male public servants and 16,5% of salary for female public servants — could be reduced.

Discussing the public service pension fund, Wassenaar called for a commission of inquiry by independent pension fund experts to investigate the manner in which the regulations had been amended to give unrealistic benefits.

He said pensions were based on salaries at the time of retirement. Unless this were changed it could be confidently predicted that thousands of civil servants would be promoted with appreciable increases in their salaries in the last month of service.

Not only that, but public servants could, until recently, buy back pension rights from the age of 16. A recent change to make this from the age of 18 only meant that "fewer civil servants will be working towards their pension while they are still at school".

Until recently, the purchase price for buying back pension rights was based on the salary at which the public servant started. This had been amended — but it was still not based on salary at retirement but at the time when the public servant decided to buy back.

"In a time of inflation there is not even a remote connection between the salary on which the purchase price is based — even after this change — and the salary on which the benefits are ultimately determined," said Wassenaar.

"It is to be regretted that the Minister of Finance apparently does not appreciate that it is a farcical practice to permit 'pensionable service' to be acquired in any way but to work for it.

"However, he should be warned that juggling with the price formula will not solve the problem as long as he uses a certain salary to determine the purchase price but a different salary — that on the last working day — for pension purposes."

Discussing the advantages of doing away with compulsory investment in prescribed assets for pension funds, Wassenaar said the higher interest rate the government would then have to pay would act as a brake on its spending and encourage privatization.

"Borrowing is not an alternative to taxes. It merely represents a tax on future generations. To finance expenditure in this way must stimulate inflation, particularly in the long run."

There would probably be a general rise in interest rates at first as a result of keener bidding for available funds.

This would encourage saving and there would be "a stronger flow of capital to the private sector and into venture capital and therefore a more private sector orientated economy."

In the long-term he thought it would lead to downward pressure on inflation.

SUNDAY TIMES, October 4 1987

300

Wassenaar: Fund could be R25 000-m in red

FORMER Sanlam chairman Dr Andreas Wassenaar has rejected the Government's defence of its service pension fund and claims that it could be R25 000-million in the red.

By ALAN DUGGAN

A determined Dr Wassenaar told the Institute for Future Research in Cape Town this week that the total tax income from individuals was estimated at R12 600-million — about half the pensions deficit.

"This deficit has built up in spite of the colossal contribution from revenue to the fund which has varied since 1976 between 18,9 percent and 21,9 percent of salaries."

Dr Wassenaar made it clear that he was still unhappy with past decisions which had contributed to the huge deficit.

The amendment of regulations and dismissal of the fund's consulting actuaries in 1976 should be investigated by an independent commission of inquiry, he insisted.

One of the suspect changes was a 1981 amendment which defined the final salary for pension purposes as the salary on the "last working day".

Attack

The fact that the Minister at the time agreed to this "ridiculous extreme" proved how wrong it had been to dispense with the actuaries, Dr Wassenaar said.

He also renewed his attack on the "buy-back" system, whereby civil servants could purchase non-existent years of service to boost their pensions and gratuities on retirement.

There were inherent flaws in the formula by which this "pensionable service" was determined, Dr Wassenaar warned, and the recent changes to the rules did not solve the problem.

"The consequence is an increased tendency for the Minister of Finance to borrow, and lately an increased tendency towards deficit budgeting," he said.

"The consequences for the country's economy have been lack of capital for the private sector, and lack of capital for development generally and venture capital in particular."

Cake

Dr Wassenaar proposed a scenario in which the Government relinquished its right to "the first big bite" of the pensions cake.

However, this was not likely to happen unless the State President co-opted one of South Africa's top financial talents into his Cabinet as Minister of Finance.

Such a step would mean that pension funds could follow an investment policy which would to some extent neutralise the effects of inflation.

At the same time, the income of the Government service pension fund would be increased, allowing the "exorbitant" contribution to the fund from revenue.

ANDREAS WASSENAAR . . . call for probe by independent commission

R79m in pension buy-backs

By ALAN DUGGAN

CIVIL servants paid R79-million during the book year 1986-87 to "buy back" pensionable service as a means of increasing benefits, it was revealed this week.

This will result in a deficit of R1,5-billion after payment of benefits — almost 19 times the sum paid by the Government employees.

Dr Willie van Niekerk, Minister of National Health and Population Development, provided a breakdown of the buy-back revenue in a written reply to a question tabled in Parliament by Mr Roger Burrows, MP for Pinetown.

Interest

Besides the extra payments to the Government Service Pension Fund, revenue of R33-million was received by the Pension Fund for Associated Institutions and R9-million by the Pension Fund for Temporary Employees.

Dr van Niekerk said the pension funds accepted repayment of the costs of the buy-back on a monthly basis, with the stipulation that any outstanding balance became payable before or on the day of retirement.

The present interest rate, calculated on the outstanding amount owed to the funds, was 5,5 percent.

The Minister said information on the buy-back scheme was available only in respect of one pension fund, and he was unable to provide the total income since the introduction of the scheme.

Detainee 'lost' pension in jail

300

CP Correspondent

AN old-age pensioner, who spent 15 months in detention in Port Elizabeth, says he is starving because his pension expired while he was in prison.

4/10/87

Seventy-year-old Richard Mhlobiso, who was detained in July last year and held at St Albans prison, said he did not receive his old-age pension in prison. When he gave power of attorney to his wife in August this year to collect it for him, an employee at the pensions office in Africa House informed her that the pension had expired.

On his release in September, Mhlobiso was told by the Port Elizabeth pensions office that he would have to reapply.

The pensions department in Cape Town said that Mhlobiso, a New Brighton resident, would have to fill in a restoration form and it would take up to three months before becoming effective.

Mhlobiso said: "What shall I eat? I can't wait so long." – Pen

Political comment and newsbills by P Qoboza; headlines and subediting by Jon Swift, all of 204 Eloff Street Ext, Johannesburg.

Improved pay-out system is planned for black pensioners

By Martin Challenor

Black people drawing old age state pensions could benefit within months from two changes — more widespread monthly payments through financial institutions and permanent pay offices in townships.

The pay-out procedure for black pensioners has been a much-exposed scandal. While white pensioners receive their money through the Post Office, bank or building society, their black counterparts have queued for hours once every two months come rain, wind or blazing heat.

Mrs Pinky Vilakazi, social worker with SA National Council for the Aged, knows of people who leave home at 2 am and walk for hours, hoping for a good place in the queue.

While some bus companies offer a free service to pensioners on pay day, some private car owners and taxi operators exploit people desperate for their money.

A handful of pay points are served by compassionate women's and church groups laying on tea and bread.

There have been cases of pensioners dying in the crush, being robbed, over-charged by hawkers and falling victim to robbers. Some people wait for hours without getting near the pay clerks. People who miss out often have to make an even longer trip into town to an office.

Black pensions were placed in the hands of the provinces 11 months ago. Today there are about 430 000 black pensioners in South Africa, excluding all 10 national states.

About 48 percent are in the Transvaal, with about 100 000 in the PWV area, including 40 000 in Soweto itself.

Paying this number of people presents a major logistical problem to officials. Every two months 1 450 pay points are opened around South Africa, each manned by at least three officials. Some attract 1 500 pensioners, others more than three times that amount.

But there are two possibly positive aspects ahead, as pointed out by the deputy director of housing and pensions in Transvaal, Mr S J Verwey. The authorities have recently installed a computer system, run on a similar programme used to pay state salaries, to enable pensioners to draw their money each month through banks and building societies. The authorities plan to introduce this scheme in December or January.

About 50 000 pensioners have applied to have their pensions paid this way.

Financial institutions have mixed responses to the question of black pensions. Some see little profit in the pensioners' accounts but a lot of trouble. Some plans require minimum balances, which is not easy for people living on the breadline. Also, pensioners at times find themselves locked into schemes that confuse them.

But some banks and building societies have taken on black pensioners, even if the rush does inconvenience other clients on pay days.

The Post Office is not able to help, pleading it does not have the space or manpower to handle the numbers of people and amounts of money.

There is also a second idea afoot. "We would like to open a pay office in each black town, perhaps more than one, with somebody paying out the pensions on a daily basis," Mr Verwey said.

Discussions will take place between pensions officials and municipal officials this week.

Hansard

with Administration and Broadcasting Services:

(1) Whether there are any salary and/or benefit disparities in respect of men and women in the Public Service; if so, (a) in what spheres and (b) what is the extent of the disparities in each sphere;

(2) whether he (a) has taken and/or (b) intends taking any steps to eliminate such disparities; if not, why not; if so, what steps in each case;

(3) whether he will make a statement on the matter?

The MINISTER OF NATIONAL EDUCATION (for the Minister in the State President's Office entrusted with Administration and Broadcasting Services):

(1) No.

(a) Falls away.

(b) Falls away.

(2) (a) Falls away.

(b) Falls away.

(3) Falls away.

Mr R M BURROWS: Mr Speaker, arising from the reply given by the hon the Minister, I should like to know from him whether he is aware of the salary disparity between men and women at post level one in the teaching profession. If so, does he not concede that the reply he has just given is therefore an inaccurate reply?

The MINISTER: Mr Speaker, the hon member for Pinetown, as chief spokesman of his party on National Education, should know that teachers are not regarded as officials or public servants. [Interjections.]

Mr SPEAKER: Order!

Goverment Service Pension Fund

*24. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) Whether he has amended or intends amending the formula for the buying back of previous non-service in the Government Service Pension Fund; if not, why not; if so, (a) in what manner has he amended or does he intend amending the formula and (b) as from what date does the amendment take effect;

(2) whether he has had consultations with any organisations on the above matter; if so, with what organisations;

(3) whether any applications to buy back non-service were received between the date of the announcement of the proposed amendment of the formula and its actual commencement; if so, (a) how many and (b) which formula was applied to such applications;

(4) whether the change in formula will have a cost-saving effect for the State; if not, why not; if so, (a) what assessed saving will be generated and (b) in respect of what period will this saving be generated;

(5) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF NATIONAL HEALTH:

(1) Yes.

(a) To ensure that the Fund is fully compensated by the member for the benefits accruing from the added service bought.

(b) 21 September 1987.

(2) No; only the consulting actuary and the Ministers concerned were consulted.

(3) Yes.

(a) 2 142.

(b) The formula applicable at that time.

(4) No; because the detrimental effect of the previous formula was borne by the Fund and not by the State.

(a) Falls away.

(b) Falls away.

(5) No.

HoA

300

Hansard

Saldanha: Abraham Julies shot/killed

*25. Mr J VAN ECK asked the Minister of Law and Order:

(1) Whether a person was shot and killed in the course of action taken by the South African Police during incidents of unrest in Saldanha on 13 September 1987; if so, (a) where in Saldanha, (b) what were the circumstances surrounding his death and (c) what was the (i) name and (ii) age of this person;

(2) whether the mother of the deceased was allowed to (a) go to her son immediately after the shooting and (b) travel with him in the ambulance; if not, why not, in each case;

(3) whether an inquiry has been instituted into these incidents; if not, why not; if so, what are the relevant particulars;

(4) whether any persons were injured during these incidents; if so, (a) how many, (b) by whom, (c) what are their names and (d) what was the nature of their injuries;

(5) whether any persons have been (a) arrested and (b) detained as a result of these insidents; if so, (i) what are their names and (ii) in terms of what statutory provisions?

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) and (b) The circumstances regarding the death of the person are at present the subject of a judicial process, the findings of which I do not wish to anticipate.

In order to provide greater clarity, I am, however, prepared to say that provisional information indicates that the deceased was with a group of persons who were setting alight road barricades. They threw stones at members of the South African Police when they were confronted. The Police consequently fired on them with bird-shot and 9 mm ammunition.

(c) Abraham Julies.

(d) 14 years.

(2) (a) and (b) The mother of the deceased was not at the scene at the time of the shooting incident. So not as to delay the ambulance which transported the deceased to the hospital, the Police immediately went to search for the mother of the deceased and took her directly to the hospital.

(3) Yes. I am, however, not prepared to furnish further information, because the circumstances in respect of the death of the person are the subject of a judicial process, which I do not wish to anticipate.

(4) Yes.

(a) 5 persons.

(b) The South African Police.

(c) and (d) During the Police action these persons received bird-shot wounds mainly in their legs. It is, however, not in the interest of the public or the interest of the persons to furnish their names.

(5) (a) Yes.

(b) Yes.

(i) It is not in the interest of the public or the interest of the persons to furnish their names.

(ii) Fourteen persons were charged with Public Violence and one person with Assault.

Saldanha: unrest on 12/13 September

*26. Mr J VAN ECK asked the Minister of Law and Order:

Whether, during the course of incidents of unrest in Saldanha on 12 and 13 September 1987, the South African Police received any requests for assistance from any persons, organisations or companies; if so, (a) from whom, (b) (i) when and (ii) in what manner were the requests made and (c) what was the (i) nature of the requests and (ii) response of the Police thereto?

HoA

Hansard

Mangaung . . .	(Bloemfontein—closed on 28 August 1987)
Umlazi	(Durban)

(2) Yes, but statistics are available only in respect of Transvaal and the Cape.

(a)

Transvaal	69
Cape	26

(b) *Transvaal*

Aiming of a weapon	32
Attempted murder	23
Murder	11
Robbery	3

Cape

Murder	1
Attempted murder	4
Armed robbery	4
Assault	2
Culpable homicide	2
Loss of firearm	7
Unauthorised use of firearm	1
Aiming of a weapon	5

(3) Yes.

(a) Falls away.

(b) (i) Black Local Authorities Staff Regulations promulgated in Government Notice R 2568 of 25 November 1983, as amended by Government Notice R 1957 of 12 September 1986 and Regulations relating to Law Enforcement Officers, contained in Government Notice R 1900 of 31 August 1984, as amended by Government Notice R 1956 of 12 September 1986.

(ii) By the local authority concerned.

(iii)

Transvaal	607 cases
Cape	25 cases
Orange Free State	Not available
Natal	Not available

UWC: bursaries to Black students

*20. Mr K M ANDREW asked the Minister of Education and Development Aid:

(1) Whether his Department awards bursaries to Black students attending the University of the Western Cape; if so,

(2) whether approved bursaries for such students were paid out by 31 August 1987; if so, (a) when were they paid out, (b) how many students were involved and (c) what was the total amount paid out; if not, (i) why not, (ii) when (aa) were and (bb) are they to be paid out, (iii) how many students are involved and (iv) what is the total amount involved?

†The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) Yes.

(2) No. (a), (b) and (c) Falls away.

(i) The completed bursary contract forms and claim forms which had been returned to the University of the Western Cape for corrections on 29th July 1987, had not been received by the Department by 31 August 1987.

(ii) (aa) 17 September 1987 and 21 September.

(bb) Falls away.

(iii) 46.

(iv) R20 550 on 17 September 1987. R42 300 on 21 September 1987.

Bursaries/loans to prospective teachers

*21. Mr K M ANDREW asked the Minister of Education and Development Aid:

(1) Whether his Department grants (a) bursaries and (b) loans to approved students studying at universities with a view to becoming teachers; if so, (i) what financial assistance is available to each student and (ii) what conditions relating to (aa) repayment and (bb) any other specified matters

Hansard

are applicable to such bursaries and loans; if not, why not;

(2) whether such bursaries and loans were granted at any time during the past five years; if so, (a) when and (b) why were they stopped?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) (a) Yes.

(i) Non-resident (all universities).

R1 350 for the Humanities.
R1 500 for the Natural Sciences.

For students in residence (at universities under the jursidiction of the Department of Education and Training): an additional amount of R1 250.

(ii) (aa) Repayment takes place in the form of teaching service to be rendered for the same number of years for which the student received the bursary. If teaching service is not rendered all money must be repaid together with interest determined by the Treasury. If the full amount cannot be repaid immediately, it can be done in instalments as mutually agreed upon.

(bb) Suspension of studies by the student is considered as breach of contract. A year of unsuccessful study must be repeated by the student at own cost. If successful the bursary allocation continues for the following year of study.

(b) No. Remainder of question falls away.

(2) Yes.

(a) 1982-1987.

(b) Only bursaries to first-year students at the University of Fort Hare were suspended as from 1987 due to the fact that the administration of the university was transferred to the Government of Ciskei and the fact that bursaries are only allocated to the universities in the Republic of South Africa.

Military pensions: means test

*22. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) Whether, when applications for military pensions are considered, a means test is applied; if so, (a) why and (b) what is the formula for the application of the means test;

(2) whether persons failing to meet the requirements laid down in the means test may be granted military pensions on other grounds; if so, on what other grounds;

(3) whether he or his Department has assessed the cost of providing military pensions without a mean test for persons above the age of 65 or 70; if not, why not; if so, what total additional costs is it estimated would be involved;

(4) whether he will make a statement on the matter?

30

†The DEPUTY MINISTER OF NATIONAL HEALTH:

(1) Military pensions are not subject to a means test. (a), (b), (2) and (3) Fall away.

(4) No.

Men/women: salary/benefit disparities

*23. Mr R M BURROWS asked the Minister in the State President's Office entrusted

to rest 50 metres further down De Waal Drive.
Graphic: ANDREW DONALDSON

2 000 buy back pensions as rules change

Cape Times (300)

Political Staff

THE government's announcement last month that it is to change the rules whereby state employees can "buy back" pensionable service prompted 2 142 civil servants to apply for the perk.

This was revealed in Parliament yesterday by the Minister of National Health and Population Development, Dr Willie van Niekerk.

Answering a question from Mr Roger Burrows (PFP Pinetown), Dr Van Niekerk confirmed that all applications had been granted at the old formula, which permits state employees to buy back pensionable service to the age of 16.

According to Dr Van Niekerk the change in the "buy-back" formula came into effect on September 21, with the amendment merely aimed at ensuring that the relevant pension fund is fully compensated by the member for the additional benefits bought.

It would seem, therefore, that state employees will now still be able to "buy back" service to age 16, if they so wish.

Child hurt in Soweto blast

PRETORIA. — An explosion in a shop in Diepkloof, Soweto, last night slightly injured a two-year-old child. A police spokesman said the blast was caused by an exploding gas bottle and caused considerable

CAHC Times 7/10/87 300

Mr Eli Louw

Dr Bart Grove

Probe of SATS R4-bn losses

Political Staff

A SPECIAL committee will investigate R4-billion foreign exchange losses being incurred by SA Transport Services (SATS).

The Minister of Transport, Mr Eli Louw, said the committee would report direct to him and Auditor-General Mr Joop de Loor. The findings would be made available to the parliamentary standing committee on SATS.

The unusual request for the establishment of this investigating body was made by this standing committee after the auditor-general report had revealed that SATS faces existing and combined forex losses of almost R4-billion through its failure to take out forward cover.

The PFP's spokesman on transport affairs, Mr John Malcomess, asked in Parliament last night that part of the investigations task would be to determine why SATS management failed to take advice on two occasions on covering the organization's potential forex losses.

● Speaking on the SATS pension fund, Mr Malcolmess said the retiring general manager of South African Transport Services, Dr E L (Bart) Grove, would receive an estimated gratuity of between R390 000 and R432 000.

Mr Malcolmess said this was in addition to a pension of between R106 000 and R116 000 and various other perks.

Speaking in the debate on the report of the standing select committee on the accounts of SATS, Mr Malcomess said the general manager of SATS got a deal "that no sensible man would retire and say he would not take it".

The minister, he said, would not state what salary was paid to the general manager of SATS. If, however, he earned R131 000 as his equivalent in the Post Office and bought back service his gratuity would be 49 years x his salary x 6,72% or a total of R432 000.

His pensions at such a salary, he said, would amount to R116 709 a year.

John Malcomess

ARGUS, 7/10/87

'Dangerous' policy of Sats pension fund under fire

Parliamentary Staff 300

A South African Transport Services general manager could retire with a tax-free sum of about R430 000 and an annual pension of R116 709 apart from perks like gold card free Sats transport for life and three free overseas trips a year, said Mr John Malcomess, Progressive Federal Party spokesman.

No one would disclose the exact salary of the Sats general manager but assuming it to be similar to the Postmaster-General's annual salary of R131 000, Mr Malcomess had calculated the figures to illustrate his attack on the "extremely dangerous" Sats pension policy.

Speaking in the House of Assembly yesterday during the debate on the report into Sats accounts by the select standing committee, Mr Malcomess said the Sats pension fund was no exception to the criticisms of the State pension fund in Dr Andreas Wassenaar's book (*En Route To Fairyland*).

"The Sats pension fund follows the same pattern as the State pension fund and they are seriously in deficit in respect of payment to pensioners and in relation to the standing of the funds."

A "total lack of understanding" of the commitments and principles was costing Sats "a lot of money" which was paid for by Sats users and ultimately by the consumer.

Minister of Transport Services Mr Eli Louw had indicated he was to appoint an actuary to review the fund.

"Who is he to be? Will he be looking at both black and white funds and will his report be made available in full to Parliament and the select committee on Sats accounts?" asked Mr Malcomess.

He said his calculations on the Sats general manager's pension were not intended to denigrate the man personally.

Mr Louw said he had already indicated that he had asked for an actuarial report into the fund and when he received it he would decide whether to table it in Parliament.

Employee benefits a priority

(300) ST 11/10/87

By Anthea Duigan

PENSION business in South Africa is entering a most dramatic stage with major developments expected in such matters as the best benefits for all population groups.

The creation of Federated Life in 1950 was based largely on pension business which still accounts for nearly 65% of current premium income and assets.

With this involvement, its executives hold strong views, based on experience, on which employee benefits are most suitable to meet client needs on a flexible basis.

Hennie Snyman, deputy general manager of the occupational pension division, dealing mainly with retirement schemes for companies, explains some of his views relating to developments in the labour market:

"It is essential to be innovative and be able to cater for changes. Emergent trade unions are questioning the traditional pension fund concept and tend to favour lump sum benefit provident funds.

"Correctly or incorrectly, pension funds are seen by black people to be an undemocratic instrument thrust upon them by management. In addition they feel their life expectancy is shorter than the average white person and they wonder will they still be living in South Africa (as opposed to the homelands) and, if not, whether the pension will still be payable to them.

"For these and other reasons a lump sum payment rather than income at retirement is preferred.

"In common with many South Africans, they consider they receive an unreasonable rate of return on their contributions because they receive less on withdrawal than the pension fund is actually earning, which they regard as unfair.

"Federated Life believes that trustees should to an increasing extent give consideration to using rates of interest more closely allied to the investment return enjoyed by the fund than they do at present when calculating withdrawal benefits.

"If a person understands what he is buying, he will understand its value. If pension provision is not understood, it is mistrutsted and therefore unacceptable."

By employing a black consultant Federated is hoping to convey the pension message to many black employees who would otherwise have found the pension concept misleading. Pension rules are often translated into the vernacular but the majority of blacks prefer to receive the documents in English and it is thought this might be because they mistrust translations.

However, Federated Life continues to provide translations for those who prefer pension documents in their own language. Benefit statements are issued to all fund members on an annual basis providing details of their contributions, those of the company and what is calculated to be their pensions on retirement."

Gerard Ehmke, senior assistant general manager, said that there is an inceasing demand for provident funds and benefit savings funds. He thinks savings funds have a definite role in employee benefit planning.

Part of the money may be used during the savings period for such things as unforseen short term financial needs. He stressed that any method of preparation for retirement must be readily understood by the people concerned.

Meiring, in his commission report, said first world solutions could not be imposed on third world problems. People's needs differed and pension funds would have to cater for this.

A two-tier system might well be the answer.

Mr Ehmke said salvation would come with computerisation. It would be impossible to cater for all these individual needs on a manual basis, so sophisticated systems would have to be designed.

Here Federated Life feels it has the edge with its existing and planned computer systems for pension schemes. The latest phase will be on line by the end of the this year and it will be able to handle the pension schemes of the future.

Explaining how his division operated, Mr Snyman said: "The bulk of our occupational pension business comes via broker connections, many of whom are purely corporate pension brokers without even a life division or any short term business.

"The products sold are mainly traditional, such as provident funds, pension funds and retirement annuities, but included 'bells and whistles' covering funeral benefits — an unusual adjunct to a pension product — and gratuities, putting Federated Life more into an employee benefit underwriting category then purely pensions.

"The company has followed the market in providing the popular dread diseases cover attached to group life schemes as an acceleration of the group death benefit."

Federated Life has pension branches in all the main centres of South Africa and employs a team of pension consultants to liaise with clients. The company administers more than 3 000 retirement schemes covering all sectors of commerce and industry.

Protecting pensions

A PROBLEM in need of attention is the extent to which retirement benefits are eroded by the early withdrawal of money from retirement benefit funds.

Up to now, one way of discouraging cash withdrawals has been to use a low rate of interest. This is increasingly perceived as being inequitable.

According to Stoffel Burger, senior assistant general manager of Federated Life, preservation of pension rights would provide an acceptable solution.

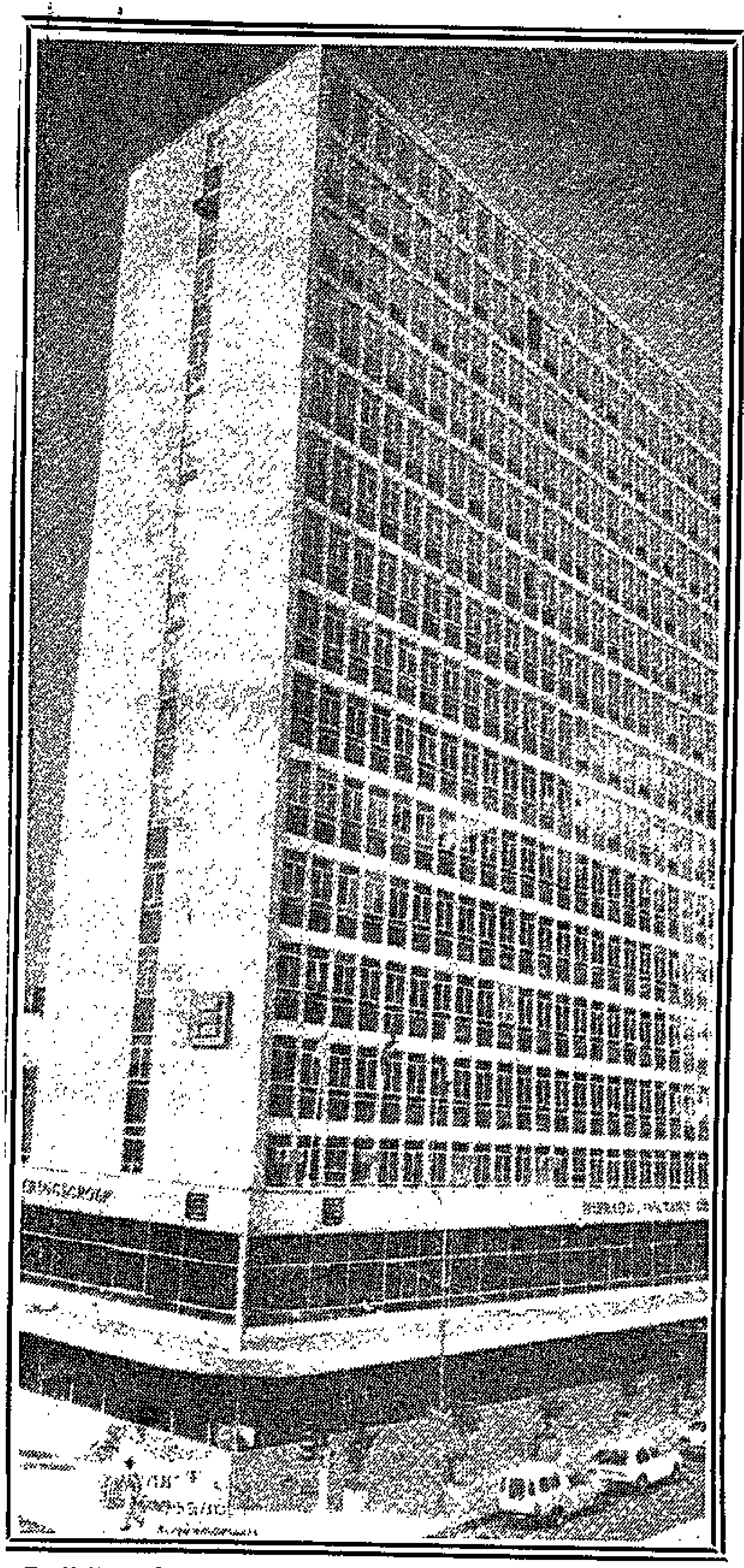
Preservation can probably only succeed if it is accepted and has the support of those for whom it is intended. The Canadian system, which happens to be legislated, has proved reasonably successful.

However, it does not operate from day one and the fact that an employee has to have worked for a minimum of two years berfore the system applies, makes it more workable.

In the long term, pension preservation in South Africa should be formally regulated, perhaps by voluntary agreements between the parties concerned, namely the pension industry, employee and employer bodies.

"Once pension preservation has been accomplished, it may then be accepted openly that there will always be people who will need a state pension. Historically, the unemployed, particularly at lower income levels, have used pension refunds as a means of providing for unemployment.

"Pension monies are not intended for this purpose and they should not be dissipated in this way. The issues of unemployment and pensions must be divorced and treated separately with realistic and adequate provision being made for periods of unemployment.



Building for the future ... Federated's enlarged headquarters in Johannesburg

Anomalies

"Once this has happened, pension preservation would become easier and more acceptable to pension fund members.

Paul Clipsham, senior assistant general manager, adds: "We would like to see all facets of pension registration and control being vested with the Registrar of Financial Institutions rather than the tax authorities.

"At present anomalies occur. Currently an independent group life fund is not accepted by the tax authorities. The Registrar will not register it as a provident fund and the Inland Revenue will not approve it because it has not been registered.

"In the payment of benefits, too, there are still grey areas in terms of what can and cannot be done.

Illegal

"If a trust is needed to administer death benefits, for instance in the case of a widow unused to handling money and incapable of administering a large lump sum, the formation of such a trust is technically illegal. Whilst the legality of establishing a trust is open to dispute according to strict interpretation of legislation, in practice no moves have ever been taken against them.

"No matter how desirable it may be to establish a new trust for a specific needy case, its formation is by no means straightforward. We would hope that when the Pension Funds Act is rewritten, this problem will be addressed and cleaned up," Mr Clipsham added.

In terms of the Margo Commission Report, he thinks the proposed taxation on lump sum payments is too severe and, should it be accepted, this would be a retrograde step. Many people have taken the present taxation basis into account in planning for their retirement.

By their very nature such plans are long term and not always easily changed. There would be time constraints and, in the case of those close to retirement, a major change would not allow them enough time to make alternative arrangements.

Provision for disabled people is sometimes made more difficult by legislation. For example, once a pension fund starts paying an ill-health pension, it cannot be stopped if the pensioner recovers and returns to work.

With improvements in medical science, and difficulty in assessing whether a pensioner will be permanently disabled or not, it is difficult for trustees to decide on the correct course of action at the outset of major illness.

Illogical

Legislation should be amended to permit adjustment of the pension during the course of payment. It seems illogical that, under permanent health insurance, people are allowed to recover whereas in terms of a pension fund they must remain disabled.

"Another area where a more flexible approach would help with employee benefit planning is the provision of post-retirement death benefits.

We can recognise why tax authorities do not with to see large cash lump sums paid free of income tax, but the limit of R1 000 on post retirement death benefit does not even meet the cost of a basic funeral and is totally unrealistic in today's circumstances.

"There are cases where a death benefit paid on the death of a pensioner can be very valuable and should be incorporated within a total employee benefit package," Mr Clipsham said.

GOVERNMENT GAZETTE

OF THE REPUBLIC OF SOUTH AFRICA

REPUBLIEK VAN SUID-AFRIKA

STAATSKOERANT

Registered at the Post Office as a Newspaper *As 'n Nuusblad by die Poskantoor Geregistreer*

Selling price • Verkoopprys
(GST excluded/AVB uitgesluit)
Local **50c** Plaaslik
Other countries 70c Buitelands
Post free • Posvry

VOL. 268 300 CAPE TOWN, 16 OCTOBER 1987
KAAPSTAD, 16 OKTOBER 1987 No. 10980

STATE PRESIDENT'S OFFICE

No. 2301. 16 October 1987

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 88 of 1987: Pension Laws Amendment Act, 1987.

KANTOOR VAN DIE STAATSPRESIDENT

No. 2301. 16 Oktober 1987

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 88 van 1987: Wysigingswet op die Pensioenwette, 1987.

GENERAL EXPLANATORY NOTE:

Words underlined with solid line indicate insertions in existing enactments.

ACT

To amend the Military Pensions Act, 1976, so as to effect a textual improvement; to increase certain benefits and special awards payable in terms of the Occupational Diseases in Mines and Works Act, 1973; and to provide for matters connected therewith.

(Afrikaans text signed by the State President.)
(Assented to 6 October 1987.)

BE IT ENACTED by the State President and the Parliament of the Republic of South Africa, as follows:—

Amendment of section 13A of Act 84 of 1976, as inserted by section 4 of Act 106 of 1986.

1. (1) Section 13A of the Military Pensions Act, 1976, is hereby amended by the substitution for subsection (2) of the following subsection:

"(2) The amount of the allowance or the basis on which it is to be calculated and the conditions subject to which it is to be paid, shall be determined by the Minister with the concurrence of the Minister of Finance.".

(2) Subsection (1) shall be deemed to have come into operation on 1 October 1986.

Increase of certain benefits and special awards.

2. (1) A benefit as defined in section 1, and a special award referred to in section 101, of the Occupational Diseases in Mines and Works Act, 1973 (Act No. 78 of 1973), which are payable monthly in terms of the said Act, and which were increased by the Occupational Diseases in Mines and Works Amendment Act, 1974 (Act No. 67 of 1974), the Occupational Diseases in Mines and Works Amendment Act, 1975 (Act No. 45 of 1975), the Occupational Diseases in Mines and Works Amendment Act, 1977 (Act No. 117 of 1977), the Occupational Diseases in Mines and Works Amendment Act, 1979 (Act No. 83 of 1979), the Occupational Diseases in Mines and Works Amendment Act, 1980 (Act No. 83 of 1980), the Occupational Diseases in Mines and Works Amendment Act, 1981 (Act No. 85 of 1981), the Occupational Diseases in Mines and Works Amendment Act, 1983 (Act No. 106 of 1983), the Pension Laws Amendment Act, 1984 (Act No. 123 of 1984), the Pension and Related Matters Amendment Act, 1985 (Act No. 105 of 1985), and the Pension Laws Amendment Act, 1986 (Act No. 106 of 1986), shall be further increased with effect from 1 October 1987 by ten per cent.

Short title.

3. This Act shall be called the Pension Laws Amendment Act, 1987.

Delayed ID gets dad unwanted retirement

300

By HAPPY ZONDI

A SOWETO father this week described how a delay in fixing his identity papers caused him to go on "involuntary" pension and his disappointed that he can't be reinstated in his security job at a building society.

Isaac Ntabeni Goqo, 56, an Emndeni, Soweto, father of five children, claims that he is now facing a bleak future because his wife is unemployed.

But his employers, the United Building Society, are adamant that they are following the legally laid-down rules in retiring him at 63 years of age, because his identity papers say he was born in 1924. However, he claims he was born in 1931.

UBS general manager Bob Chester said: "The retirement age of the society is 63. According to the documents we had of Goqo, he already qualified for pension.

"We have, however, withheld his pension temporarily, until he brings corrected information regarding his identity document," said Chester.

Goqo said: "My wife is unemployed and if I have to retire at such an early age, what will be my source of income?

"Not long after I received a retirement notice, I was told that my services were terminated," said Goqo.

The letter which was sent to him in part read: "We confirm that your contract of employment has been terminated in terms of your conditions of service with the society.

"Your salary in lieu of leave and refund of pension fund contributions, (where applicable), will be credited to your savings account."

But, said Goqo: "I was really shattered by the letter, because there are men who are far older than me at the society who are still working. I have never been absent from work and my record is clean."

Isaac Goqo ... given "involuntary' retirement.

is no

er

confirmed that investigations into charges of perjury and defeating the ends

SOWETAN, Friday, October 23, 1987

(500)

New deal for pensioners?

More pay points

By LANGA SKOSANA

THE Government is to establish more pension pay points in black townships to alleviate overcrowding during pay days.

This was announced yesterday by the provisional secretary for the Transvaal, Mr Andre Cornelissen.

He also revealed that a new computer system which will enable pensions to be paid out easily is being developed.

Once it becomes fully operational there would be no need for pensioners to queue for their pay, he said.

Priority

Black pensioners are the only ones who receive their money in the open while whites, coloureds and Indians are being paid through the post office.

Mr Cornelissen said there were two types of pensioners — those who wished to be paid cash and those that preferred to draw their pension money from banks or building societies.

To help those people who want cash payment and at the same time alleviate congestion at pay points, it was decided that more pay points be established, Mr Cornelissen said.

But for those who have applied for their money to be paid through banks or building societies, their applications were receiving top priority and were being handled by a larger staff.

Mr PJ Verwey, deputy director for development in the Department of Planning, said his department was devising new ways of paying pensioners.

His department has approached various local authorities throughout the country to establish permanent pay points where pensioners could draw their pension at any time of the month.

BRAIDED hair is the latest fashion craze and Shareworld PRO Peggy ka Calata and Shareworld Tina Makhubu could not be left behind. They displayed the various styles at a function in Johannesburg recently.

625 000 businesses thrive in the dark

By Robyn Chalmers

THE informal sector is providing hundreds of thousands of jobs, but its growth is thwarted by red tape.

The Small Business Development Corporation (SBDC) estimates that 625 000 businesses out of a million in SA are unrecorded, unlicensed and not taxed. Most are owned and operated by blacks.

Many are one-man operations — subsistence farmers, hawkers, street vendors, backyard garages, builders, taxi owners, hairdressing shops, muti stalls and curio makers.

Example

A member of the African Council of Hawkers and Informal Businesses gives an example of the problem:

"Soloman, a pottery vendor, was trading outside a restricted area with a licence. A traffic officer arrested him, confiscated his property and fined him R100. We intervened and went to court, where he was found not guilty.

"A few months later he was arrested again for trading outside normal hours, and fined R100. It never stops".

The informal sector is a Third World economy, trying to exist in a business arena which does not have the infastructure to support the enoromous population growth.

Unemployment is widespread and there are few jobs for the estimated 350 000 entering the labour market each year.

Vital

Johan Naude, manager, development services, at SBDC, says: "The informal sector is vital for job creation — it is a bridge over the gulf between the First and Third World in our society.

"There are two main categories of legislation which stifle enterprise. The first is the barrier on entry. It includes licensing, land use, safety and health requirements, all of which restrict people starting a business.

"Second, people are prevented from turning a one-man business to something larger. The barriers include legislation costly to comply with, the Land Act of 1913 and Group Areas Act. We do not advocate the abolition of regulations, but they should be made more appropriate."

The SBDC is but one of the corporations striving to combat the problem, but the legal barriers deter even the most determined.

Complex

Professor Keith Bevan of Wits says: "The informal sector is incredibly complex. It might more appropriatly be termed the casual-work sector. In itself it cannot solve the problems of unemployment, but it assists many people to earn a living or eke out a subsistance living to supplement household income.

"Some municipalities have become more tolerant towards this sector. But if harmful and inhibiting legislation and by-laws can be countered, the easier it will be for people to use the sector."

No interest paid, say granny bondholders

JOHANNESBURG. — Many holders of granny bonds — the special pensioners' bonds issued between July 1 and August 8 this year — are complaining that they did not receive interest payments by October 15 as the Treasury promised.

But a Treasury spokesman said yesterday that many bondholders would have had interest credited directly to their building society and bank accounts.

The Treasury spokesman said there had also been problems with the building societies and banks where interest payments had not been credited.

Building societies said credits were made to bondholders' accounts if the clients had arranged with Treasury for payment into their accounts.

Bank and building society branch offices have, however, also received complaints of late payment.

CAPE TIMES 12/11/87

Police protection for aged promised

Political Staff

THE police were taking all steps possible to ensure that elderly people were able to enjoy a full and peaceful existence, the Minister of Law and Order, Mr Adriaan Vlok, said yesterday.

Mr Vlok was addressing the congress of the Cape National Party on a motion requesting the government to give thorough consideration to securing the safety of the aged.

The minister said several projects had already been started including a register of the aged containing the names and addresses of elderly people. They were then visited by the police and advised on personal safety.

Mr Vlok said that in addition, administrative personnel were used at the weekend for foot-patrols and this had proved to be "highly successful", as the "visible presence of the police has been a most effective deterrent against potential criminals".

Earlier a delegate from Jansenville, Mrs Anne Nash, who stood as the NP candidate in Port Elizabeth Central in the May election, said there had been an upswing in attacks on the aged.

She said the cause of many of the attacks lay in the inability of old people to adapt to change, bad planning and a lack of funds ali of which made them vulnerable.

tee made its recommendations.

Policy for pensioners

8
300
Bday
19/11/87

JENNY BOBERG

AN insurance policy designed specifically for pensioners was launched by the Auto and General Insurance Company yesterday.

The policy is available to retired people over the age of 50 and whose spouse is over 40. The types of insurance available under the policy include "motor", "contents of house" and "personal accident".

MD Douw Steyn said pensioners were stuggling to keep their heads above water so "we are glad to announce a product designed for retired people which will carry extremely low rates. We know of no other policy in the country which can compete".

Falling interest rates put squeeze on pensioners

(350)

21/11/87 SOWN

TOM HOOD

Pensioners and small investors who depend on income from their savings will be hit by cuts in deposit rates paid by two front-runners in the savings movement, the United and Permanent building societies.

The rates have been lowered by as much as 0,75 percent.

Among changes in United's rates, announced yesterday, deposits up to 12 months will attract 10,5 percent instead of 11,25. The Perm's rate for 12-months is down by a half percent to 10,25.

The move follows an all-round cut in home loan rates by most providers of mortgage bonds.

With inflation running at more than 15 percent, the UBS top rate is now 12,50 on money deposited for three to five years while the Perm's top deposit rate is 12,1 percent. Senior citizens receive an extra half percent.

Another institution, Metboard, has cut the rate it pays investors to 13,51 percent from 14,95 after lowering its participation bond lending rate to 12,97 from 13,5 percent.

"We believe that interest rates in South Africa will continue to drop in the short to medium term against the background of a world-wide softening in rates", says Andrew Joubert, bonds manager of Metboard.

Granny bonds

This company previously raised its investment rates to compete with "granny bonds".

Latest building society to lower bond rates is Eastern Province, which yesterday announced a new 12,5 percent rate for first-time home buyers.

It also offers bonds at 14,95 percent fixed for three years for owner-occupied homes.

The discount houses have also joined the war of words on general interest rates.

Said Malcolm Macdonald, chairman of the discount house group, NDH Group: "The current policy of the monetary authorities of maintaining bank rate at a level significantly above short-term money market rates has made it practically impossible for the discount houses to perform their traditional function of financing market shortages.

Writing in his chairman's review in the group's annual report for the year to September Mr McDonald said the rapidly changing environment in the banking sector and the discount market would demand many adaptations.

"The appointment by the authorities of a sub-committee to examine current banking legislation may go a long way to remove certain anomalies that exist under the current Act. The revised legislation will hopefully move the emphasis of control from an institutional to a functional level," he said.

Sowetan 25/4/87

JOY FOR GRANNY

300

Pension payout after 15 years

THANKS to the *Sowetan*, an Evaton grandmother, Mrs Selina Motsomotso (75), has finally received R646 in pension money after waiting for more than 15 years.

We reported on February 2 this year that Mrs Motsomotso, of Small Farms, Evaton, has been unable to get her pension after losing her identity document many years ago.

She applied for a new book, but was told by officials in Vereeniging and Evaton that her fingerprints could not be taken. Her fingerprints were not clear after she had worked for many years as a washer woman.

Identity

Mrs Motsomotso told the *Sowetan* yesterday: "I battled for many years to get my fingerprints taken until I was finally granted a passbook three months ago."

After getting her identity document she immediately applied for old age pension.

"I am happy that at last I am to get pension like other old people," she said.

"I used to stay with my daughter and life has not been easy for her because she had to look after me, my children and her own family.

"I intend buying a sewing machine for my daughter as a present because she has been helping me."

Mrs Motsomotso would now be able to get pension every second month at a pay-out depot in Evaton.

She would be expected to produce her identity document everytime.

300 SM 26/11/87

Another move to protect senior citizens

Supermarket chain offers 'safe houses'

By Dan Side

A supermarket chain is to join forces with the Security Association of South Africa early next year in co-operating with police to protect the lives and property of senior citizens.

Mr Clive Weil, managing director of the supermarket chain, said at a home protection seminar last night that his 182 retail outlets around the country were available for use as "safe houses" to any person who felt threatened.

"Most are open seven days a week, mainly from 8 am to 6 pm, have telephones available, and staff who are trained in first aid," he said.

"We can work in association with neighbourhood watches, be used to disseminate information, sell approved security devices and even become recruitment and gathering places for police reservists."

Mr Clive Weil ... a plan to provide security for the elderly.

Mr Weil said Checkers' active participation in crime prevention was actually a part of the fight against inflation, because tremendous costs to the economy were involved.

For example, insurance premiums were continually being increased.

The police liaison officer for the Witwatersrand, Lieutenant Pierre Louw, welcomed the "shared participation" offered by the chain store and the Security Association, which organised yesterday's seminar.

Lieutenant Louw, who earlier addressed 400 senior citizens at the Johannesburg City Hall, said statistics outlined the need for security education among the elderly.

Forty senior citizens were murdered nationwide during the period January to June this year, he said. Another 67 were raped and there were 36 cases of serious assault.

It was a matter of concern that 62 percent of the attacks occurred in broad daylight and in 24 percent of the cases doors were left open.

"There is no evidence that attacks on the elderly are politically motivated," he said, "but the ANC's Oliver Tambo is on record as saying soft targets should be concentrated on."

- Police will hold another meeting at the Johannesburg City Hall at 2 pm today.

Row over pension payout

300

By JOSHUA RABOROKO

A ROW has broken out over payment of R646 to an elderly Evaton grandmother, Mrs Selina Motsomotso, who was refused pension money the past 15 years because her fingerprints could not be taken.

Mrs Motsomotso, of Small Farms, Evaton, did not have a reference book to enable her to apply for old age pension pay.

After the *Sowetan* published her plight, she was given an identity document and paid R646 which was money due to her since her application was approved in June this year.

A senior supervisor for pensioners in the Sebokeng Department of Home Affairs, Mrs Annah "Nini" Bester, yesterday said in spite of the 15 years she has not been getting paid Mrs Motsomotso was only entitled to get pension money from the time her application was approved.

Mrs Bester said it was against the law that Mrs Motsomotso should get some money for the past 15 years because she had not applied.

Lawyers

But lawyers claim it was not her fault that she did not have fingerprints to enable her to get a reference book.

A spokesman for a firm of Johannesburg lawyers said they would argue this on grounds that Mrs Motsomotso was entitled to get a pension when she reached 60 years.

The spokesman said they "would write an application to the Government officials protesting the R646 payment and demand that she be paid for the past 15 years.

He promised that they would contest this even if it meant going to a court of law.

Mrs Motsomotso said she lost her "passbook" many years ago and when she applied for a new one the officials told her she had no fingerprints.

She was unhappy for the period she did not get pension until she received money this month. She has been told to get her pension money bi-monthly.

Understanding your pension fund

EVERY retirement fund is governed by a a set of rules. Such rules are registered with the Registrar of Pension Funds.

But before registering the rules, the Registrar has to satisfy himself, among other things, that the fund rules are consistent with the Pension Funds Act and are based on sound financial principles.

If the Registrar is of the opinion that the rules of a proposed fund are inconsistent with the Act he will not register such rules. This would mean that the fund in question cannot commence or operate legally.

The Registrar will also not register a fund where the financial principles appear to be unsound. An example of this is a fund which provides for benefits that look too generous in relation to contribution levels.

In addition to registration, a fund normally seeks the approval from the Commissioner for Inland Revenue. Approval enables participating employers and members to avail themselves of certain tax concessions allowed in terms of the Income Tax Act. These concessions relate to:

- Member contributions to an approved fund.
- Employer contributions to an approved fund.
- Withdrawal of benefit payments to members.
- Retirement benefit payments to members.
- And the fund's investment income (unless the fund is an insured provident fund).

The Commissioner for Inland Revenue will approve a fund subject to any conditions he may impose and he will not grant approval unless he is satisfied that the fund is a permanent fund. This means that the fund must be seen to have been established for the benefit of members and to carry on for as long as the company exists. The fund most not be seen to have been established as a temporary tax dodge.

The fund must provide for retirement benefits. Retirement benefits are lump sums or monthly pensions at retirement and sometimes a combination of the two.

Membership is compulsory for all categories of employees for whom the fund is established.

In other words, membership may be open to all employees of a company or, alternatively, to a specific category of workers. For example, all weekly-paid staff or all males.

Employees who were already in service at the commencement of the fund can choose not to join. Any employee who elects not to join the fund at its commencement can change his mind within 12 months. Membership must be a condition of service for all eligible future employees.

All recurrent contributions must be in accordance with a specified scale.

Contributions to the fund for all employees must either be a stated percentage of salary or, more unusually, a fixed amount. Some funds have different contribution scales for different categories of employees.

Membership of the fund must be retained throughout the period of employment.

Once an employee joins a fund he may not subsequently terminate his membership so long as he remains employed by the same company.

Not more than one-third of a pension may be taken as a cash lump sum.

This restriction is only applied in the case of a pension fund where only 33,3 percent of the capital values of the pension may be taken in cash with the balance being payable as a monthly pension.

The only exception to this requirement is where the value of the pension from all sources is less than R250 a year, in which case the total may be taken as an equivalent lump sum.

Under a provident fund, the total retirement capital may be taken as a lump sum.

Most members live with the fear that either the employer will disappear with their pension money or the fund will go bankrupt.

In my next article I will discuss the issue of "legislative controls of retirement funds to ensure the protection of members' interests".

300 C/News 29/11/87

Not such a rosegarden

300

The concept of retirement villages (RVs) has gained extraordinary popularity in the past few years — despite all too frequent reports of broken promises and bad practices on the part of developers.

Now it is expected that a commission of inquiry into the industry, which is to report at the end of the month, will recommend a change in legislation that will force developers to keep their word — about the provision of both facilities and services.

One of the major reasons for the boom in RVs is that the over-55 group is the fastest growing in the South African population — a "grey tide" which is evident in most Western countries (*FM* September 11).

All of them need somewhere to live — somewhere they hope will be comfortable, secure and close to friends and family and, ideally, where they will be cared for as they grow older.

This is where the developers come in. In 1986, it was estimated that there were 356 000 whites in the over-55 age group in SA. Another survey revealed that 85% were active people who required a minimum of health care and an independent lifestyle.

There was an immediate need or expressed preference for retirement village housing of 18 200 units and an estimated annual requirement for some 1 300.

In this market developers trade on two main points: the fear of an existing home becoming unmanageable or unliveable and the fear of inadequate financial provision for retirement.

As to the first, they may well be right. Stairs and tiled floors become hazards, gardens get out of hand and security becomes a very real problem for the aged.

Though no one denies that residents of traditional State or welfare organisation old age homes receive excellent care, they are hardly the place for physically and mentally active retirees.

In 1985, there were 350 "old age" facilities in SA with an average of 120 beds each. The average age of the residents was 80 and 46% required some form of medical care.

Of course there is always the sell up and move into a "granny flat" or live-with-the-children option. However, most people recognise that this can lead to loss of independence for both parties.

Or there is the possibility of moving into an apartment. Statistics show, however, that the income group targeted by the developers of RVs generally aren't keen to change their lifestyles quite so radically. There have, incidentally, been some successful conversions of hotels and flatblocks to RVs, notably in Pretoria.

As far as the second fear — that of losing financial independence — goes, many over-55s actually have substantial financial resources. However, surveys have revealed that this is still a major source of concern in this age group, particularly for those over 65 with no employment income.

Market research company Syncom says just 9% of South Africans who reach retirement age do so with financial security. And, although the typical buyer of an RV unit may well fall into this minority, he or she is often conscious of the prospect of increased longevity and thus a longer period of retirement for which to make financial provision.

Syncom found that 66% of over-55s would prefer to purchase a retirement home for under R60 000 — and that about half again would prefer to purchase for less than R40 000.

Many RV developers have sought to cash in on this concern by offering the "opportunity to peg accommodation costs." And this is where, if there are going to be problems with a project, the first of them is likely to occur.

There are two main types of tenure of a unit in an RV — sectional title and what is termed "right of use" shareblock or life tenure.

Under sectional title sale, the buyer has all the protection of the Sectional Title Act. Surveys indicate that 73% of buyers would prefer this type of ownership.

Shareblock schemes, with later conversion to sectional title, have not been popular with the elderly.

However, although less than 27% — usually the frail or very elderly — want to buy life rights, developers often do not offer many options. Under the life rights system, the purchaser does not acquire title over the property, but merely a right of occupation during his or her lifetime.

The ownership of the property remains in the hands of the developer and the purchaser, or his estate, stands to make no capital gain from "resale." Nor does the estate gain an asset, on the death of the purchaser, in the form of ownership as a unit.

In a very few cases developers are prepared to share "resale" capital gain with the purchaser, or his estate, with refunds varying from a nominal percentage to as much as 90% of the initial cost price.

However Hans Oosterbrink, president of the Institute of Developers of Retirement Projects, claims the demand for life tenure is higher than the surveys show. "We've encountered many people who feel that money spent on life tenure in the retirement home of their choice is money well spent. They frankly have no concern that the unit, or money to its value, will not be part of their estate."

And, he argues, life tenure is often the cheaper option. "We point out to those who are worried about financing their retirement that they could spend say, R100 000 on a sectional title unit and rely on their pensions, or spend, say, R75 000 on life tenure and gain interest on the remaining R25 000."

Under the life tenure system, the purchaser usually makes a single payment in lieu of rental. However, the "free" accommodation usually includes a monthly levy.

And this is where the second problem arises. Levies are payable under both types of ownership and, unlike once-off purchase costs, they are subject to cost increases due to a host of factors, not least inflation.

However, at least under sectional title the body corporate, comprising of owners in the RV, has a right to determine the level of services it wants provided, and thus has some control over costs.

But the developers of life tenure schemes retain this right and cases have arisen where levies well below the actual building and maintenance costs or cost of promised services have been advertised in order to boost sales.

Invariably developers argue that the difference between cost and income that will accrue over the development period has been capitalised into the selling price — but come occupation date, residents are asked to double or treble their levies to maintain services. Alternatively, they are told that services must be reduced.

Where services must be reduced to keep levies down, the third major problem arises. Those who have chosen to live in an RV because of the services offered when they bought off plan may find themselves thoroughly unhappy — and badly off financially — in the scaled down version.

This is especially so in the case of buyers who want a frail care centre. These are often the first facilities discarded by developers who find they've been over optimistic in the planning stages, because they are the most costly to build and maintain.

It's hard to argue with their contention, borne out by surveys, that only 5% of residents of RVs are estimated to be in need of frail care centres. The capital cost of such a centre will increase the costs of an RV by between R5 000 and R8 000 a unit. Moreover, frail care service can amount to an extra levy charge of R350 a month per unit if recovered from all the residents. And this is assuming it runs at maximum utilisation, with 40 patients.

Of course, there are reliable developers. They usually make no bones about the fact that the schemes they plan are upmarket, not for those without considerable financial resources.

And, of course, there is a growing need for other developers to provide alternate accommodation for the elderly in response to the burgeoning market.

But retirees must beware that in their efforts to avoid the stigma of old age, they are not being led smartly down a newly laid garden path into a financial maw which will gobble their carefully accumulated funds. ■

Booklet helps elderly to care for themselves

CAPE TIMES 2/12/87

300

ATTACKS on elderly people were a world-wide — and not just a South African — phenomenon, the Chief Deputy Commissioner of Police (Tranporting Division), Lieutenant General C M du P Robbertze, said yesterday.

General Robbertze was in Cape Town for a function at which he officially took delivery of a batch of booklets on safety for senior citizens.

The safety of the elderly was high on the police's priority list, but it was imperative that the elderly — the targets — were made more aware of their vulnerability and were taught to care for themselves, he said.

In 208 incidents, 258 senior citizens had been either murdered, assaulted, robbed or raped in their own homes during the first 10 months from January to October this year, he said.

He said it was further frightening to note that 60% of these incidents had taken place during the day, and that in 52% percent of the incidents entry into the homes had been gained without force.

General Robbertze also announced that the police, together with the Checkers Group and the South African National Council, would be launching a full-scale one-year program dealing with the security of the aged in 1988.

RETIREMENT VILLAGES 300

Double trouble

It would seem once again that legislators, confronted with isolated instances of failure and sharp practice, have reached for the sledgehammer.

In this case, they are poised to deliver a double blow to developers of retirement villages (RVs), which will probably force up prices and drive smaller operators out of the market.

The first is contained in the provisions of a draft Bill currently circulating in limited quantities and to a select audience. It seeks to place wide-ranging controls on the development of RVs, including an obligation for developers to put up bank guarantees covering the entire cost of a project before any units can be sold.

The second blow could be an amendment, now under consideration, to the Shareblock Control Act. This would outlaw sales off-plan, which are now being used to fund unsecured developments. This clause, calling for 100% guarantees before sales can start, would bring the Act into line with the Alienation of Land Act and the Sectional Title Act.

The draft Bill is based on the recommendations of a commission of inquiry into the industry, which in turn was advised by a committee of Sapoa, the property owners' association.

Sapoa executive director Peter Erasmus defends the new proposals "on a hypothetical basis," saying there is a need for lawmakers to act because of a history of failures.

He concedes that, if such changes are introduced, costs could rise and "ethical" smaller developers may become unfortunate victims. But he argues that the resourceful developer will survive, and that buyers will be protected from failures in a market in which margins are notoriously tight.

"Developers' morals are not in question. To finance a development from deposits has inherent financial dangers. Furthermore, the provisions would merely bring the development of retirement centres into line with existing legislation."

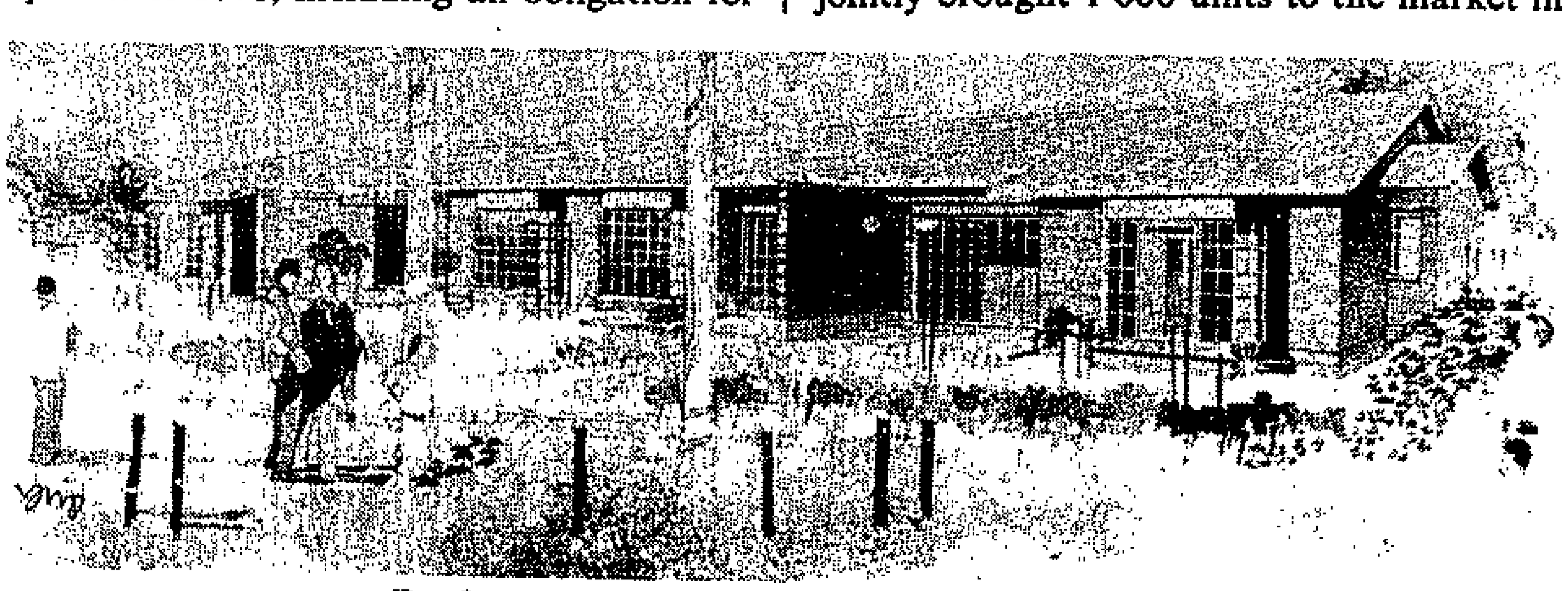
However, the proposals have outraged smaller developers, such as Arthur Wilmans and his associates in the Institute of Developers of Retirement Projects.

"We believe this will restrict supply, drive small developers out of the market, and push up prices by about 30%," says Wilmans, whose institute includes members such as Hans Oostenbrink of the Golden Harvest Group; Compro Housing; and the Timke brothers of the Eden Group.

Wilmans says he and Oostenbrink have jointly brought 1 000 units to the market in the past three years.

"I am appalled that Sapoa, of which I am a member, has found it unnecessary to consult us before endorsing the draft Bill. And I believe the Sapoa report used by government to frame the Bill is riddled with impractical proposals.

It seems to me it is designed exclusively to favour big business."



Retirement villages ... new moves

Central to Wilmans' argument is the need for "creative gearing" to bring retirement units to the market at competitive prices, and yet show a reasonable return.

At his latest development, Pioneer Gardens in Pinetown, he put up some R2m of the R6,9m which will eventually by spent on the project. This bought the ground and paid for the design work, start-up costs and construction of common areas, such as the dining-room, lounge, and clinic. The balance of the funding is coming from draws against deposits made by purchasers buying off-plan.

Provision for such draws is contained in shareblock agreements and, says Wilmans, there thus arises a misconception that developers are akin to pirates raiding the life savings of generally senile buyers.

"Nothing could be further from the truth. Our client profile is a senior citizen who has made sound provision for his retirement. He takes legal and financial advice before signing the contract and is fully aware of risk and reward."

The reward, says Wilmans, is a price which finally works out at around R1 100/m², which is comparable with the price of buying a single residence. Were such "creative gearing" outlawed, price increases of around 30% would be required for the developer to show a profit. ■

(300) DD. 15/12/87

Monthly black pensions soon?

PORT ELIZABETH — Half a million black pensioners could receive their monthly pensions at the beginning of July next year.

The Department of Constitutional Development and Planning has not yet completed its investigations for establishing sites for pay points for pensions.

Yesterday a senior government offical said provincial administrations reported in a meeting they held in Cape Town last week that they were far from finishing the establishment of sites for pay points in their provinces.

"Because of this I cannot see us paying monthly pensions to them before July 1 next year as there is still a lot of administrative work to do."

He said old pensioners who had applied for their money to be deposited into banks and building societies would receive their monthly payments earlier, as it would be easier for the deposits to be made into the banking institutions.

In the meantime black pensioners will continue to receive their pensions every two months. — DDC

17-23/12/87 300 Sowetan

Xmas gloom

By SIPHO VANGA
Pics: FANIE JASON

CHRISTMAS looks bleak for African old age pensioners

Surviving over the festive season will be the lot of thousands of old people who recently received their last pension payment for the year. Their next payment is on January 11.

Every two months pensioners queue for hours at payment centres, some arriving in the early hours of the morning while others sleep there overnight.

Mr Scotch Petros, 70, of Guguletu, is married with six children, four of whom are married. He receives a pension of R214. He has received a disability grant since 1953. He was granted old age pensioner status in 1985.

Pensioners waiting for their November pay-out

Struggle

Soon after receiving his pension recently Petros had already spent it on food and debts: R37,44 for two months' rent; and R60 for electricity.

"I'm left with R10 in my pocket," he said. "The family is not going to rejoice this Christmas. I bought small packets of sugar, mealie meal, tea and coffee to have something to survive on."

His son, Klonkie, contributes to the family's income.

"I think pensioners' rents should be decreased," Petros said.

Mrs Nobantu Mdlela, 69, is a Guguletu widow and grandmother who gets a pension of R200. She doesn't have "a cent in my pocket".

Her pension was spent on money owed to small grocers in the township, and on pocket money for her school-going grandchildren.

She said: "We hardly eat meat. I bought small packets of rice, sugar, samp, coffee and tea. We won't have anything special for Christmas.

"I depend on my daughter, Nozipho, for support. She is a mother of five children. Only God knows how we manage to survive on her meagre wage."

Mr Algernon Sikiti, 70, gets a pension of R214. His wife, Grace, gets R200. He has leg ailments; she is arthritic.

"Some pensioners receive Christmas gifts from certain organisations. But we have never received any," he said.

"A month before the pension payment we struggle a lot. My eldest daughter, Nomakhaya, lives in Umtata. She sometimes sends us groceries.

"Our pensions go on accounts, food, rent, electricity and telephone calls. We will have a dry Christmas. We no longer enjoy small luxuries like pudding and salads. Fortunately my wife knows how to make a tasty meal."

Black people look again at pensions

28/2/87 (300). W/m.

CAPE TOWN—Prospects for compulsory pension schemes for all workers were more encouraging than they had been for some time, Mr Arnold Basserabie, president of the Association of Pension and Provident Funds, said here yesterday.

He said a number of leaders of black trade unions had begun to show interest in obtaining retirement benefits derived from compulsory pensions for their members.

Efforts in 1983 to introduce such a scheme foundered after several black unions struck to show their opposition.

'Five years ago they were saying there was no need to provide pensions. But we are finding a different attitude among blacks today,' he said.

'They see a future for themselves and they want to make provision for their retirement.'

Mr Basserabie said the government had to encourage people to make provision for their old age. About 3m people would be of pensionable age by the year 2015.

Pension payments were costing the State R1 000m a year now.

In 30 years' time they would cost R4 000m - without taking inflation into account.

He called for a revision of the means test which was penalising people who had made provision for their old age.

Because of the test some poor people were receiving a smaller income than they would have done if they had no savings or other income.—(Sapa)