

~~S~~ SOCIAL SECURITY - Pensions and care of the aged.

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Constituency:

Research project within the Department of Sociology.

Aims and Objectives:

To provide a service to the independent trade unions in the Natal
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Current Programme:

Wage and Profit Analysis in the Construction, Food and Textile
Industries of Natal.

Shock as pension scheme held back

6/1/88 DO
EAST LONDON — Atasa delegates have expressed shock after learning that their pension funds had not been transferred from the Native Pension Scheme to the Government Service Pension Fund.

The change should have been made eight years ago.

Atasa's secretary general said that teachers had an option either to remain with the old scheme or to take up the new one.

Teachers had been sent the forms to complete so as to effect the change.

He said that teachers in other provinces received the forms in time to meet the deadline and these were sent back to the circuit offices.

In the Orange Free State, teachers got their forms after the deadline but completed and returned them.

He said it was shocking to learn that even those forms which had been completed on time had not even reached the head office by the new year.

The conference decided that the government should be approached in this regard and felt it was not their fault that the forms had not reached the relevant authorities on time.

350 2/1/88

Pensioners angered by hospital tariff increase

Staff Reporters

The increase in State hospital tariffs, which came into effect on January 1, has angered and dismayed pensioners.

Pensioners who had been charged R2 on weekdays for each visit are now paying R5. Weekend rates have risen from R5 to R7.50.

Black and white senior citizens interviewed by The Star criticised the rises, saying they were already struggling to survive.

Residents at Kenton Lodge, a home for the elderly in Kensington, Johannesburg said the jump from R2 to R5 was unreasonably high.

Mrs Margaret Townsend (76), a Kenton Lodge resident, resented that the increase had been introduced without notice.

"The hospital has been absolutely wonderful to me," she said, but felt that a fee of R5 was "quite a hefty price for pensioners".

An elderly person could easily go to hospital eight times in about two weeks, she added.

Mrs Townsend, who suffers from varicose ulcers, has to pay R5 every Monday when a nurse from Johannesburg Hospital comes to bandage her legs.

Black senior citizens at the new Vosloorus Centre for the Care of the Aged said the new tariffs were "ridiculous".

Ms Priscilla Malaza (83) summed up her fellow residents' feelings when she asked: "Why did they increase the fee from R2? Two rand was okay, even though we were struggling. Does it mean that the Government wants back the (pension) money that we get?"

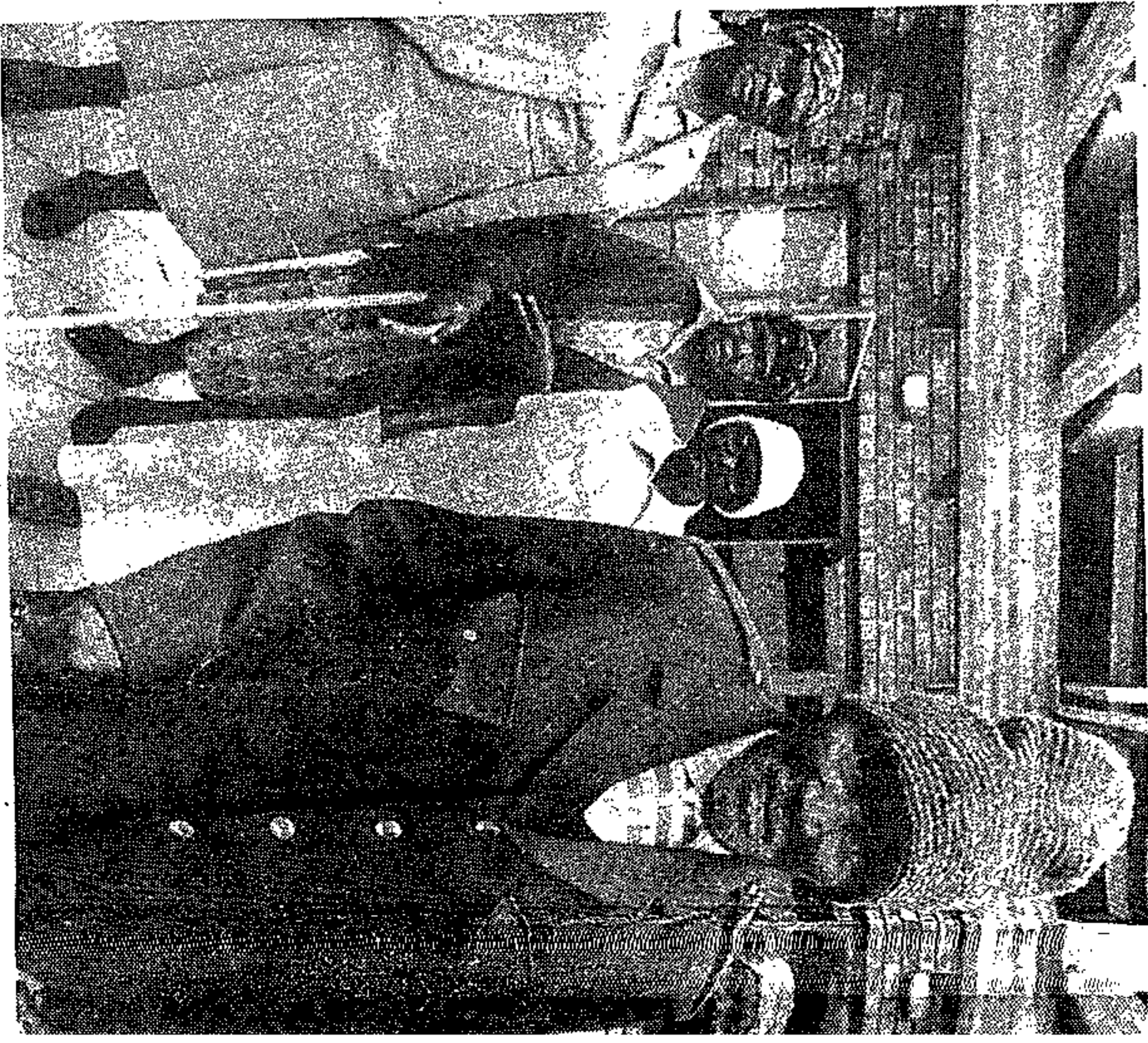
Mr John Mashiyane (105), a resident at the centre, hoped that pensions would be increased.

The R194 he gets bi-monthly runs out before the end of the first month, he said.

A social worker at the centre, Mrs Faith Rankhumise, believes that black pensioners "will be the most hard-hit because they depend entirely on their pension, which does not stretch far enough".



ew tariffs "unreasonably high" . . . pensioners at Kenton Lodge in Kensington, Johannesburg, with Matron Lorraine de Lange and staff.



Anger and dismay . . . elderly people at the Vosloorus Centre for the Care of the Aged, with 105-year old Mr John Mashiyane in front.

Bophutha Ts

Party to advise elderly on service centre

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Daily Dispatch
Reporter

EAST LONDON — A party to familiarise the elderly with the concept of an old age home will be held at the D. J. Sobey Old Age Home in Buffalo Flats today, the matron of the home, Mrs Vonah Smith, said.

Mrs Smith said the home wanted to start a service centre this year but people were sceptical of new projects and the party was a way of instilling some confidence in them so that they would make use of the centre.

"We want to get all the old people together so that they can see the home and also have a good time," Mrs Smith said.

She said there was a real need for a service centre in the area.

Mrs Smith said a businessman, Mr Des Ally, had donated R750 to the party and the owner of a disco club would be providing musical enter-

tainment. The club recently donated their door takings of R600 to the home.

The party starts at noon and, weather permitting, will be held on the lawn outside the home. If it rains it will be held at the Billy Francis Centre nearby.

She said the municipal transport department had laid on three buses to bring people to the home.

Two would leave from the Parkside Hall and one from the Vergenoeg terminus at 11.15 am. The buses would follow their usual routes.

"We have asked people to check along the way that only old age pensioners use the buses," Mrs Smith said.

The government sponsored home caters for 60 people and is situated in Dunoon Road. It is the first time a party has been open to the whole community and 300 people are expected to attend, she said.

EC.

W/L ARGUS 9/1/88

Revamping

benefit

packages

300

LABOUR
AFFAIRS
DICK
USHER



THE push by unions for funds more attuned to their members' needs than existing pension schemes is starting to take effect in the industry.

Old Mutual, South Africa's largest insurance company, in its latest review of employee benefits, says that with the rise of an articulate and well-organised work force, employers are increasingly reconsidering their employee benefit packages.

The review draws attention to strike figures which "obviously reflect a widespread and growing dissatisfaction with, among other issues, current remuneration packages".

In 1982 the Department of Manpower recorded 394 strikes. In 1986 there were 793, an increase of 101 percent.

Total work days lost in 1982 were 365 337. In 1986 they were 1 308 958, an increase of 248 percent.

Total wages lost in 1982 were R4 544 362. In 1986 they were R23 166 278, an increase of 409 percent.

Old Mutual says the picture is one of changing demands and increasingly articulate and powerful communication of these demands.

"In themselves, these developments should not give rise to great concern. What would cause concern, however, would be a nation whose business managers were unable or unwilling to respond appropriately to an increasingly vocal work force.

RETIREMENT FUNDING

"While approaches have obviously varied between employers, retirement benefit funds have generally been implemented without consultation.

"Employers and their advisers have decided what would be best for their employees on the basis that:

- Retirement funding is complex and best left to experts;

- People are often irresponsible about planning their future security; and

- A substantial portion of the cost of the benefits is borne by the employer," says the review.

Relatively few changes and developments had been made to these, but there were usually three ways in which packages were re-evaluated.

Two, which Old Mutual considers less than suitable, were to retain the existing approach or to avoid all involvement and call in a third party.

"The third, and in Old Mutual's opinion, a more viable approach in general, is to develop an employee benefit package through negotiation...

"Participation and consultation are among the key demands being made by trade unions and, to date, these demands have not been fully met.

"What is needed to facilitate an acceptable solution is a flexible base from which every employee's real needs can be met; a base which will give the parties scope and authority to communicate and which will give employers and their employees confidence in the validity and endurance of the solution."



Part of the crowd who enjoyed a party in Buffalo Flats yesterday. The function was held to familiarise the elderly in the area with the concept of a service centre for senior citizens.

Daily Dispatch Reporter
EAST LONDON — A party to familiarise the elderly with the concept of an old age home was held at the Billy Francis Centre in Buffalo Flats yesterday.

"It was the first time a party had been opened to the whole community," the matron of the D. J. Sobey Old Age Home in Buffalo Flats, Mrs Vonah Smith, said.

About 250 pensioners attended the function.

Mrs Smith said that the home wanted to start a service centre this year but because people were sceptical of new projects the party was a way of instilling some confidence in them so that they would make use of the centre.

"Old Age pensioners in our community tend to stay at home with their families and very

Party ³⁰⁰ for aged a huge success

rarely mix with people in their own age group. By holding parties, such as this, we hope to encourage the old-age pensioner to socialise more.

"There is a trend with old people today to stay in the community as long as they can. Often the grandmother or grandfather stays at home to look after the children while Mom and Dad go off to work.

"Old age pensioners should not be left out in the cold but should be encouraged to busy themselves with friends

of their own age," she said.

Mrs Smith said a businessman, Mr Des Ally, had donated R750 to the party and the owner of a night club provided the musical entertainment. The party, which started at noon, was opened with a prayer by the Reverend Eddie Leeuw.

After a three-course meal, a karate and modern dancing demonstration, inhibitions faded and those who could danced the day away.

A member of the Coloured Management Committee, Mr J. L. Segers, said the party was such a success, they hoped to make it an annual event.

"Staff from the old age home and volunteers have worked tirelessly to make this day a happy one for all concerned," he said.

Pension plan options when service ends

300

Another article in our series on money matters.

Chris

RETIREMENT scheme membership ends with the termination of service, writes **RICARD MOLEWAL**, of Southern Life Association.

This could be on dismissal, redundancy or resignation. In which case a member is treated as a withdrawal from the scheme, or on retirement. Retirement may be caused by:

- Ill-health - when the member is too ill to work and is retired on pension, although he had not as yet reached retirement date.

- Early retirement - this refers to a member who decides to ask his employer to allow him to go on retirement before he reaches retirement age. In this case, unlike ill-health retirement, the employee is medically fit to work.

- Normal retirement - the employee goes on retirement when he reaches retirement age in terms of the rules of the scheme.

- Late retirement - the employee decides, with the consent of the employer, to continue working after

reaching his retirement age.

Some of the options available to a member are:

- Continuous assurance option.

Most schemes that provide for life assurance benefits have the CAO which allows a member who has left the scheme to take out an individual life policy providing life cover up to the sum assured he had under the retirement scheme.

However, it is subject to the same premium conditions (loadings) as the group life cover.

- Withdrawal benefit.

This refers to the money a member is paid on termination of his scheme membership, in circumstances other than retirement, and it is usually a refund of the member's contributions, plus interest.

A member can either take the money and spend it, leave it in the fund to grow or transfer it to a retirement annuity policy,

where it will be available to be paid to him in the form of a pension anytime he is over the age of 55.

Some schemes provide for the payment of part or all of the employer's contributions to the withdrawing member.

Where this is done, it is often on condition that the member preserve this money - either leave it in the fund, transfer it to another fund or transfer it to a retirement annuity policy.

The most important consideration influencing the member's choice would be the size of the employer's money as compared to his.

- Retirement.

Commutation - on retirement from a pension scheme, a member is entitled to give up to 35.3 per cent of his pension for a cash lump sum.

Some members do not take advantage of this right, although for tax purposes they would be better off if they took the cash, even if they re-invested it.

Tax, however, is not the only consideration.

Some rules of the schemes provide for pensions to be increased yearly in future.

If the member commuted part of his pension, the increases would only apply to the reduced amount.

- Longer guaranteed pensions.

Most pensions are guaranteed for five years.

This means that payment will be made for five years, irrespective of whether the pensioner lives or not, and then for as long as he is alive thereafter.

By taking a slightly reduced amount, a member can choose to have his pension guaranteed for a longer period - 10 to 15 years.

This option might suit people who, at retirement, still have young children.

- Joint life pension.

This pension covers two people and is payable until the death of the last survivor.

If a member opts for this

kind of pension, his benefit will be reduced slightly to take into consideration the additional risk, and then reduced further if there is a big difference between his age and that of the other life.

The example of this is where a retiring member, (aged 65), has a wife who is 35 years of age.

This warrants a larger reduction, as compared to where the age difference is, say five years.

It is important for a member withdrawing from the scheme to know that if he transferred his benefit to a retirement annuity policy, that policy cannot later be cancelled and the money refunded under any circumstances.

Once the member's age has reached 55, he can only take up to one-third of the capital available and the balance will be paid to him as a monthly pension.

On retirement, a member can choose a joint life pension, longer guaranteed periods or orphan's pensions, but every choice causes a reduction to the pension.

Pensioners are given the boot

300

Structure
18/1/88

SIX families, including pensioners, were evicted from their Tshiawelo, Soweto, homes last Friday for owing rent.

The evictions, which started at 7am, were carried out by officials of the Soweto City Council who were accompanied by armed council policemen.

A spokesman for the

Soweto City Council confirmed on Friday that the families were evicted for being overdue on their rent.

Damaged

The families also claim that their furniture was damaged during the evictions, and that their belongings were dumped in the yards.

A pensioner who

walks with the aid of crutches, Mrs Dorah Moloto, said she was evicted from her house at about 8am.

"My furniture was thrown outside in the yard. I am not working and I am sick. I pleaded with the officials not to evict me, but I was told that I owed R700 rent. Where will I get this money to pay my rent arrears?", she asked.

B/Day 18/1/88

Granny Bonds assurance

305

CAPE TOWN — Worried investors of Senior Certificate Savings Bonds are being kept in the dark on when they will receive their certificates from the Treasury Department in Pretoria.

Treasury director Philip Nortje said yesterday his department was doing its best to "get out the certificates as soon as possible", but he refused to comment on reports that more than 20 000 investors in Granny Bonds were still awaiting certificates.

About 50 000 people bought Granny Bonds between the time they first went

Own Correspondent

on sale on July 1, 1987, and the time the scheme was brought to an abrupt halt by government on August 8,

Nortje gave the assurance the delay in issuing certificates would not affect payment of interest.

Buyers of Granny Bonds received their second interest payment of 15% yesterday.

Nortje added that investors could only cash their bonds a year after buying them.

to help evicted granny

SOWETAN Reporter

300
100
A READER of the *Sowetan* was so touched by yesterday's front-page picture of a Soweto pensioner who was kicked out of her home for rent arrears that he has pledged to pay R700 to the Soweto Council so that she can occupy her house again.

19/1/88
Mr Syborn Baloyi, a security guard for a city recording company said he felt very sad to read about helpless old ladies being shunted about by authorities for things that are not of their making.

The pensioner who was evicted is Mrs Dorah Moloto of Tshiawelo township who was raided last Friday together with six other families for non-payment of rent. She is believed to have spent the night in the open.

Mr Baloyi said: "This is disgraceful. I think people like her should be spared the humiliation of being evicted from their homes."

Mrs Moloto is sickly and walks with the aid of crutches. Her belongings were taken out of her house despite her pleas to the authorities that she was unemployed and could not meet the huge bill.

• The six Tshiawelo, Soweto, families — including pensioners — who were evicted from their homes last week Friday for owing rent, will be allowed back to their houses, the mayor of Soweto, Mr Nelson Botile, said last night.

He said it was a "mistake" that the families were evicted. He appealed to the families to contact council officials so that they could get their houses back.

Pensioner dies in payout queue

A 79-YEAR-OLD Orlando East, Soweto, pensioner died yesterday at the Orlando Communal Hall payout centre while waiting for her money.

Mrs Mirriam Radebe of 2037 Orlando East is

By NKOPANE MAKOBANE

survived by four daughters and 10 grandchildren.

Ms Phumzile Radebe, who accompanied her mother to the payout point, said she died about 11.20 am while Red Cross workers attended to her.

Illness

Ms Radebe said her mother was not suffering from any illness when they left home at 9.40 am.

They arrived at the centre shortly after 10 am and her mother went to sit in the scorching sun while she joined one of the queues.

As we neared the clerk's table, I fetched my

mother to join the queue.

"I tried to pick her up but she fell. She gasped for air and her eyes became bigger.

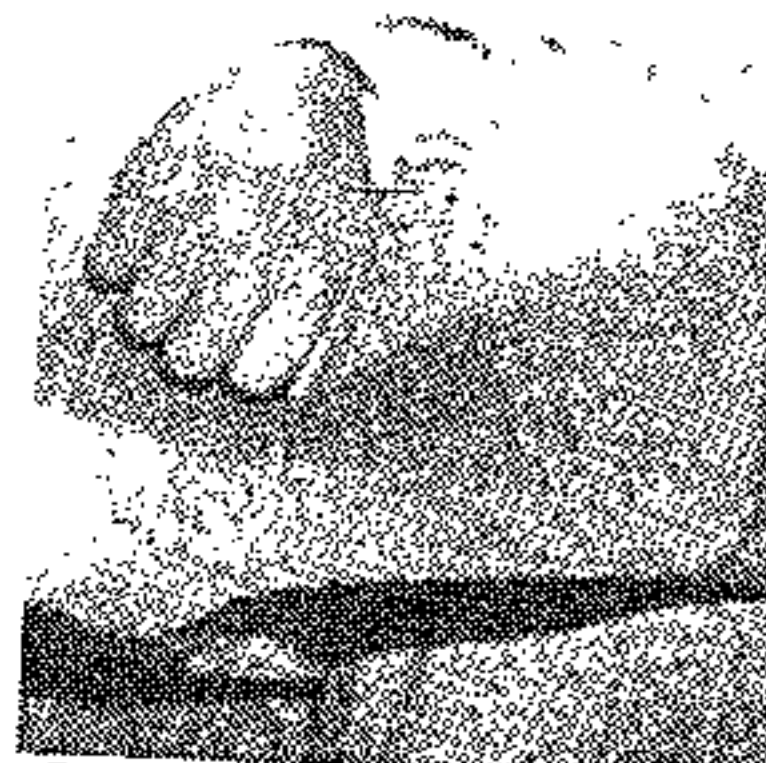
"I immediately summoned Red Cross people who were on the scene and then rushed home to fetch my elder sister. I am told the Red Cross people tried to resuscitate her but it was too late," she said.

Mrs Thapelo Mzizi, the National Council for the Aged's regional representative, said yesterday she was

concerned that there had been another death at a payout point.

She said it was disheartening that after her organisation and the black community had put pressure on the Government to help pensioners, the implementation of the new payout system was being delayed.

"We appeal to the authorities to speed up the process. We also appeal to families of the sick and elderly people to apply for the powers of an attorney to collect pension money for their next of kin," she said.



MRS MIRRIAM Radebe grandchild

News 21/1/88

HOME, SWEET HOME: Residents of Apricot Place in the central grassed courtyard with some of their guests, including the Mayor of Cape Town, Mr Peter Muller (centre). MP for Bonteheuvel Mr Patrick McKenzie and Mrs Laetitia Curry, wife of the Minister of Agriculture and Housing in the House of Representatives.

Picture: WILHELM KLERK, The Argus

New concept in homes for aged opens in Bonteheuvel

Municipal Reporter

A NEW era in homes for the aged was on the way, said the Minister of Housing in the House of Representatives, Mr David Curry, at the opening of Apricot Place, a senior citizens' complex in Bonteheuvel.

"We want to move away from the old concepts," he said.

The R336 000 complex contains 55 apartments built around a grassed courtyard and garden. Communal activities take place in a central hall.

The emphasis was on providing opportunities for independent living, said Mr Curry.

Need independence

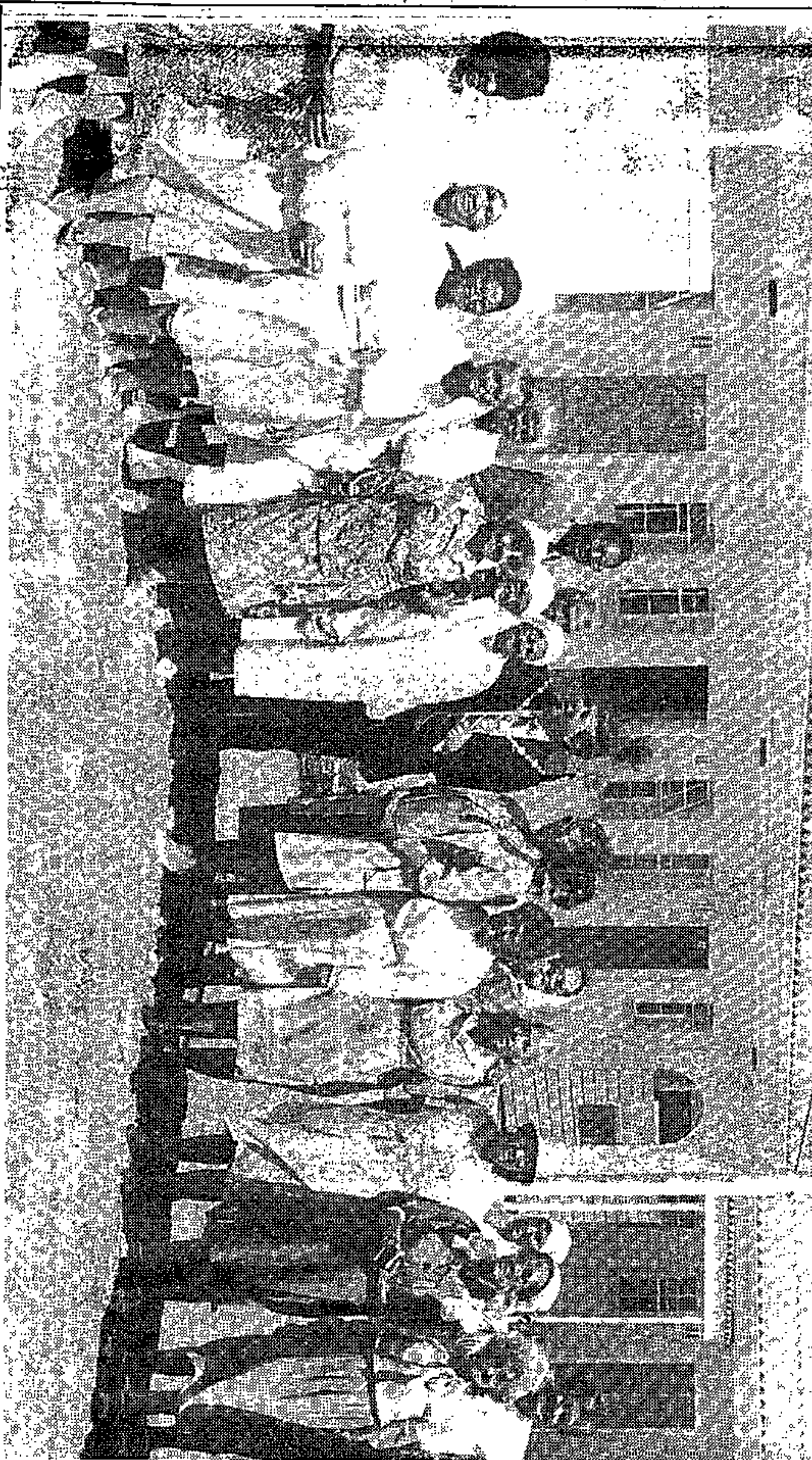
"Apricot Place represents a new thrust, a new idea in the provision of housing for the elderly.

"Senior citizens must remain independent members of the community for as long as possible."

He said his department had allocated more than R7-million to the 36 homes for about 2 800 aged people throughout the country last year. It was hoped homes would be built in Mitchell's Plain, the Strand and Southern Cape.

"There is an urgent need to house an additional 1 200 aged people," said Mr Curry. Plans were afoot to provide similar Peninsula projects.

Mr Henry Jantjes, 65, said: "I like the layout of this place," adding: "As you can see, there is only a handful of men — we're going to be in demand."



COMMERCIAL

Head Office

General Sales

Memberships

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Registered
Trade - mark

Industrial

UK pensions irregular — claim

D/D 23/1/88

300

Daily Dispatch
Reporter

EAST LONDON — British pensioners living in South Africa have complained that their monthly payment from England has become so irregular that many have had to depend on other income sources to survive.

Although British consul officials confirmed that some pensioners here have not received their money for up to five months, no reasons have been given for the delay.

"There appears to be

a problem with the new system that was implemented at the end of last year, but we have not been able to find out exactly what is holding things up," a spokesman said.

In the past, cheques were sent by post directly to the pensioner from England, but this was changed to "make the transaction safer".

With the new system, an expatriate's pensions should be transferred directly to their bank accounts in South Africa — but hundreds of pensioners are still waiting.

The spokesman said some British subjects had continued to receive their money each month without problems.

Others, however, had not had any money for months, the spokesman said.

Although many calls had been received from pensioners asking when they would be paid, "there doesn't seem to be anything we can do from here".

"There must be several thousand people who are eligible for British pensions who are living in South

Africa.

"We have received a lot of calls in Johannesburg and so have our Cape Town and Durban consular offices.

"When we contacted the Department of Health and Social Security (DHSS) in England.

"They told us to refer people to their office at Newcastle-upon-Tyne."

The address provided by the spokesman is: The Department of Health and Social Security, Over-

seas Branch, Newcastle-upon-Tyne, NE 981 YX, England.

"Pensioners should quote their full name and address, as well as their pension number," the spokesman said.

She said people who "found themselves in financial difficulties without their pensions should apply to their nearest consular office for a cash loan to tide them over until their money arrived.

"At this stage, that is all they can do," the spokesman said.

'Gratuities protected' from extra tax

No need to retire early, says Du Plessis

CNA- Times 28/1/88

300

By AUDREY D'ANGELO
Financial Editor

THERE is no risk that anyone retiring after February 29 this year will pay more tax as a result of a recommendation by the Margo Commission, Finance Minister Barend du Plessis said last night.

In a statement, the Minister said "a large number" of people were thinking of retiring early in order to avoid paying extra tax.

But this was unnecessary because the interests of people due to receive retirement gratuities including those payable out of the proceeds of insurance policies would be protected.

Du Plessis said that, as previously announced, it was intended to table a White Paper in Parliament containing the government's decisions on the Margo Commission's recommendations.

"Speculation and the spreading of erroneous information involving a recommendation of the Commission on the taxation of re-

tirement gratuities and lump sums under pension, provident and retirement annuity funds has however created a great deal of uncertainty among members of such funds.

"In particular, those members who are due to retire in the near future are apprehensive. Indeed, a large number of cases has come to our attention of people who as a result of this uncertainty are contemplating early retirement before February 29 this year in order to avoid the possible taxation of such benefits.

"The government views the matter in a serious light inasmuch as erroneous information can lead to the taking of decisions that might turn out to have been ill-advised."

The Margo Commission recommended that: "Where gratuities, including gratuities payable out of the proceeds of insurance funds, accrue to employees the Commission recommends that they be treated as if they were lump sums from pension, provident or retirement annuity funds

and taxed at the beneficiary's average tax rate for the three preceding years of assessment."

At present such payments, within prescribed limits, are exempt from tax.

The Commission added that the transition should be made in such a way as to ensure existing members of funds "are not worse off under the new provisions."

The Minister said last night: "The Government accepts the reservation that vested rights must be protected and therefore does not plan to implement the Commission's proposal without having first investigated the matter further and found a means of giving effective expression to this reservation."

He pledged: "Any such formula as may be agreed upon will in no circumstances be retro-active."

"The Government regards personal provision for retirement as highly commendable and therefore deplores the disquiet now being sown among members of these funds by speculative and incorrect information."

Planning for your 'golden' years was never more urgent

RETIREMENT planning has never been more important than it is today and, regardless of age or occupation, the financial provisions one makes today can make or break a lifestyle after retirement.

Mike van Greunen, general manager (Individual Life) of Old Mutual, believes two factors have significantly changed the need for active retirement planning.

"First, employee attitudes have changed over the past two decades and it is no longer common to find employees staying with one employer for an entire working life. Job-hopping is also more common and statistics reveal that people going on pension have on average 15 years service with their final employer," he said.

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

"Secondly, the high levels of inflation which have been 'expected' over the past few years have eroded personal savings. Pensions

have suffered in the same way and a pension which is not inflation proof soon decreases in real terms," Mr Van Greunen said.

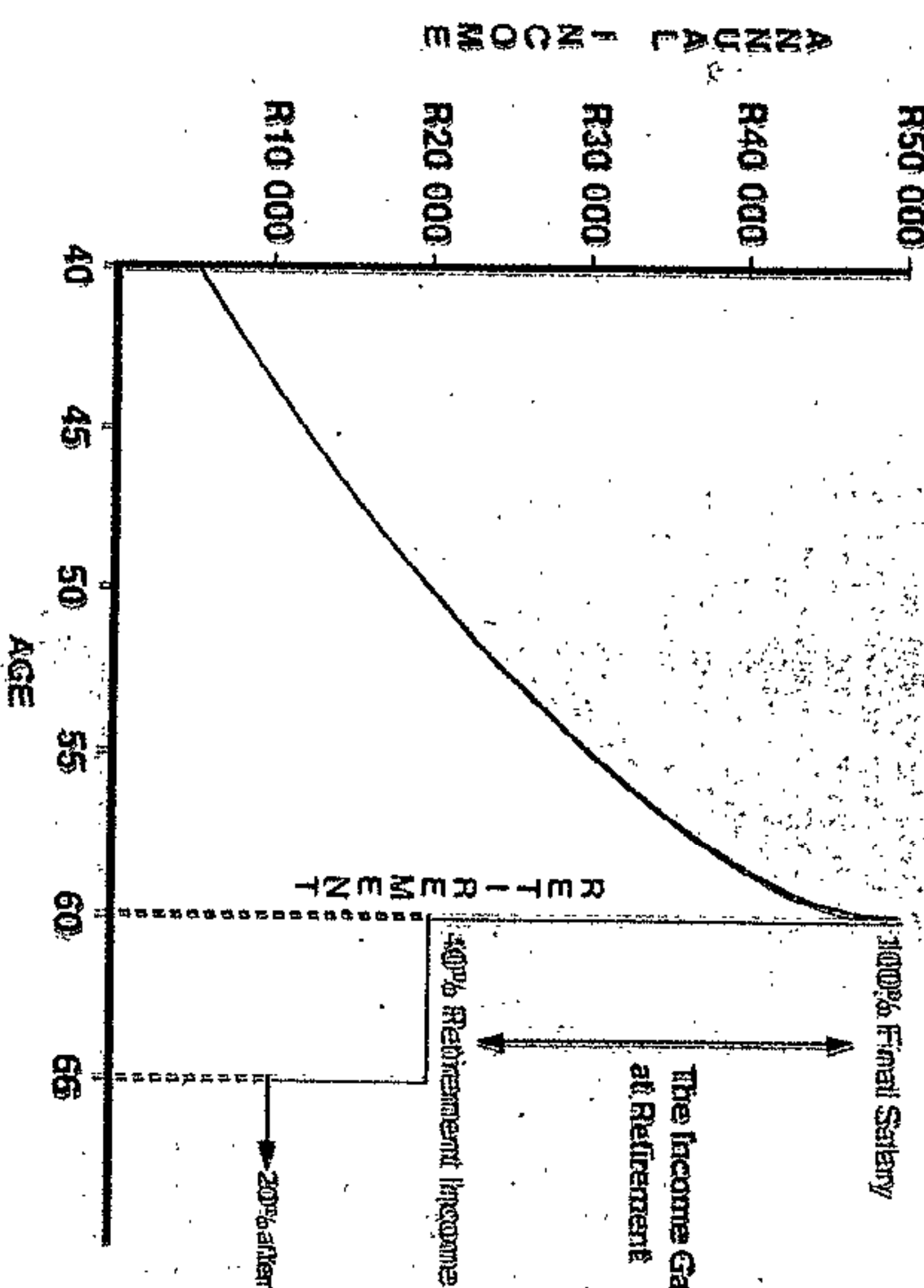
Fixed income

Most pension funds provide 2% of final average salary for each year of service. Where a man retires at the age of 60 after 20 years service he will suffer a 60% decrease in income and overnight an annual salary of R50 000 becomes a mere R20 000 of pension.

Where this is a fixed income and not inflation proof, his income will be down to 20% in real value after a further six years (using a conservative 12% inflation rate).

Mr Van Greunen argues that to prevent a drop in living standards after retirement it is imperative that people make other plans to accumulate capital for retirement — capital that can be used to generate additional income.

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



This illustrates a typical situation where a man retires at the age of 60 after 20 years with his company. As most pension funds provide 2% of final average salary for each year of service, he will immediately suffer a 60% drop in income and an annual salary of R50 000 becomes R20 000 overnight. Six years later his income is down to 20% (using a conservative 12% inflation rate).

programme.

"Although basically a savings plan for retirement, one can also build in protection against early death and disability to assist family members when they need it most."

Various intervals

An income can be drawn from an annuity fund at any time between the ages of 55 and 69, while it is possible to draw the benefits at various intervals to provide post-retirement increases and thereby hedges against inflation.

As with a pension fund, RA owners may withdraw one-third of the retirement benefits in cash and the balance must be used to purchase an annuity. Most retirement funds do not bind the member to buy his annuity from that particular fund and he is at liberty to shop around for the best deal.

RAs have wide-ranging income tax implications for both contributions and maturity benefits. Contributions to the fund may be deducted from gross income up to the greatest of:

- 15% of non-pensionable income (including investment income and both the husband's and wife's income),
- R3 500 minus your pension fund contribution.
- R1 750 a year where one is a member of a pension fund.

Of the cash amount withdrawn on maturity, the greater of R120 000 or R4 500 x the number of years' continuous membership of a pension fund, is tax-free. The monthly annuity is taxable as income.

Maximum build-up

Flexipension, the retirement annuity in Old Mutual's universal life range, was the first truly flexible RA and pioneered the concept in this country. A member can vary the level of contributions and adjust the mix of capital accumulation and life cover to suit changing needs.

"As one gets closer to retirement one 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 to Flexipension at any time to maintain the real value of contributions. The member can also 'top up' the Flexipension policy with lump sum injections as required.

"A further feature of Flexipension is that the member can elect to retire gradually by drawing only part of his pension and allowing the balance to grow. By retiring in stages, he can boost his total income every few years up to the age of 70," Mr Van Greunen said.

Case studies

Besides meeting a host of financial and retirement needs, RAs offer excellent returns to investors and are providing after-tax returns way ahead of inflation.

Mr Van Greunen drew attention to case studies being broadcast on Old Mutual's radio commercials and quoted an actual payout where a policyholder started investing R500 a year in a retirement annuity 14 years ago.

On January 1 the accumulated retirement capital was R28 745.94 — a yield of 17.5% during a period when inflation averaged 13.7%.



Mr Mike van Greunen, Old Mutual general manager (Individual Life) — incomes can drop by half on retirement.

R10 billion deficit in pension fund

D/D 02/02/88

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CAPE TOWN — There is now a R10 billion accumulated deficit in the Government Service Pension Fund — which taxpayers will ultimately have to pay for unless steps are taken to increase the fund's income.

In a report tabled in Parliament, the Standing Committee on Public Accounts recommends greater Treasury control of the fund and suggests its funding requirements be brought into line with private sector pension schemes.

The committee expressed concern over the accumulated actuarial shortfall, which was put at R7,6 billion in March 1985 and "must now be considered as being considerably greater".

According to the standing committee's minutes the estimated current deficit, based purely on interest factors and on no other extraneous issues, has increased to about R10 billion, or a shortfall in excess of about 50 per cent.

In submissions to the standing committee, the chief executive of taxation in the Department of Finance, Mr R. P. Wronsley, maintained that a reserve of 50 per cent was entirely adequate for a public service pension fund, on the assumption that the state can never go bankrupt.

He acknowledged that such reserves in a private sector fund would be cause for concern, "simply because were the fund to run into difficulties there would be no one to bail it out".

Mr Wronsley acknowledged that unless the income of the Government Service Pension Fund could be increased to higher levels than at present, the benefits could not be paid. Therefore, there will come a time in the future when the taxpayer will be called upon to make up the shortfall.

He said: "I do not think it is in dispute that there are aspects of the present pension fund which require attention.

"The buy-back was clearly tackled with inadequate actuarial analysis and I think one must concede that the buy-back will have to be made more expensive."

He said the question as to whether the other benefits were too liberal or not would also have to be looked into, particularly as far as new entrants were concerned.

The standing committee expressed the view that the role of the Treasury in exercising control over the pension fund, both in the past and in the future, needed to be considered.

In evidence given to the committee it was stated that various amendments to the conditions of the pension fund were now being considered in order to limit the deficit as far as possible in the future.

In its report, the committee stressed the desirability of taking that resolve a step further, recommending the "principle be accepted that the fund be compensated in full for any new liabilities vested in it, and that it be informed during 1988 of the steps taken or planned to address the unsatisfactory aspects of the fund".

If this recommendation is followed through it would necessarily bring the funding requirements of the government pension fund in line with those required by the private sector in general. — DDC

NATIONAL/INTERNATIONAL

ARGUS 2/2/88 300

'Lack of control' in pension fund deficit

By DAVID BRAUN
Political Staff

THE day of reckoning was looming for the Public Service Pension Fund as its deficit continued to pile up, the Government was warned today.

Mr Harry Schwarz, Progressive Federal Party spokesman on finance, said this in reaction to the tabling in Parliament yesterday of the report of the select committee on public accounts.

According to evidence heard by the committee last year the shortfall in the fund could be closer to R16 900-million in present-day values once inflation had been allowed for.

In terms of assets this would mean the fund was covered to the extent of only 32 percent.

Without the inflation factor being taken into account, according to the evidence, the present shortfall was R10 000-million, or a deficit of about 50 percent.

The deficit was put at R7 600-million in March 1985.

Dr Andreas Wassenaar, the former chief executive of Sanlam who has frequently warned about the ballooning deficit of the fund, said today he would first have to study the select committee's report before making any comment.

Mr Schwarz said the higher estimate of R16 900-million which took account of inflation could not be ignored because the pension fund should be evaluated on the basis of the present-day value of benefits to be paid in the future.

Mr Schwarz said the fund had been allowed to get into such a position because of lack of control.

Changes had already been made to the buy-back scheme but these would not be sufficient to deal with the problem, he warned.

Mr Schwarz called for a complete review of the pension fund, particularly the issues of the basis of funding and the question of buying back benefits.

According to evidence given to the committee by Mr R P Wronsley, chief director, taxation, of the Department of Finance, the shortfall of R16 900-million was an irrelevant figure.

He said: "The fact is that the

balance in the fund exceeds current expenditure.

"If there is to be a topping up of the fund in the future, certainly, it will be the taxpayer who will have to shoulder the burden.

"The more or less annual adjustments to civil pensions — not quite sufficient to equal the rate of inflation — are made by means of voted funds."

Dr Chris Stals, the Director-General of Finance, told the committee he could foresee no difficulties if the Government wanted to put R5 000-million or R6 000-million into the pension fund today.

He said: "It would simply be a matter of paperwork, it would just entail a few book entries."

New shock for govt pension fund

Billions in red

Cape Times 2/2/88 300

By CHRIS CAIRNCROSS

THE government's service pension fund is now R10 billion in the red.

And this accumulated deficit will have to be paid by taxpayers unless steps are taken to increase the fund's income.

In a report tabled in Parliament yesterday, the standing committee on public accounts recommended greater Treasury control of the fund and suggested its funding requirements be brought into line with private sector pension schemes.

The committee expressed concern over the accumulated actuarial shortfall, which was put at R7,6 billion in March 1985 and "must now be considered as being considerably greater".

According to the standing committee's minutes the estimated current deficit, based purely on interest factors and on no other extraneous issues, has increased to about R10 billion, or a shortfall of more than 50%. This sum is equivalent to one-fifth of South Africa's national budget.

In submissions to the standing committee, Mr R P Wronsley, chief executive, taxation, in the Department of Finance, maintained that a reserve of 50% was entirely adequate for a public service pension fund, on the assumption that the state can never go bankrupt.

He acknowledged that such reserves in a private sector fund would be cause for concern, "simply because were the fund to run into difficulties there would be no one to bail it out".

New entrants

Mr Wronsley acknowledged in committee that unless the income of the government service pension fund can be increased to higher levels, the benefits will not be able to be paid. Therefore, there will come a time in the future when the taxpayer will be called upon to make up the shortfall.

He said: "I do not think it is in dispute that there are aspects of the present pension fund which require attention. The buy-back was clearly tackled with inadequate actuarial analysis and I think one must concede that the buy-back will have to be made more expensive."

The question as to whether the other benefits are too liberal or not will also have to be looked into, particularly as far as new entrants were concerned, he said.

The standing committee expressed the view that the role of the Treasury in exercising control over the pension fund, both in the past and in the future, needs to be considered.

In evidence given to the committee it was stated that various amendments to the conditions of the pension fund are now being considered to limit the deficit as far as possible in the future.

In its report, the committee stresses the desirability of taking that resolve a step further, recommending the "principle be accepted that the fund be compensated in full for any new liabilities vested in it, and that it be informed during 1988 of the steps taken or planned to address the unsatisfactory aspects of the fund".

If this recommendation is followed through, it would necessarily bring the funding requirements of the fund in line with those required by the private sector in general.

'Taxpayers could pick up bill'

Govt short of R10bn in pension fund

300
B/day
2/2/88

CAPE TOWN — There is now a R10bn accumulated deficit in the Government Service Pension Fund — which taxpayers will ultimately have to pay for unless steps are taken to increase the fund's income.

In a report tabled in Parliament, the Standing Committee on Public Accounts recommended greater Treasury control of the fund and suggested its funding requirements be brought into line with private sector pension schemes.

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CHRIS CAIRNCROSS

fund to run into difficulties, there would be no one to bail it out".

Wronsley acknowledged in committee that unless the income of the Government Service Pension Fund could be increased to higher levels than at present, the benefits would not be able to be paid. Therefore, there would come a time when the taxpayer would be called upon to make up the shortfall.

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"The buy-back was clearly tackled with inadequate actuarial analysis and I think one must concede that the buy-back will have to be made more expensive."

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● To Page 2 ➡

R10bn govt pension deficit

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If this recommendation is followed through, it would bring the funding requirements of the Government Pension Fund in line with those required by the private sector in general.

Sanlam's chief actuary Jan Pretorius expressed "delight" at the recommendation that the financing of government pension funds be brought in line with the requirements laid down for private sector funds.

He was extremely critical of the existing "pay-as-you-go" approach. It effectively

made a "sponger" out of the existing generation, while unfairly transferring the liabilities to the next.

CHERYLIN IRETON reports that Liberty Life joint MD Dorianne Wharton-Hood said that after the exposé by former Sanlam chief Andreas Wassenaar, the extent of the shortfall did not surprise him.

"There are basically two reasons: the generous provision in terms of which members can buy back service, and the requirements that funds be invested in fixed interest government stocks."

He noted that equity investments, as opposed to fixed interest stocks, had produced better returns over the years.

"I don't know the full details of the back service arrangement but one hears that the conditions are extremely generous. Clearly this is of concern to taxpayers who at the end of the day will have to pick up the bill."

◀ ● From Page 1

Review of pension fund urged

By David Braun,

Political Correspondent

CAPE TOWN — The day of reckoning was looming for the Public Service Pension Fund as its massive deficit continued to pile up, the Government was warned today.

Mr Harry Schwarz, Progressive Federal Party spokesman on finance, said this in reaction to the tabling in Parliament yesterday of the report of the select committee on public accounts.

Evidence heard by the committee last year was that the shortfall in the fund could be close to R16 900 million in present-day values once inflation had been provided for.

In terms of assets this would mean the fund was covered to the extent of only 32 percent.

Without inflation taken into account, according to the evidence, the current shortfall was R10 000 million, or a deficit of about 50 percent. The deficit of the fund was put at R7 600 million in March 1985.

Dr Andreas Wassenaar, the ex-chief executive of Sanlam, who has often warned about the ballooning deficit of the fund, said today he would first have to study the select committee's report before commenting.

Mr Schwarz said the higher estimate of R16 900 million which took account of inflation could not be ignored because the pension fund should be evaluated on the basis of present-day value of benefits to be paid in the future.

Mr Schwarz said the fund had been allowed to get into such a position because of lack of control.

Changes had already been made to the buy-back scheme but these would not be sufficient to deal with the problem, he warned.

Mr Schwarz called for a complete review of the pension fund particularly the issues of the basis of funding and the question of buying back benefits.

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Daily Dispatch Reporter
EAST LONDON — The R10 billion accumulated deficit in the Government Service Pension Fund was "a matter for grave concern", the president of the East London Chamber of Commerce, Mr. Nico Cloete, said yesterday.

Commenting after a chamber executive meeting yesterday at which the matter was discussed briefly, Mr. Cloete said the final analysis of the shortfall was that taxpayers would have to foot the bill.

The R10 billion deficit emerged in a report to Parliament tabled by the Standing Committee on Public Accounts which suggested that the funding requirements be brought into line with private sector pension schemes.

Chamber concerned over pension deficit

The government was warned that if sufficient steps were not taken to increase the fund's income, taxpayers would ultimately have to meet the shortfall.

"We are viewing this in the light of a March budget deficit and we feel such a frightful shortfall will have a ripple effect throughout the economy," Mr. Cloete said.

He said the chamber would submit a motion on the matter to the Association of Chamber of Commerce (Assocom) regional congress in George next month.

He referred the American budget deficit and said: "We are heading that way as well although some people feel we are there already. We feel business should speak out on this matter before we are engulfed by it all."

Mr. Cloete noted that the MP for East London City, Mr. Peet de Pontes, was reported as saying that large increases in pensions for the widows of civil service pensioners were being considered by the government. Mr. Cloete said this would compound matters.

According to an article in the December issue of *Publico*, which is published bi-monthly by the Office for the Commission of Administration, a person joining one of the 170 public institutions in South Africa automatically became a member of one of the present five civil pension funds or 13 pension schemes.

The funds and schemes, with a membership of more than 980 000, are administered by the Department of National Health and Population Development.

Pension schemes, as opposed to the Funds, make provisions for MPs, judges, members of statutory bodies and of officials of parliament.

According to the article, the state contributes at a uniform rate of 2,74834 times the amount of members' contributions.

The funds are valued every three years by independent actuaries and the Government Service Pension Fund was valued in 1985 when several recommendations were made. One was that the formula for

the purchase of pensionable service be changed.

Two basis for purchase of pensionable service were listed: if a person worked in the public service or who was a member of one of the five funds leaves the service for say five years and then returns and wants to buy back pension for those five years, he would pay for the privilege by refunding the benefit received when he resigned, together with interest, from the date on which the benefit was paid to him up to the date on which it is repaid to the pension funds.

The other kind is where the employee wants to acquire a period which was not previously pensionable service.

Court told confession in Messina



AKG 3/2/88

Security at old-age complex raises concern

300

Municipal Reporter

CONCERN over security at a Hanover Park municipal "self help" old-age complex, scene of a double murder last year, has prompted proposals for a takeover by Cape Town City Mission Homes.

The City Council's housing committee has recommended in principle that the organisation take over running Ryburg Terrace.

The Rev Bruce Duncan said in a letter to the council that residents had made "numerous requests" for the takeover.

Stressing the "volatile situation" in Hanover Park, he proposed several changes to the complex.

These include alterations to the design of individual units, the use of one cottage for a caretaker/nurse and providing a security guard.

Attention focused on Ryburg Terrace last year when four homes in the complex were broken into, two pensioners were murdered and two were seriously assaulted in a night of terror.

A security alarm system with fences and lighting has since been installed.

Mr Duncan warned of "possible repercussions" on the council in the light of the attacks and "political tension rife in the area".

PRETORIA — About 60 000 public servants bought back years of service in the government pension fund in one particular year, the parliamentary Standing Committee on Public Accounts was told.

PFP Finance spokesman Harry Schwarz, a member of the committee, said yesterday the fund's deficit was now in excess of R10bn — and growing — and if inflation was taken into account it could be R17bn.

The problem could not be solved unless the level of benefits was amended.

There were two major causes — assessing pensions on the earnings on the last day of service, and the buy-back system which, although slightly changed, was a great drain on the fund.

Assessing the pension on the final day

60 000 buy back into pension fund

(300) 6/day . 3/2/88

GERALD REILLY

of service made a dramatic difference to the amount of the pension and constituted a heavy liability for the fund.

The deficit could be compensated for by borrowing, but, ultimately, the taxpayer would have to be squeezed to eliminate the deficit.

He said the problem was simple: contributions to the fund were too small and benefits were too large, and until there was an adjustment the deficit would continue to grow.

● See Comment Page 6

The question of pensions is in the news. The Public Service Pension Fund is said to have a deficit of R10 000 million. By 2000, three million people could be dependent on State pensions. Some experts feel pensions are a personal responsibility, others that it is the State's. This article looks at how women should face up to the pensions issue.

Don't be a burden when you're old

By Paula Fray

Many working women regard pension payments as a burden or as their husband's responsibility, but research is highlighting the importance of these payments, particularly as women increasingly become sole breadwinners. So says Ms Pat Kidson, fellow of the Institute of Life and Pension Advisors.

She says ignorance has caused many pension benefits to remain unexploited. "People — especially women — do not know the rules of their pension funds, let alone the finer points of the schemes such as disability or death benefits."

Pensions — designed and planned as long-term savings — can be more than just that. There are many ways of making your pension work for you," says Ms Kidson. "What is a pension? It is accumulated deferred pay — an employment benefit provided by employers to ensure financial security on retirement."

However, some employers are reluctant to allow immediate entry for pension fund beneficiaries for women, as they have — by the nature of their family role — a reputation for job-hopping. "If you change jobs often, read the pension fund rules carefully. Often, after five years of unemployment, you can have what is known as a 'vesting right'. That means you don't have to take your pension in a lump sum but have choices, and could even receive benefits and 'gifts' from your employer," she says. An option would be to transfer the money from the existing pension fund to a new pension fund. It has the benefit of being tax free.

A cash payout of more than R1 800 is, however, immediately taxable. This option is "counter-productive," says Ms Kidson, as the continuity of saving for retirement is disrupted.

Anyone with a vesting right could leave the money in the existing scheme. This would then be paid out at retirement age. In the meantime, the money would earn interest and not be taxable. If a woman resigns and does not move to another job, the money could be taken from her existing pension and transferred to an approved retirement annuity fund. Similarly, no tax is involved, neither is there a limit on the money to be invested.

An individual pension scheme through an insurance company is another choice. Disability cover and death cover are additional pension benefits from the employer. "Disability cover can take two forms — either a lump sum paid when you are incapable of working for the rest of your life, or a

monthly amount that caters for temporary or long-term disability," says Ms Kidson. A built-in conversion option for group life cover and disability cover in many existing pension funds allows for an individual policy to be taken out within 30 days of resignation. This is given without additional medical evidence, at ordinary rates.

The amount of cover granted under the individual policy is the same as that enjoyed under the group funds at ordinary premium rates. The monthly premiums are then submitted independently.

It is also vital to know the difference between a pension and provident fund. The provident fund provides a cash lump sum on retirement. This is an advantage for a person with sound financial sense. With a pension fund one third can be taken as a cash lump sum, the rest is paid in monthly instalments.

Ms Kidson says employees are entitled to question the benefits of a new job, as a pension fund is normally part of the salary package. Pension laws are now being investigated and there are a number of proposals which — if accepted — could be of additional benefit to women.

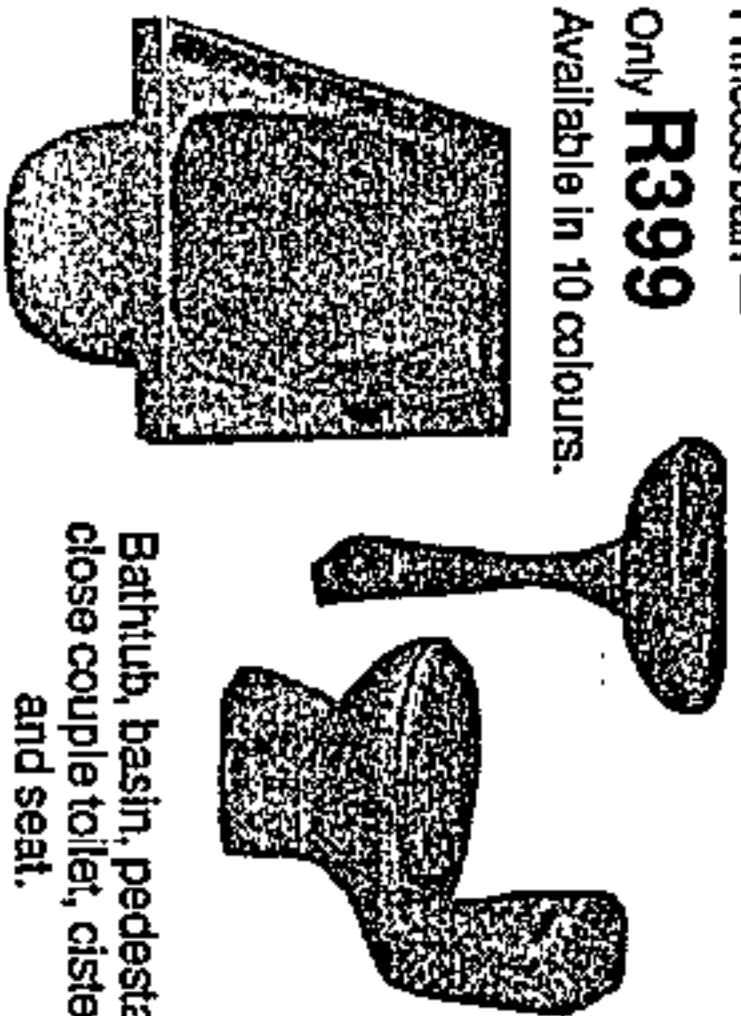
These include the Meiring Commission proposals to allow money to be transferred from one pension scheme to another, and the SA Laws Commission's recommendation that divorced women be allowed to claim a portion from their ex-husband's pension. It has been estimated that in the year 2000, more than three million people over the age of 64 will be dependent on the Government pension for their sole income. That burden rests on all taxpayers.

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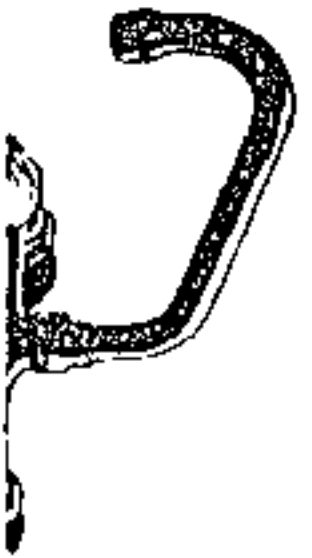
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PAT KIDSON: Women must learn how to make their pensions work for them. Picture: WILLY MOYO.



M6US 4/2/88 (25) 2-80

Pensioner, 79, attacked for the third time

**STOP THE
MUGGERS**

An Argus campaign

**You can help STOP THE
MUGGERS by telling
The Argus newsdesk
(☎ 208 4911) what you
know about them.**



Mr John Schoonraad, 79,
mugged this week for the
third time.

Picture: JIM McLAGAN, The Argus.

By SUE LUPTON, Staff Reporter

A FRAIL Observatory pensioner of 79 has been mugged — for the third time. Now Mr John Schoonraad says he is getting used to it and has given up reporting brutal assaults to the police because he believes “nothing happens” when he does.

The latest attack on Mr Schoonraad was reported by Meals on Wheels, who deliver food to his flat daily, in response to the Argus Stop the Muggers campaign.

He described the attack.

On Monday he was on his way to Cape Town station after paying his electricity bill at the Civic Centre.

Two men approached him on the walkway between the Civic Centre and the station deck and asked him for cigarettes.

One grabbed him round the neck from behind and took R30 from his trouser pocket and they ran off.

Mr Schoonraad was unable to talk but caught a train home. He still had a sore throat and had difficulty speaking yesterday.

He has a heart condition and has been ambushed him near his flat — twice.

“When I was younger and able to defend myself I was never attacked, although my work as taxi-driver got me into many dangerous situations,” Mr Schoonraad said.

“But now I’m old and frail I’m never safe.”

Not only the weak

But it’s not only the weak who are attacked.

A 33-year-old, 1,88m tall man weighing 110kg was mugged as he boarded a train in Salt River.

The victim asked not to be identified because he fears retribution following the arrest of one of his attackers.

His father said the victim, who works for South African Transport Services, was boarding the train at 1.45pm.

“Two men stepped forward and pushed him off the train. As he lay on the ground two others frisked him.”

The gang ran off, taking a wallet containing about R110 and cards.

“A policeman on the station chased one of them and arrested him,” his father said.

“Now my son is very frightened. He will have to identify the man in court and he is scared the gang will get even.”

● Police said all attacks should be reported.

This was not only so the case could be investigated and the guilty arrested, if possible, but also so that “mugger busters” who keep statistics showing trouble spots could plan operations with greater certainty.

● Letter, page 20.

5/2/88
**Elderly
riled by
dropped
services**

Daily Dispatch Reporter

EAST LONDON — Senior citizens here claim their freedom of movement has been hampered by the withdrawal of the public transport service between the city and surrounding rural areas.

A pensioner who lives in East London and has family ties in the country, Mrs G. C. Cusens said many elderly people did not have transport of their own and could not afford to pay for a hired vehicle in order to travel away from the main routes.

In the past, South African Transport Services (Sats) ran a regular rail and road service linking the city with towns such as Alice, Adelaide and Bedford, but this was curtailed as part of the on-going Sats rationalisation programme.

Mrs Cusens said the only options open to elderly people — taking a taxi or hiring a vehicle — were too expensive for the average pensioner.

"The transport services seem to be giving, with one hand, in the form of subsidies for senior citizens, but taking with the other when they stop a service which is so necessary for the elderly," she said.

She suggested that a passenger coach be attached once a month to goods trains that travelled the rural route.

The Sats Eastern Cape regional manager, Mr Louis du Toit, said passengers had "only themselves to blame" as the service had been under-supported for many years before rationalisation became necessary to off-set heavy losses.

"We have regular services on the main lines, such as to Johannesburg, but we cannot justify a service that is hardly ever used," he said.

TAX PLANNING

Fiddling while pensions burn

Pre-Margo White Paper speculation, particularly regarding retirement, is frenetic. Some professional advisers are sending out panic signals. Unfortunately, nothing will be settled until there is an official government statement.

It is doubtful that the Margo White Paper (see box) will suffice. The main worry in retirement planning concerns the Margo recommendation to abolish lump sum benefits from retirement funding instruments. This major, immediate benefit of retirement is important to ex-employees.

According to tax advisers, people are taking retirement before February 29 to avoid the effects of possible acceptance of the Margo recommendation. There has been some half-baked official reaction to the situation.

On January 27, Finance Minister Brand du Plessis said that government regards retirement planning as "commendable. It therefore deplores the disquiet now being sown among members of these funds by speculative and incorrect information."

The statement did not, however, guarantee or promise that retirement-linked lump sums would not be taxed in future.

Says Charter Life's Martin Sweet: "If government indeed regards personal provision for retirement as commendable, it should confirm publicly that the specific Margo recommendation will be rejected. The implication that uncertainty is being sown by anyone other than government is simply passing the buck."

Since Margo's appointment four years ago, tax planning has been a headache, especially for medium- and long-term plans. There has been retroactive law (investments in TBVC); promises of and promulgation of retroactive law (the motion picture industry); and unsignalled, ad hoc changes (fringe benefits tax is the best example).

Another example of vacillating behaviour by government relates to estate duty. This has been up for abolition for some years.

Margo concurred, recommending that estate duty be replaced by a flat rate Capital Transfer Tax. For estate planning at the coal face, however, things have been very different. In 1984, after consultation with the private sector, amendments were introduced that, given a properly devised plan, effective-

ly abolished estate duty.

Government ignored warnings, prior to promulgation of the amendments, that this would be the case. Nothing happened until late 1987 when, out of the blue, an amendment effectively reinstated estate duty, allowing only a deferment.

There is as much tax uncertainty in another area — vehicles for conducting trade and business.

Then, whereas a Close Corporation (CC) and incorporated company pay the same rate of 50% on taxable profits, dividends are

treated differently. CC dividends received by an individual are tax-free; two-thirds of those received from a company are taxed at the individual's marginal rate.

For tax reasons alone, it has thus been beneficial for many companies to convert to a CC — where possible. There is a conversion price: 10% of accumulated profits.

Margo recommended (wisely) that all dividend receipts should, in steps, be freed from tax. If this is accepted, the 10% conversion fee will make it pointless to convert to a CC if tax is the sole consideration. Again, tax planning has been hamstrung. There are many more examples, but the point is that government has sown the seeds of tax uncertainty and is now reaping its crop. While taxpayers continue to shoulder an ever rising tax burden, personal

and business tax rates are falling drastically throughout the West (see P42).

Anecdotal evidence suggests that some people now leave SA for tax reasons — a far cry from the immediate post-war period, when low taxes were a major attraction to immigrants. If people are also retiring early for tax reasons, some of them must also be added to the "brain drain" list. This is a sad state of affairs for a country in which every interest recognises that there is a lack of skills.



Tax doubt forcing early retirement ^{5/4}

Finance Correspondent

DURBAN — The Minister of Finance was called on yesterday to react urgently to the Margo Commission report on taxation to stem the tide of skilled people seeking early retirement.

Mr Martin Sweet, senior manager, legal services, with Charter Life said despite a recent statement by the Minister, Mr Barend du Plessis, many experienced employees were planning early retirement because of the uncertainty injected into retirement planning by the Margo recommendations.

BENEFITS

One of the Margo recommendations was to abolish tax-free benefits at retirement.

Mr Sweet told a Durban seminar that a statement issued

by the Minister of Finance on January 27 — which promised any move on lump sums would not be made retroactive — had actually done nothing to dispel the long-term uncertainty.

Employees were simply not prepared to take a chance on their carefully planned lump-sum payments becoming taxable in the future.

Mr Sweet said the Minister had praised personal provision for retirement and had deplored the disquiet being sown among members of pension funds by speculative and incorrect information.

However, Mr Sweet said, the only way the Government could prevent the disquiet and premature retirement of employees was "to confirm publicly that the specific Margo recommen-

dation which affects these benefits will be rejected by the Government and consequently to announce that tax-free benefits will be left intact.

"The implication at the moment that the uncertainty is being sown by anyone other than the Government is simply passing the buck."

Mr Sweet said overall uncertainty flowing from Margo was severely prejudicing business planning in 1988.

The sector would be severely prejudiced if the Government did not speedily publish its White Paper on the Margo report.

Companies wanting to convert to close corporations did not know whether to wait and see whether dividends would become tax-free.

Even in the estate planning area, uncertainty reigned.

The legislature last year had closed the Estate Duty Act's 4(q) and 4(m) avenues, which it had left open for many years. Tax planners had now found new ways of creating double deductions.

VESTING TRUSTS

He pointed out that there had been a move away from vesting trusts to what are called discretionary trusts.

The move to a capital transfer tax was ironic in that the UK — on which the Margo ideas were modelled — had moved away from the concept to what is called an inheritance tax which was more along the line of the estate duty South Africa seemed set to drop.

PENSIONS - NEW DEAL PROMISED

THE Transvaal Provincial Administration is continuing investigations into better payment facilities for black pensioners.

A spokesman said new computer facilities will make it possible for pensioners to receive their money through banks and building societies.

Banks and building societies, however, are obliged to insist that people with such accounts maintain a minimum balance, which could be as high as R200,00 on their accounts, as they have to recover administrative and operational costs.

This has the concomitant disadvantage

By ALI MPHAKI

that new applicants who are unable to maintain such balances, cannot make use of this facility, but will have to continue using the facilities of the provincial administrations and agent departments responsible for the payment of pensions," the spokesman said.

Forms

The TPA is arranging that pensioners whose benefits can be paid into their savings accounts, be advised accordingly in writing.

"If pensioners prefer that their pension benefits be paid into savings accounts at any financial institution, the

advice forms should be completed and returned to the provincial administrators concerned.

"Until further notice, all pensioners should in the meantime collect their pension benefits at the existing paypoints," the spokesman said.

Payments will be deposited in savings accounts

ments have been made to the fund. An actuarial investigation scheduled for this year will show whether they will be adequate or if the deficit remains out of control.

Meanwhile, life support continues to come from cash flow. Payouts have run at an average of 43% of yearly income since the fund's inception in 1973, so there has been no liquidity problem and the taxpayer has not had to make good any shortfall — yet.

But vastly improved benefits, including a buyback scheme, will alter the ratio of inflow to outflow. Without effective action, the fund may no longer be able to rely on current income to cover liabilities. This would effectively pull out the plugs from the life support equipment, leaving the fund a basket case.

As it is, the R7,6bn calculated as at March 1985, only indicates the extent of the deficit. It represents only the "present discounted value" of future obligations *if pensioners are not given increases*. According to the report of private actuaries consulted by government, if increases are brought into account and no money comes from other sources, the estimated deficit is close to R17bn.

To understand why, one has to look at the way in which pension schemes are structured. They can be operated on a pay-as-you-go basis, with current revenue meeting current expenses. This appeals to politicians all over the world, because it buys goodwill at little immediate cost. And, as the employer can never be declared insolvent, it is considered appropriate for government pension funds in many countries, including the UK.

Alternatively, pensions can be "funded" — compulsory in the private sector. Current revenue is invested and assets accumulated to meet future obligations already incurred. At any time a fund should be able to pay members the full benefits to which service entitles them. To ensure that a fund is viable, actuarial calculations are made every three years. Moreover, actuarial costs must be assessed whenever benefit improvements are considered.

Shortfalls are made good by employers, who also adjust future contributions to avoid further deficits.

In SA, the Government Service Pension Fund straddles the options. It is "funded", but, unlike private-sector pension funds which have to hold enough assets to cover all liabilities, only 50%.

An important reason is that investments have not yielded the same return as those of private-sector funds. By statute, capital has to be invested in government bonds. In evidence to the committee, Francois Retief,



Finance D G Stals ... giving evidence to the standing committee

then DG of National Health & Population Development, estimated these, on average, returned 10% — below average salary increases. This contrasts with the estimated return of 2%-3% in excess of salary increases on investments by private-sector funds.

A second reason is the ratio of employer to employee contributions — significantly larger than in the private sector. According to evidence, it is 2,7:1 instead of the average 1,5:1 in private-sector funds. In other words, members are not paying their way and could conceivably be asked to contribute more towards their own benefits.

A third reason is that when various funds were consolidated in 1973, the present fund not only inherited their problems; by providing to all members the best benefits of each, it compounded the problems.

A fourth reason has been significant improvements in benefits. Among them, the averaging period in the calculation of pensions has been shortened until it is the annual rate of pay on retirement. Furthermore, employees have been allowed to buy back service on advantageous terms.

Both practices are open to abuse. For instance, if an employee can postpone retirement until a pay increase, he can substantially improve his pension. As payments to pensioners increased disproportionately, creating bigger and bigger deficits, the authorities halted actuarial valuations in 1976.

Said Retief: "The reason, apparently, was that regular valuations, which were very expensive, seldom led to meaningful adjustment of the fund's conditions." According to the report of the consulting actuaries, no actuarial valuation had been made since March 1968. This was the crux of the matter. Whether a scheme is funded or not, there should have been ongoing actuarial advice on emerging costs. Fortunately, a changed approach led to a valuation by consulting actuaries in 1984-1985, revealing the extent of the shortfall.

The authorities have since attempted to curb benefits. The formula limiting buybacks, suggested by the consulting actuaries, has been applied since September 21. Welcome but long-delayed action. But it is not likely to restore the patient to health. ■

STATE PENSION FUND

300

More life support

Time and money are often interchangeable — a relationship highlighted by finance DG Chris Stals. In evidence on the Government Service Pension Fund given last year to the Standing Committee on Public Accounts, he pointed out: "If a bank finds itself in an illiquid situation, this is in the nature of a heart attack. But if a pension fund finds itself illiquid, it is more like kidney failure and gives one a little more time."

Just how effectively the authorities have used their time remains to be seen. Adjust-

21-52

THE government is imposing private-sector disciplines on state pension funds, which are reported to be R20 billion in the red.

The five state pension funds will in future have to exercise the same controls and disciplines that apply to private-sector pension schemes, according to a notice published in the Government Gazette by the Minister of Health, Dr Willie van Niekerk.

Dr Van Niekerk has ruled that the assets and liabilities of these funds will have to be subject to an actuarial evaluation every three years.

The buy-back formula, which enabled civil servants to buy back pensionable service to the age of 16, has also been changed.

Buy-back age up

The minimum buy-back age has been raised to 18 and state employees will have to compensate the pension funds in full for any buy-backs at an interest rate of 12%. The latter rate may be changed depending on general interest rates.

Actuarial examinations every three years have been restored for the three main pension funds — the Government Service Fund, the Associated Institutions Fund and the Temporary Employees Fund. The examinations were scrapped in 1976 when it was decided that state pension funds did not need to be examined to see whether they were able to meet the commitments they had undertaken.

The actuary will report to the director-general of the Department of National Health and Population Development who "if he certifies that there is a substantial surplus or a substantial deficit, may with the concurrence of the Minister of Finance, take such steps as he may deem necessary or expedient".

The costs of the actuarial evaluation will not be met by the pension funds but by money voted by Parliament unless the Minister of Finance decides otherwise. Parliament unless the Minister of Finance decides otherwise.

The changes are embodied in amendments to the regulations imposed in terms of the Government Service Pension Act.

They put into effect some of the promises made by Dr Van Niekerk in Parliament last September when the critical condition of the state pension funds first emerged after the results of one actuarial

To page 2

From page 1

evaluation were published.

Public criticism was also fuelled by the publicity given to the warnings from former Sanlam chairman Dr Andreas Wassenaar of the disastrous consequences if the government continued to ignore the deteriorating state of the funds and did not end the buy-back provisions.

"The buy-back provision was obviously the main culprit leading to these large deficits," said Mr Japie Visser, chief director in charge of pensions in the Department of National Health and Population Development.

He said that since these provisions were tightened up following Dr Van Niekerk's announcement on September 21 last year, there had been a "drastic" decline in applications from civil servants wanting to buy back service.

"It is now no longer worth their while."

The managing director of Old Mutual, Mr Mike Levett, last night said it sounded as though the authorities were taking appropriate steps to rectify the situation, and as such the move should be welcomed.

State pension rules tightened

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17/2/88

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New controls for state pension funds

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D/P 17/2/88

CAPE TOWN — The government is imposing private-sector disciplines on state pension funds, whose potential shortfalls equal half the national Budget.

The five state pension funds will in future have to exercise the same fiduciary controls and disciplines which apply to private sector pension schemes.

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The buy-back formula, which enabled public sector employees to buy back pensionable service to age 16 at extremely beneficial rates has been changed.

The minimum buy-back age has been raised to 18.

State employees will now have to compensate the pension funds in full for any buy-backs at an interest rate of 12 per cent.

The changes put into effect some of the promises made by Dr Van Niekerk in Parliament

last September when the parlous condition of the state pension funds first began to emerge.

"The buy-back provision was obviously the main culprit leading to the large deficits," the chief director in charge of pensions in the Department of National Health and Population Development, Mr Japie Visser said last night.

Mr Visser said that aside from carrying out regular actuarial evaluations into the state of the pensions funds, independent actuaries will in future also be called on to consult on the benefits and other provisions offered by these funds.

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Buy-back system changed

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Govt clamp on pension fund rules

17/2/88

CAPE TOWN — Government is to impose private-sector discipline on state pension funds, whose potential shortfalls equal half the national Budget.

The five state pension funds will, in future, have to exercise the same fiduciary controls and disciplines which apply to private sector pension schemes, said a Government Gazette notice from National Health and Population Development Minister Willie van Niekerk.

Bowing to considerable public pressure, Van Niekerk ruled that the funds' assets and liabilities would be subject to an actuarial evaluation every three years.

The much-criticised buy-back formula, which enabled public sector employees to buy back service to age 16 at extremely beneficial rates, has also been materially changed.

The minimum buy-back age has been raised to 18, and employees will now have to compensate the funds in full for any buy-backs at an interest rate of 12%. The rate may change depending on general interest rate patterns.

The changes are embodied in amendments to the regulations in the Government Service Pension Act.

They put into effect some promises made by Van Niekerk in Parliament in September when the parlous condition of the funds began to emerge after the publication of one actuarial evaluation.

Public criticism was also fuelled by the widespread publicity given to warnings from former Sanlam chairman Andreas Wassenaar of disastrous conse-

CHRIS CAIRNCROSS

quences if government continued to ignore the state of the funds and did not end the buy-back provisions.

Since then, subsequent actuarial evaluations have revealed that these funds face a potential massive shortfall of well over R20bn — half the national Budget.

"The buy-back provision was obviously the main culprit leading to these large deficits," Japie Visser, chief director in charge of pensions in the Department of National Health and Population Development, said last night.

He said since these provisions were tightened up after Van Niekerk's announcement on September 21 last year, there had been a "drastic" decline in applications as public servants found it was no longer worth their while to buy back service.

He said aside from carrying out regular actuarial evaluations into the state of the funds, independent actuaries would also be consulted on the benefits and other provisions offered.

Meanwhile, special inter-departmental committees have been established to identify the most effective means of eliminating the large deficits that exist. □ Old Mutual MD Mike Levett said last night it sounded as though the authorities were taking appropriate steps to rectify the situation, and, as such, the move should be welcomed.

However, he did not have sufficient information to say whether the steps were adequate to solve the problems.

Argus 17/2/88

300

R20-bn pensions row: More action coming

Political Staff

THE Government has taken the first steps to rectify the R20-billion losses run up by the five public service pension funds.

Further action would be taken once an actuarial study had been completed this year, the Minister of National Health, Dr Willie van Niekerk, said in an interview today.

Immediate steps to be taken, as published by Dr van Niekerk in the Government Gazette yesterday, include:

- Raising the minimum buy-back age from 16 to 18, and public servants will now have to compensate the pension funds in full for any buy-backs at an interest rate of 12 percent. This rate may be changed to conform with general interest rates.

- The pension funds will be subjected to actuarial examinations every three years, with the actuarial reports going to the Director-General of National Health and Population Development.

The Government has taken heavy flak

in recent years for allowing the public service pension funds to build up huge deficits, which the taxpayer was expected to have to make up eventually.

A major cause of the problem was what was regarded as over-generous buy-back privileges and pay-out schemes.

Dr van Niekerk said today he had announced in Parliament last year that steps would be taken to rectify the position, so what appeared in the Government Gazette yesterday was in fulfilment of that promise.

Three charges

He said: "Other steps will be coming. We will have an actuarial investigation this year, and depending on what is found, we will determine the next steps."

The Progressive Federal Party spokesman on finance, Mr Harry Schwarz, welcomed Dr van Niekerk's action.

TOO LOW

However, he said, the age limit of 18 for buy-back purposes was still too low.

Another aspect which appeared not to have been addressed was the practice of calculating public service pensions on final salary.

Normal procedure in the private sector was to calculate pension over an average period of a few years to prevent people being given last-minute promotions to qualify for higher pensions, he said.

The Conservative Party spokesman on finance, Mr Casper Uys, welcomed the moves to discipline the pension funds but he called on the Government to explain how it was going to recover the deficit of about R20-billion that had already been run up.

200 B/200 12/2/88

Civil pensions not threatened, says Minister

HOUSE OF ASSEMBLY — Health and Population Development Minister Dr Willie van Niekerk yesterday reassured civil servants and civic pensioners there was no threat to their pension benefits.

During the Second Reading debate on the mini-budget, he said an experienced private-sector actuary had been appointed to evaluate and report on the State Pension Fund every three years and would this year put forward proposals for cutting down the actuarial deficit of the fund.

"There is no short-term problem with the fund," Van Niekerk said. The fund could meet all its obligations and it was a pity the Opposition was trying to scare old people.

"The fact that the fund's expenditure, since its inception in 1973, was only 43% of its income and it was only 31,6% of the financial year ending in March 1987 speaks for itself."

He said there was some confusion about the calculation of a so-called actuarial deficit of R7,6bn.

An actuary had explained that a civil servant received certain payments in the form of salary, pension, loans, etc, for services rendered to the state. Because pension payments occurred far into the future, there was a tendency for people to forget about it and say it did not have to be accounted for.

"Nevertheless, it is the accountants'

PARLIAMENT — A total of 11 722 pension funds were registered at the end of 1983, according to the 25th annual report of the Registrar of Pension Funds tabled yesterday.

During the financial year ending December 31, 1983, a total R2,586bn was paid out in benefits. The total annual contribution of employers and members was R5,392bn.

Registrar T van Wyk said it was hoped the annual reports for 1984, 1985 and 1986 would be finalised during 1987. — Sapa.

view and the actuarial view that if you receive services in any year, you should also account for payment of service in that year.

"The actuarial deficit is the sum of all those benefits that have vested in past years less assets of the fund."

The State Pension Fund was currently 51% capitalised and although the benefits of such funds should rest on a secure base, the principle of full capitalisation in state-controlled pension funds was not practised in leading countries around the world.

The government-appointed actuary would now report every three years to the Director General of Finance on the extent of the deficit or surplus of the fund. — Sapa.



GOVERNMENT GAZETTE

OF THE REPUBLIC OF SOUTH AFRICA

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VOL. 272

CAPE TOWN, 17 FEBRUARY 1988

KAAPSTAD, 17 FEBRUARIE 1988



No. 11144

STATE PRESIDENT'S OFFICE

KANTOOR VAN DIE STAATSPRESIDENT

No. 247.

17 February 1988

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 105 of 1987: Pension Benefits for Councillors of Local Authorities Act, 1987.

No. 247.

17 Februarie 1988

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring gegee het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 105 van 1987: Wet op Pensioenvoordele vir Raadslede van Plaaslike Owerhede, 1987.

Act No. 105, 1987

PENSION BENEFITS FOR COUNCILLORS OF LOCAL
AUTHORITIES ACT, 1987**ACT**

To authorize a local authority to establish a pension fund or a pension scheme for the benefit of its councillors and their dependants; and to provide for matters connected therewith.

(English text signed by the State President.)
(Assented to 11 February 1988.)

BE IT ENACTED by the State President and the Parliament of the Republic of South Africa, as follows:—

Definitions.

1. In this Act, unless the context indicates otherwise—

- (i) "councillor" means a member of a local authority;
- (ii) "local authority" means any institution or body contemplated in section 84 (1) (f) of the Provincial Government Act, 1961 (Act No. 32 of 1961), and includes—
 - (a) a committee mentioned in section 17 of the Promotion of Local Government Affairs Act, 1983 (Act No. 91 of 1983);
 - (b) a board of management or board as defined in section 1 of the Rural Areas Act (House of Representatives), 1987 (Act No. 9 of 1987);
 - (c) a local authority as defined in section 1 of the 15 Black Local Authorities Act, 1982 (Act No. 102 of 1982); or
 - (d) a local government body established by virtue of the provisions of section 30 (2) (a) of the Black Administration Act, 1927 (Act No. 38 of 1927);
- (iv) (i) "Minister" means the Minister of Constitutional Development and Planning acting with the concurrence of—
 - (a) the Minister of Finance; and
 - (b) the Minister charged with local government affairs 25 of the Ministers' Council of the House of Assembly, the House of Representatives or the House of Delegates, according to the population group involved; or
 - (c) the Minister of Education and Development Aid 30 where a body contemplated in paragraph (d) of the definition of "local authority" is involved; (i)
- (iv) "pension fund" means a pension fund as defined in section 1 of the Pension Funds Act, 1956 (Act No. 24 of 1956); (ii) 35
- (v) "pension scheme" means a pension scheme for members of local authorities as contemplated in section 3. (iii)

Establishment of,
and contributions
to, pension funds.

2. A local authority or a group of local authorities which prefers not to establish a pension scheme in terms of section 3, may, 40 subject to the provisions of the Pension Funds Act, 1956 (Act

Act No. 105, 1987

PENSION BENEFITS FOR COUNCILLORS OF LOCAL
AUTHORITIES ACT, 1987

No. 24 of 1956), and such conditions as the Minister may determine by notice in the *Gazette*, for the benefit of its or their councillors and the dependants of those councillors—

- (a) establish, control, administer and maintain a pension fund; and
- (b) contribute to such a pension fund at a rate which shall not exceed such rate as may be determined by the Minister by notice in the *Gazette*.

Establishment of,
and appropriations
for, pension
schemes.

3. A local authority which prefers not to establish a pension fund in terms of section 2 by itself or with any other local authority may, subject to such conditions as the Minister may determine by notice in the *Gazette*, for the benefit of its or their councillors and the dependants of those councillors—

- (a) establish a pension scheme in terms of which a pension, gratuity or benefit may be paid to such councillors and their dependants; and
- (b) appropriate money for the purposes of such pension scheme at a rate which shall not exceed such rate as may be determined by the Minister by notice in the *Gazette*.

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Powers of Minister
in respect of rates
and conditions.

4. (1) Different rates and conditions may be determined by the Minister under section 2 or 3 in respect of different categories or grades of local authorities.

(2) A determination under section 2 or 3 may also be applicable in respect of service which was rendered by a councillor before the date of that determination (including a date before the commencement of this Act) and which is taken into account for the calculation of the benefit concerned.

25

Conclusion of
agreements.

5. A local authority or a group of local authorities which has established a pension fund in terms of section 2, or a local authority which has established a pension scheme in terms of section 3, may enter into an agreement with any person, body or pension fund in terms of which that person, body or pension fund will be responsible for the management and administration of the pension fund or the administration of the pension scheme, as the case may be.

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Short title:

6. This Act shall be called the Pension Benefits for Councillors of Local Authorities Act, 1987.

THURSDAY, FEBRUARY 18, 1988

Wassenaar ^{Cap 1/2/88} ~~18/2/88~~ Sceptical about pensions

Political Staff

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GOVERNMENT'S arch pensions critic, Santen's past chairman Andreas Wassenaar, remains unconvinced and sceptical that sufficient is being done to bring state pension benefits prudently in line with the contributions paid in annually to the five funds.

Reacting to the latest amendments to the regulations laid down in the Government Service Pension Act, published in Friday's Government Gazette, Wassenaar said it was extremely doubtful that the buyback formula had been adjusted sufficiently to fully compensate the funds as is being claimed.

It was these buyback provisions which had been mainly responsible for the massive shortfalls in the funds, now cumulatively amounting to well over R20bn, according to the results of actuarial evaluations which are beginning to emerge in piecemeal fashion.

In an interview yesterday, Wassenaar again warned government that it was failing to attach

sufficient importance to the calamitous financial state of its pension funds.

They represent potentially the biggest financial disaster ever to threaten this country, Wassenaar said.

He warned that the cumulative shortfalls in the five state pension funds may just be the beginning of a far bigger problem.

Wassenaar expressed fears that the lead taken by these funds in the provision of extremely generous benefits may well have been followed down through local government to municipal pension funds, the parastatals and the self-governing homelands.

One of these local authorities is apparently the Cape Town municipality, which has expressed concern over the state of its pension fund to Wassenaar, and requested his assistance.

Wassenaar complained that Willie van Niekerk, Minister of National Health and Population Development, had thus far been obstructive to his (Was-

senaar's) efforts to uncover more concerning the state pension funds.

In particular, he has refused to disclose details of the revised formula used for working out the new provisions for buybacks, apparently declaring that it was an internal matter which was of no concern to the taxpayer.

Wassenaar said that he was now considering petitioning the State President to provide a full disclosure of how these pension benefits were now being applied.

Speaking in the Part Appropriation debate in Parliament yesterday, Van Niekerk was at great pains to reassure civil servants that their pensions and retirement benefits were secure, despite the large shortfalls in the state pension funds.

He noted that the actuarial evaluation had determined that the funds were 51% covered and similar to situations found elsewhere in the world, where no state pension fund was fully funded.

30 B/day 18/2/88

Civil pensions not threatened, says Minister

HOUSE OF ASSEMBLY — Health and Population Development Minister Dr Willie van Niekerk yesterday reassured civil servants and civic pensioners there was no threat to their pension benefits.

During the Second Reading debate on the mini-budget, he said an experienced private-sector actuary had been appointed to evaluate and report on the State Pension Fund every three years and would this year put forward proposals for cutting down the actuarial deficit of the fund.

"There is no short-term problem with the fund," Van Niekerk said. The fund could meet all its obligations and it was a pity the Opposition was trying to scare old people.

"The fact that the fund's expenditure, since its inception in 1973, was only 43% of its income and it was only 31,6% of the financial year ending in March 1987 speaks for itself."

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The government-appointed actuary would now report every three years to the Director General of Finance on the extent of the deficit or surplus of the fund. — Sapa.

Govt decision on pension fund is welcomed by PSA

Pretoria Correspondent

The Government's decision to evaluate the public servants' pension fund every three years in an attempt to curb shortfalls, has been welcomed by the Public Servants' Association (PSA).

The PSA also described the Government's steps to raise the minimum buy-back age from 16 to 18 as "acceptable". The practice of allowing employees to buy back service to the age of 16 has been blamed for large deficits in the fund.

A PSA spokesman said the Government moves had been expected. The organisation had, in their representations to the Government, agreed that the moves would be viable in an attempt to curb any losses.

He said the association was

not concerned with the deficit because annual expenditure for the 1986/1987 financial year on all benefits had amounted to 31,6 percent of the fund's actual income.

The pension fund for public servants could never go bankrupt because of its backing by the State, he added.

The PSA's main concern for the new financial year — which starts at the end of March — was to increase the widows' share of their husbands' pension from 50 to 75 percent.

There was obviously dissatisfaction among widows of public servants who had a 50 percent share in their husbands' pensions, while widows involved in the transport and Post Office pension schemes received 80 percent and more.

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freighters use
ahead with the debate.

transport are also essential.

going into.

Japanese car makers consider SA export cuts

Japan's top car makers said yesterday they were considering limiting exports to South Africa due to pressure from government officials embarrassed by the country's growing trade with this country.

This follows a dispute between the powerful Ministry of International Trade and Industry (MITI) and the Foreign Ministry over how much pressure to apply to Japanese firms to restrict their business with South Africa.

The Foreign Ministry has been unhappy over Japan's position as South Africa's top trading partner and worried by United States charges that Japanese companies are filling the gap left as American firms pulled out in protest over apartheid.

"Toyota will act prudently in exporting to South Africa," a Toyota spokesman said. But he added it was impossible to say whether exports would be kept at or below last year's level.

Nissan is also considering restricting exports of knock-down vehicle sets, although no concrete decision has been made, a company spokesman said.

Last month the Foreign Ministry called on members of the influential Federation of Economic Organisations to act cautiously in view of the expanding trade volume between the two countries.

But MITI has argued that existing sanctions on trade with South Africa, including a ban on the export of some computers and an import ban on iron and steel, were sufficient.

Cars are Japan's number one export to South Africa — last year 206 130 vehicles were shipped, nearly 20 percent more than in 1986. Most were shipped in kit form for local assembly, an official said. — Sapa-Reuter.

Teachers to challenge pension Act

The Teachers' Federal Council is considering legal action to challenge the validity of amendments to the regulations under the Government Service Pension Act, the council said yesterday.

The council considered that the amendments, published on September 21 1987, were invalid.

"Specific rights and benefits of members of the fund are affected and the controlling authorities concerned acted contrary to official assurances previously given," the council's chairman, Mr Dudley Schroeder, said.

In view of legal advice obtained, the council's standing committee decided to challenge the validity of the amended regulations and to instruct its legal advisers to act accordingly.

Mr Schroeder said the problems the council was experiencing with the regulations were brought to the attention of the authorities at the end of 1987.

Mr Schroeder said that, to date, no final decision had been given on the council's representations and it "has no alternative but to act in this manner in the interest of teachers."

● Zimbabwe yesterday lifted the eight-month old wage freeze and awarded an across-the-board increase of between two and 15 percent in the private and public sectors. Prices will remain frozen. — Sapa.

Mahila gives

GRANNY BONDS

A long tail

Though it was announced that no further applications for 15% Senior Citizen Savings Bonds would be countenanced after early-August 1987, an administrative tangle has been left behind.

The investment, available only to over-60s, drew an immediate avalanche of funds. This resulted in its termination, little more than a month after inception on July 1.

But a large number of applications which met the deadline have still to be processed, creating a huge bottleneck — more than seven months after the withdrawal.

A Treasury official would say only that "there is still a way to go." It is believed that, by January, there were still 100 000 applications to process.

Though interest payments have been

FINANCIAL MAIL FEBRUARY 19 1988

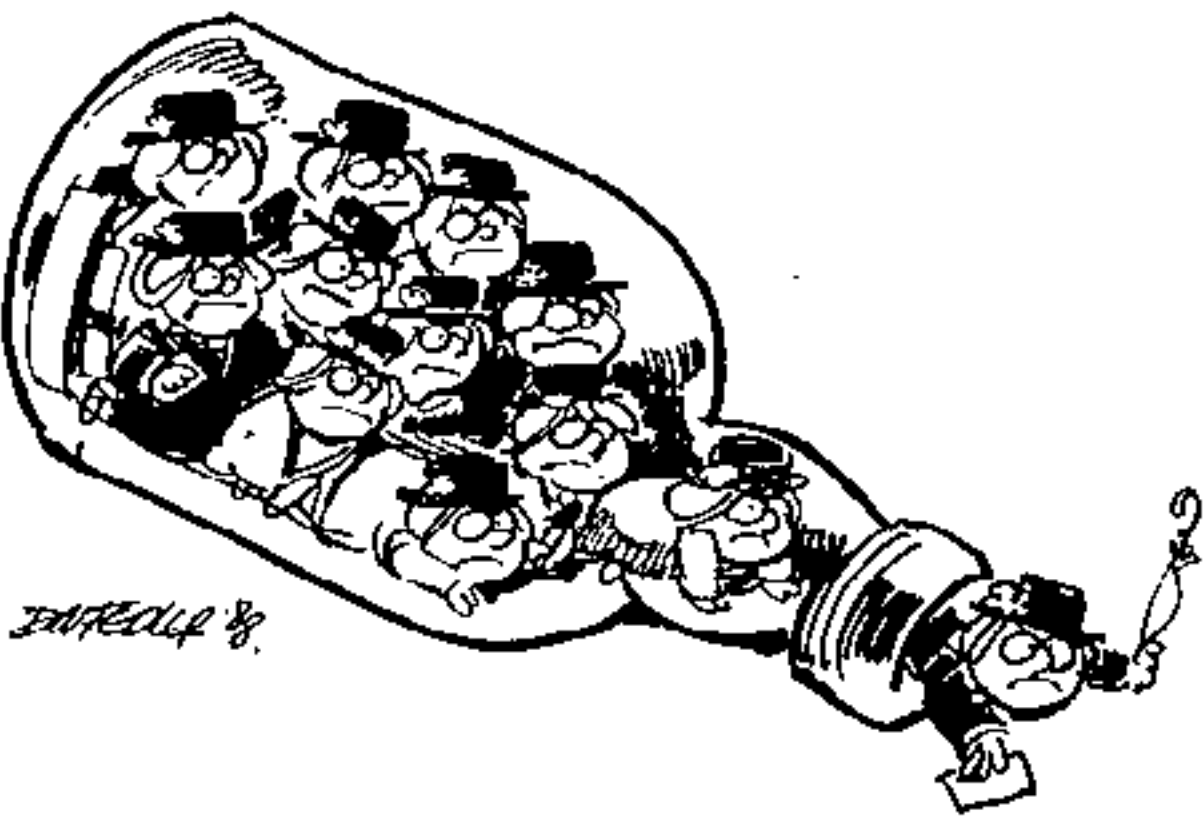
made on time (October and January), many bond documents have not yet been received. Interim receipts were given to people who routed applications through the Post Office, but not to investors who applied through banks or directly to Treasury.

Which means that many investors have no documentary proof of purchase.

This makes it more difficult for elderly people to order their affairs. And in the event of death, there will be no indication that the estate has a claim against Treasury.

Since Finance Minister Barend du Plessis announced the controversial scheme in the 1987-1988 Budget last June, it has been vigorously criticised.

Building societies greeted the news with



dismay, as it put large sums of building society funds at risk: some executives claimed as much as R8bn. Several societies immediately produced defensive products

which distorted interest rate patterns and pushed up the costs of home loans.

Certainly the rush was overwhelming. According to Du Plessis, R30m was invested on the first day.

By the end of the month it was estimated that R500m had been subscribed, R300m of it from societies.

Early in August the series was terminated. A second series was issued — but only for people who could provide documentary proof of eligibility, to the effect that formal notice on term deposits had been given.

After qualification, the cash in was capped at R20 000.

Presumably a trickle of applications could still be making its way to Treasury. ■

TRADE UNION FEDERATIONS

Focus on age as number of elderly grows

WHY do people grow old and how can elderly people's quality of life be improved? These questions have gained new urgency in the United States where modern health care has increased average life expectancy and, therefore, the number of elderly people.

Researchers — seeking ways to assure the elderly of a useful and active old age — are asking the following questions: What are the normal effects of aging — psychological and social, as well as biological and intellectual? Can age-associated diseases be prevented? How can they best be treated?

Locally, little such research has been conducted, according to a source from the Institute of Medical Research.

In the US, the over-65 group represented four percent of the population in 1900. By 1986 this figure had grown to more than 12 percent, and by 2030 it is expected to exceed 17 percent.

A study examining the normal aging process in healthy volunteers over the past 30 years, revealed that:

- Organ systems within the human body, even in the same individual, age at different rates. For instance, a 60-year-old may have a 60-year-old's

kidneys but the lungs of a 40-year-old.

- Body composition is redistributed, with the proportion of lean body mass, primarily muscles and bone, decreasing with age, while the proportion of fat increases.

- Electrical patterns in the brain change, dominant electrical activity of the brain slows.

- Blood pressure rises.

- Blood sugar levels, which are used to diagnose diabetes, tend to rise with age. The standard "normal" levels are appropriate for healthy adults in their 20s.

- Cholesterol levels in the blood peak at about age 55 and then decline.

- Older people metabolize alcohol as efficiently as young adults, but the alcohol has a greater effect on memory, decision-making and reaction times.

- Aging brings a decrease in the number of hormone receptors — the specialized structures that allow the cells to respond to specific hormones and other body chemicals. The loss of these receptors may underline a decreased response to hormones with age.

- The body's ability to regulate and monitor its own temperature seems to falter with age, making the elderly more susceptible to extremes in



Age need not destroy the inner person.

heat and cold.

Intellectual performance does not automatically degenerate with aging.

A study by the University of Southern California found that less than 30 percent of subjects between the ages of 60 and 67 and less than 44 percent of those over 70 showed a drop-off in mental and psychological abilities over time.

What makes older people susceptible to a disease such as cancer?

Some scientists put the blame on an aging immunity system. Recent studies have shown that the ability of the cells of the immune system to kill human tumor cells, as well as to fight acute infection, diminished with advancing age.

Both younger and older cancer patients ex-

perience similar reactions to toxic drugs, but the elderly patients are more likely to develop lowered blood counts, thus running a greater risk of infection.

If an elderly patient's general health is good, age alone should not prevent surgery to correct heart or blood vessel disorders.

Surgery to replace damaged heart valves, for instance, is as successful in terms of both survival and relief of symptoms in older patients as in younger patients.

Older people also tend to decrease their intake of calcium-rich food; they may get less exposure to sunlight, a source of vitamin D that helps the body absorb calcium, and they may get too little exercise.

Shortfalls a stumbling block

State listings face pension fund threat

MASSIVE deficits in the state pension funds — estimated to exceed R20bn — are major stumbling blocks in the path of privatisation and will cut the value of parastatals to be listed and make them less attractive to the market.

Merchant bankers, gearing up for privatisation in terms of the President's new assault on SA's economic ills, say pension fund shortfalls are an important issue which must be addressed if state utilities are to be successfully sold to the public.

The good news is that the pension funds of both Eskom and Iscor, which will be among the first of the parastatals to be privatised, are in good shape. Eskom's fund is showing a surplus and should not pose a problem for privatisation.

But other state body funds, including Sats and Post and Telecommunications, are billions in the red. The actuarial evaluation of the Sats pension fund has yet to be disclosed, but it is thought to be in deficit to the tune of at least R5bn. The figure might be disclosed during the Sats budget in Parliament on Wednesday.

The actuarial evaluation of the Post and Telecommunications pension fund has not been completed. But, in line with other government pension funds, it is believed to have a substantial shortfall, which would add to the present total R20bn deficit of government pension funds.

Standard Merchant Bank MD Pieter Prinsloo said an underfunded pension fund meant there was a liability which

someone would have to meet at some time. "Whoever buys the companies could pick up the deficit unless government settles it," he said.

In the normal course of events in the private sector a pension fund liability would be taken into account when calculating the net asset value of a company set for listing, Prinsloo said.

A decision on how to handle pension funds would be complicated by whether the entire enterprise was to be privatised, or whether it was to be sold off piece by piece, another banker said.

UAL executive director Timothy Sewell said there were two ways of dealing with underfunded pension funds of state utilities which were privatised.

The first was to do an actuarial valuation of the shortfall — to be redeemed by the company concerned over a period of time which could be as long as 10 years.

"This was the procedure followed in the private sector when pension funds experienced deficits some time ago," Sewell said.

The amount paid by the company every year to redeem the deficit on its pension fund would be reflected as a charge against its profits. When getting ready for a listing, the liability would be noted in the prospectus, he said.

In his view, another method of dealing with underfunded state pension funds was for government to use part of the proceeds from selling off state corporations to redeem the shortfall.

GRETA STEYN

360 slow 22/2/88

D/D 22/2/88

Privatised companies: who is to pay pension deficits? 50

JOHANNESBURG — State pension fund deficits could form stumbling blocks in the way of privatisation by decreasing the value of companies to be listed and making them less attractive to investors.

Merchant bankers, gearing up for privatisation, say pension fund shortfalls are an important issue to be addressed if state utilities are to be sold to the public.

The managing director of Standard Merchant Bank, Mr Pieter Prinsloo, said an underfunded pension fund meant there was a liability which someone would have to meet at some point in time.

"Whoever buys the companies could pick up the deficit unless the government settles it," he said.

In the normal course of events in the private sector, a pension fund liability would be taken

into account when calculating the net asset value of a company set for listing, Mr Prinsloo said.

A decision on how to handle pension funds would be complicated by whether the entire enterprise was to be privatised, or whether it was to be sold off piece by piece, another banker said.

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The first was to do an actuarial valuation of the shortfall — to be redeemed by the company concerned over a period of time which could be as long as 10 years.

The amount paid would be reflected as a charge against its profits. When getting ready for a listing, the liability would be noted in the prospectus, he said.

Another method, in

his view, of dealing with underfunded state pension funds, was for the government to use part of the proceeds from selling off state corporations to redeem the shortfall.

While state pension funds in general are in the red, Eskom's pension fund is in good shape, showing a surplus. Iscor's fund is also believed to be healthy.

The result of the actuarial evaluation of the Sats pension fund has yet to be disclosed, but it is thought to be in the red to the tune of at least R5 billion.

The actuarial evaluation of the Post and Telecommunications pension fund has also not yet been completed. But, in line with other government pension funds, it is believed to have a substantial shortfall which would add to the present total R20 billion deficit of government pension funds. — DDC

Committee to look into pensions

B/low 11/3/88.

HELENA PATTEN

GOVERNMENT has decided to accept the recommendation of the Meiring committee on pension matters and appoint a committee of experts to take the investigation further, Deputy Finance Minister Org Marais said yesterday.

He said the composition of the committee would be announced next week.

The Meiring committee, which reported last year, was a joint parliamentary committee.

Marais said government had also decided not to prescribe specific terms of reference for the investigation, or any priorities for such investigation.

"This is left to the committee itself."

He said the departure point for the pension industry was still to encourage all South Africans to provide for their own long-term financial needs.

"Sixty-five percent of all South Africans are in households with an income of less than R400 a month. Such people are focused on meeting short-term financial needs and are therefore not in a position to play any meaningful role in making long-term provision. This group represents an ever-growing drain on the Exchequer, especially with the greater democratisation of politics," he said.

D/D 1/3/88
**Pension
report³⁰⁰
accepted
by govt**

JOHANNESBURG

The Government has decided to accept the recommendation of the Meiring Committee on pension matters and appoint a committee of experts to take the investigation further, the deputy Minister of Finance, Mr Org Marais said yesterday.

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The Meiring Committee, which reported last year, was a joint parliamentary committee.

Mr Marais said government had decided not to prescribe specific terms of reference for the investigation.

He said the departure point for the pension industry was still to encourage all South Africans to provide for their own long-term needs.

65 per cent of South African homes had a monthly income of less than R400, he said.

"Such people are focused on meeting short-term financial needs and are therefore not in a position to play any meaningful role in making long-term provision.

"This group represents an ever-growing drain on the Exchequer." — DDC

Howland

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Mr C W EGLIN: Mr Chairman, arising from the reply given by the hon the Minister, prior to the decision to close the Paarl Teachers' Training College did he have any discussions with his counterparts in the House of Representatives and the House of Delegates or with the hon the Minister of Education and Development Aid in order to establish whether those facilities could be used to alleviate the shortage of teachers among the other racial communities?

†The MINISTER: Mr Chairman, no such discussion was held, but the policy of my Department concerning these matters is very clear. I have already spelt it out here on previous occasions and I have also set it out by means of statements. In short, it is that when buildings that fall under the jurisdiction of the Department of Education and Culture become available, this Department takes no pleasure in retaining such buildings for itself. In that case the following policies apply. Firstly an investigation is made to see whether the buildings concerned could be utilized for the needs of the Department of Education and Culture, instead of constructing a new building for a different purpose. Secondly we try to establish from the Administration: House of Assembly whether there is a need for buildings for one of the other departments. If the buildings are not needed there, we try, thirdly, to establish whether there may be such a need in any other State department, which in the nature of things also includes own affairs departments of the House of Representatives, the House of Delegates and Education and Development Aid. In this particular case there were indications that the buildings concerned could be used by certain State departments—a matter that we are investigating at present.

†Mr C W EGLIN: But not education departments?

†The MINISTER: Mr Chairman, the whole matter is still under consideration. In reply to a further question on the Question Paper we shall indicate that finally has not yet been reached about this.

White teachers' colleges: rationalization
3. Mr A GERBER asked the Minister of Education and Culture:†

Whether the rationalization of White teachers' colleges under his control has been completed:

if not, which teachers' colleges are being considered for this purpose at present?

The MINISTER OF EDUCATION AND CULTURE:

Yes, no further rationalization of teacher-training facilities is being considered at this stage.

Safety features in private homes of aged: special loans

*4. Mr S S VAN DER MERWE asked the Minister of Local Government, Housing and Works:

- (a) How many persons (i) had applied for and (ii) had been granted special loans for the installation of safety features in private homes owned or occupied by aged persons in each specified region since his announcement in this regard on 6 August 1987 as at the latest specified date for which information is available and (b) what conditions will apply in respect of the repayment of these loans?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS [Reply laid upon the Table with leave of House]:

- (a) (i) Applications were handed in by six persons to the Department and is now under consideration. Local authorities were requested by means of a circular letter to administer the scheme and there may thus be further applications which are being processed for submission to the Department. I thank local authorities for their willingness to find methods together with the Department for protection in the interest of our aged.

- (ii) One to date: the other applications are in various stages of consideration.

For the information of the hon member, I wish to point out that applications for safety features were also received from institutions in respect of projects and housing units for the aged and that loans were granted in the amounts as follows:

Cape Town: Modeldorp R34 900
Cape Town: Wellesley R10 503
Court R15 875
Cape Town: Zorvliet Flats R15 875

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Cape Town: Creswell House R8 731
Cape Town: Yares Lodge R4 639
Orkney: Parksig and
Blakeway Flats R7 182
Worcester: Stillwaters R8 438
Barberton: 50 municipal houses R13 540
Kingsburgh: Tarbor Flats R10 800
Somerset East: Silverjare R8 040
Home

- (b) The conditions applicable in respect of the repayment of these loans are as follows:

The loan must be secured by means of a first or second mortgage bond registered against the land on which the dwelling is situated or against the unit (in the case of a sectional title scheme);

registration of the required bond must be undertaken by the mortgagee's attorneys; the approved quotation may be accepted by the mortgagee only after the required power of attorney to register a bond has been signed by the borrower;

the loan may be paid out only after the bond has been registered and the work

executed to the satisfaction of the mortgagee;

the loan together with the interest due thereon must be repaid monthly in equal instalments over a maximum period of five years;

the first monthly instalment is payable on the first day of the month following the date on which the loan is paid out; and

the borrower is responsible for payment of registration costs of the required bond as well as the payment of administration costs.

As far as the financial assistance is concerned, a maximum loan of R2 000 will be considered, on the merit of applications, which is repayable over a redemption period of five years at an interest rate of 13.5% per annum, compounded monthly on an annuity basis. Accepting that the maximum loan of R2 000 is granted, the subsidy on the interest and capital redemption of the monthly repayment will be on the following basis:

Income Group (Median)	Subsidized		Unsubsidized	
	% of Income	Amount	@ 13.5% over five Years	Amount of subsidy (Monthly)
R0—150 (125)	1.5	R1 88	R46.30	R44.42
R151—200 (175)	2.0	R3 50	R46.30	R42.80
R201—250 (225)	2.25	R5 06	R46.30	R41.24
R251—300 (275)	2.5	R6 88	R46.30	R39.42
R301—350 (325)	2.75	R8 94	R46.30	R37.36
R351—400 (375)	3.0	R11.25	R46.30	R35.05
R401—450 (425)	3.5	R14.88	R46.30	R31.42
R451—500 (475)	4.0	R19.00	R46.30	R27.30
R501—550 (525)	4.5	R23.63	R46.30	R22.67
R551—600 (575)	5.0	R28.75	R46.30	R17.55
R601—650 (625)	5.5	R34.38	R46.30	R11.92
R651—700 (675)	6.0	R40.50	R46.30	R5.80
R701—750 (725)	6.5	R47.13	R46.30	R0.00
R751—800 (775)	—	—	R46.30	—
R801—850 (825)	—	—	R46.30	—
R851—900 (875)	—	—	R46.30	—
R901—950 (925)	—	—	R46.30	—
R951—1 000 (975)	—	—	R46.30	—

On a loan of less than R2 000 the monthly repayment and amount of subsidy are reduced pro rata, as follows:

$$\text{Monthly repayment/subsidy} \times \text{Amount of Loan} \\ 2\ 000$$

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Howland

WOMAN

She found happiness in their old age

Sonder
3/3/88

AFTER nearly 20 years of job-hopping, social worker Miss Reklie Thadi has found happiness in working with the aged in Alexandra Township.

By SIZA KOOMA

She has worked in a child welfare agency, had a stint with youth recreational projects and general casework. These jobs either did not allow for personal growth, were too restrictive or just boring. It was not until the beginning of the 80s that Lady Luck smiled on her and a measure of hope appeared. She was approached by a woman's organisation about a project that they wished to start for the aged and disabled in Alexandra.

"I took up the job immediately since I saw in it a chance of getting the satisfaction that I had always craved for," Miss

that some of them had no place to live while others lived in scrap cars and shacks. This destitute lot included World War 2 veterans. I started canvassing for funds. In 1981 the Sandton Rotaries erected porter camps that housed 16 of the aged people. The Edenvale Round Table gave them porter camp ablution facilities."

It is through the erection of these camps, which have been expanded and now house 30 people, that Ithlokomele, as the association is called, was able to



Woman of the Week

MISS Reklie Thadi

register and qualify as an old age home. They also qualified for a Government subsidy. The members each get a sack of beans and mealie-meal as ration.

Ithlokomele has a sub-committee. Thus, ano, which visits frail members who can no

longer attend meetings. "I have only taught them how to keep their registers. They do the house visits on their own and advise when I should go and see the member myself. The frail members still get their rations and they are kept up to date about the events in the club. We

have 210 of them in the books and our total membership is around 700."

Ithlokomele members meet in a church every Tuesday. Their "home" is run by maids who cook, wash and clean for the aged who live there. They have a clinic every Wednesday.

the people I would be working with. It was something totally different from what I had been doing."

Miss Thadi consulted with four elderly women who helped her assess the situation in the township. "Our research pointed out that their problems were mainly centred around pension pay day. Old people were sleeping over at the pay centres so as to be early and first on the line in the morning. They were being exposed to the elements while they waited in the queues. They had no

the lack of decent food outlets in the area. "After ascertaining the problems I began holding meetings with them. I began teaching them negotiation skills. I would hold practise sessions with them until I was satisfied with the results," she explains proudly.

The rehearsals paid off. Putco agreed to transport the aged to the pay centres. The Commissioner's office also agreed to spread the pay outs over two days to avoid stampedes and

United Workers Un...
SALB 8/3
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G. Not for br...
National Democrati...
City of Cape

Thadi says. "I was being given a chance of taking an active role in helping the disadvantaged people in the community. The scope was left wide enough for me to exploit my potential and that of

transport, some of them were physically disabled and did not go to the centres.

"On their way back home they were mugged and sometimes robbed of all their cash. They were over-charged by vendors who took advantage of

long queues.

"The whole thing became a success. It bolstered their confidence and set them ready for more daunting challenges," Miss Thadi said. The problem of accommodation was next. Here I discovered

CHG TruB 4/3/88 (300)

Warning on city pension fund

By PETER DENNENHY
Municipal Reporter

AFTER three years of investigating the Cape Town Municipal Pension Fund, city councillor Mr Arthur Wienburg warned yesterday that unless its pattern of pension payments was changed, the city would face bankruptcy.

Dr Andreas Wassenaar, a retired actuary and expert on state and quasi-state pension funds, attended Mr Wienburg's press conference and agreed with several points Mr Wienburg made.

But the city treasurer, Mr Donald Geyer, and the chairman of the Pension Fund, Mr

Leon Markovitz, both said the fund was in very good shape.

Mr Wienburg stressed that the fund was well administered. He said the council was obliged by a municipal ordinance (Number 23 of 1969) to contribute amounts which would eventually become "a terrible burden on ratepayers".

In the past four years, interest earned by the fund had amounted to about 12.5% a year, Mr Wienburg said. The rules required that the first 5.5% should be devoted to paying the fund's liabilities, and the remainder would meet annual increases in payouts to existing

pensioners. However, pensioners were entitled to an annual increase which was 75% or 80% — depending on the year they retired — of the Consumer Price Index.

In the event of a shortfall, the council had to pay, in terms of the ordinance, he explained.

Council contributions had increased by over 40% each year in the past three years, he said, and this year the increase would be of the same order.

He wanted the council to ask the Administrator, Mr Gene Louw, to reduce the percentage pension increase to 60% of the CPI a year.

Dr Wassenaar said the council's actuary valued only the Pension Fund, but not the amount by which the council topped it up (by R4.5 million this year).

He supported Mr Wienburg in his objection to the "buy-back" pension system, which had spread to the Cape Town municipality, he said.

Mr Geyer said the fund was in "exceptionally good shape", with a market value on June 30 last year of R581 million. Its assets had increased in book value in 1986/7 by R61 million.

Mr Markovitz said the council's 5 000 pensioners had nothing to fear concerning the fund.



PRESS CONFERENCE... Dr Andreas Wassenaar (left) with city councillor Mr Arthur Wienburg.
Picture: ANNE LAING

300 STT 6/3/88

Pension funds in line for change

By Robyn Chalmers

THE pension fund industry could be in line for major changes because the Government has accepted a recommendation by the Meiring Committee for a new system.

It will appoint a committee of experts for further investigation.

This was announced by Deputy Minister of Finance Org. Marais at the annual congress of the Pensions Institute in Johannesburg this week.

Detail

The Meiring Committee proposals were made public last year, and welcomed by members of the industry, particularly for the refusal to recommend a freezing of pension fund contributions which could damage labour relations.

Mr Marais said the Government had also decided not to prescribe terms of reference for the investigation. That would be left to the committee.

One recommendation by Meiring is that the need for prescribed asset requirements by pension funds be looked at in detail, a view held by many trade unions.

- (2) No
- (a) Falls away
 - (b) Falls away
 - (c) Falls away
 - (d) Falls away
- (3) No

Christmas cards sent out

608. Mr P G SOAL asked the Minister of Manpower:

- (1) Whether (a) he and/or (b) his Department sent out Christmas cards in 1987; if so, (i) what total number of cards was printed, (ii) to whom were they sent, (iii) what was the total cost of producing and distributing these cards, and (iv) who was responsible for printing them, in each case;
- (2) whether postage stamps were used to send out these Christmas cards; if not, how were they distributed?

The MINISTER OF MANPOWER:

- (1) (a) yes
 - (i) 2 000 of which 621 are still at hand, to be used in the future.
 - (ii) To various organizations and people.
 - (iii) R5 888.52
 - (iv) Government Printer
- (b) No
 - (i), (ii), (iii) and (iv) Fall away.

Unemployment insurance benefits: applications refused

- (2) Yes, but only in the case of cards sent abroad. In all other cases the cards were posted under the ministerial office stamp.

682. Mr P G SOAL asked the Minister of Manpower:

Whether any persons who applied for unemployment insurance benefits in 1987 were refused; if so, how many in respect of each race group?

The MINISTER OF MANPOWER:

Yes, the applications of altogether 52 724 persons who applied for the different types of

benefits in terms of the Unemployment Insurance Act during 1987, were refused.

The Fund does not differentiate between the various population groups and separate figures are therefore not available.

Own Affairs:

Johannesburg: accommodation units for aged Whites

8. 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 1987?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

116 units

School buildings constructed: capital cost

36. Mr M J ELLIS asked the Minister of Local Government, Housing and Works:

(a) How many school buildings were constructed by his Department in 1987 and (b) what was the average capital cost of constructing these buildings?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

- (a) 7 school buildings have been completed.
- (b) R3 602 914

Pupils/school psychologists: ratio

38. Mr M J ELLIS asked the Minister of Education and Culture:

What was the ratio of pupils to school psychologists in each education department falling under the control of his Department as at the latest specified date for which information is available?

The MINISTER OF EDUCATION AND CULTURE:

Cape: 1:3 180.15, December 1987
Natal: 1:3 000, January 1988

OFS: 1:1 547.9, February 1988
Transvaal: 1:2 387.5, January 1988

Housing assistance to Whites: amount spent

42. Mr J J WALSH 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:

R94 930 789

Overseas visits

47. Mr P G SOAL asked the Minister of Education and Culture:

- (1) Whether he undertook any overseas visits in 1987; if so, (a) which countries were visited and (b) what was the purpose of each visit;
- (2) whether he was accompanied by any representative of the media on these visits; if so, (a) what were the names of the journalists involved, (b) which newspapers or radio or television networks did they represent, (c) to which countries did each of these persons accompany him and (d) why;
- (3) whether any costs were incurred by his Department as a result; if so, what total amount in that year?

The MINISTER OF EDUCATION AND CULTURE:

- (1) Yes,
 - (a) Mauritius
 - (b) private holiday visit.
- (2) no,
 - (a), (b), (c) and (d) fall away;
- (3) no.

of the South African and international tourism industry.

(b) He was not previously employed by S.A. Airways.

(c) The Deputy General Manager (Airways).

(2) No. He has wide-ranging experience in the travel industry on account of his previous position as International Marketing Director of Southern Sun/Sun International Hotels. During this period he specifically gained experience in the development of tourism to South Africa. He has been in the travel-related field for at least 15 years.

Patrick John Dooley: registration of Sandsdowne Developments (Pty) Ltd as a company

*19. Mr M J ELLIS asked the Minister of Economic Affairs and Technology:

(1) Whether persons who have a criminal record are precluded from registering companies in South Africa; if so, (a) in terms of what statutory provisions and (b) what is the nature of the restrictions in this regard;

(2) whether a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, registered a company in South Africa; if so, (a) what are the relevant details and (b) what is the name of this person;

(3) whether this person informed officials of his Department that he had a criminal record; if so, (a) what was the nature of that record and (b) what action was taken by his Department in respect of the company registered by him; if not,

(4) whether his Department subsequently learned that this person had a criminal record; if so, (a) when and (b) what action was taken as a result?

*The DEPUTY MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY (Dr T G Alant):

(1) No. Section 218(1)(d)(iii) of the Companies Act, 1973, however, provides that any person who has at any time been convicted (whether in the Republic or elsewhere) of theft, fraud, forgery or ut-

tering a forged document, perjury, an offence under the Prevention of Corruption Act, 1958 (Act No 6 of 1958), or any offence involving dishonesty or in connection with the promotion, formation or management of a company, and has been sentenced therefor to imprisonment without the option of a fine or to a fine exceeding one hundred rand shall be disqualified from being appointed or acting as a director of a company unless he has obtained the authority of the Supreme Court.

(a) and (b) Fall away.

(2) Yes.

(a) The company Sandsdowne Developments (Pty) Ltd was incorporated on 18 February 1987.

(b) Patrick John Dooley.

(3) No.

(a) and (b) Fall away.

(4) Yes.

(a) The Department of Home Affairs informed the Registrar of Companies on 21 April 1987 that Mr Dooley allegedly had been convicted of certain crimes in Ireland and sentenced to two years' imprisonment which was, however, suspended and enquired whether Mr Dooley was entitled to serve as director of a company.

(b) The Registrar of Companies informed the Department of Home Affairs that, if the convictions could be confirmed, Mr Dooley would have to obtain authority from the Supreme Court to act as a director. The previous convictions, if proved, would automatically disqualify him as director of a company. Lynton Investments (Pty) Ltd and Sandsdowne Developments (Pty) Ltd of which Mr Dooley was, according to the records of the Registrar of Companies, a director were also informed accordingly. Lynton Investments (Pty) Ltd informed the Registrar of Companies that Mr Dooley had resigned as a director of that company on 1 December 1986. Mr Dooley, through his legal representatives, reacted by taking the view

that, as his sentence had been suspended, he was not disqualified. The matter was then referred to the State Law Advisers and they supported the view that Mr Dooley was in fact disqualified. Mr Dooley's legal representatives were informed accordingly and they were requested to inform the Registrar as to what steps they planned to take in this regard. Further developments are being awaited.

Purchase of pensionable service from 50 to 18 years

*20. Mr DJ NMALCOMESS asked the Minister of National Health and Population Development:

What total amount is a public servant who earns R48 000 per annum and is 50 years of age, required to pay in order to purchase pensionable service from the age of 50 to the age of 18?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

R391 680.00.

Paxton Prison, Witbank: hunger strike

*21. Mr P G SOAL asked the Minister of Justice:

(1) Whether any detainees held in the Paxton Prison in Witbank went on a hunger strike in 1988; if so, (a) on what date did the hunger strike begin, (b) how many detainees were involved, (c) in terms of what statutory provision was each being detained, (d) what reasons did the detainees give for going on a hunger strike, (e) what action was taken by the prison authorities as a result of the strike and (f) what was the result of this action;

(2) whether any of these detainees were transferred to another prison or police cells; if so, (a) when, (b) where were they transferred and (c) why;

(3) whether he or any officials attached to his Department received any representations from or in connection with these detainees; if so, (a) from whom, (b) when and (c) what was the (i) nature of the representations and (ii) response thereto;

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

The MINISTER OF JUSTICE [Reply laid upon the Table with leave of House]:

Before replying to the question I wish to point out that the name "Paxton Prison" referred to in the hon member's question, is not correct. It is probably a reference to the Witbank Prison. Please also note that the police referred to in this reply is not a reference to the South African Police, but to the KwaNdebele Police. It is common knowledge that the emergency regulations are also valid in this self-governing national state. The prison function has however to date not yet been transferred to the relevant Government, and the South African Prisons Service is therefore responsible for that function.

(1) (a) and (b) the number of detainees mentioned below have refused meals during the meal times as indicated:

MEAL TIMES	NUMBER OF DETAINEES
Breakfast 29 January 1988	21
Lunch 29 January 1988	21
Dinner 29 January 1988	21
Breakfast 30 January 1988	21
Lunch 30 January 1988	21
Dinner 30 January 1988	21
Breakfast 31 January 1988	25
Lunch 31 January 1988	25
Dinner 31 January 1988	25
Breakfast 1 February 1988	25
Lunch 1 February 1988	25
Dinner 1 February 1988	25
On 1 February 1988 at about 17h00 the 25 detainees were fetched by the KwaNdebele Police. It is not known to the South African Prisons Service whether they took the meals served to them during the period they were not in the Witbank Prison.	
On 5 February 1988 at about 17h30, the 25 persons were again admitted to the Witbank Prison.	
Breakfast 6 February 1988	23
Lunch 6 February 1988	23
Dinner 6 February 1988	23
Breakfast 7 February 1988	23
Lunch 7 February 1988	23
Dinner 7 February 1988	23

Attwood

Breakfast 8 February 1988	—	23
Lunch 8 February 1988	—	23
Dinner 8 February 1988	—	23
On 9 February 1988 five of the detainees were fetched by the KwaNdebele Police. To date they have not been re-admitted to Witbank Prison.		
Breakfast 9 February 1988	—	18
Lunch 9 February 1988	—	18
Dinner 9 February 1988	—	18
Breakfast 10 February 1988	—	18
Lunch 10 February 1988	—	18
Dinner 10 February 1988	—	18
Breakfast 11 February 1988	—	5
Lunch 11 February 1988	—	5
Dinner 11 February 1988	—	5
Breakfast 12 February 1988	—	1
Lunch 12 February 1988	—	1
Dinner 12 February 1988	—	1

Edibles which were in the detainees' possession during this period, were not taken from them.

- (c) Regulation 3(1) of the Regulations promulgated in terms of the Public Safety Act, 1953 (Act No 3 of 1953), by Proclamation R96 of 11 June 1987.
- (d) The detainees did not state the reason for their actions to the Head of the Prison. A request was however submitted to the Head of the Prison on 28 January 1988 that the Police should be requested to visit them in the Witbank Prison. This request was conveyed as requested and a police officer from KwaNdebele visited the detainees on 29 January 1988 and 9 February 1988.

- (e) In cases where a detainee or any other prisoner indicates his refusal to eat or when the staff notice that food has not been taken during successive meal times, the Heads of Prisons consistently act in accordance with internationally accepted practices. Standard procedure includes the following:
- Continued serving of the prescribed balanced diet at every meal time.
 - Participants are cautioned regularly of the disadvantageous effects of such actions on their health.
 - Medical treatment is available on a continuous basis.
 - Complaints and requests are formally registered on a daily basis and all complaints, requests, causes or imagined reasons for the hunger strike, if any, are thoroughly investigated, attended to and resolved within reasonable limits.

The persons involved in this case were treated in the same professional manner.

- (f) The steps referred to are not aimed at any other results than to act in line with normal procedures as are applicable in such cases and also to place on record that such steps have been taken.

- (2) Yes.
- (a) and (b)

The KwaNdebele Police fetched and returned the detainees on the dates as set out at (f) above. This matter does not fall within the ambit of the South African Prisons Services' activities and information regarding the place of detention while in the care of the KwaNdebele Police are therefore not known to the SA Prisons Service.

- (c) According to the orders shown to the Head of the Prison by the KwaNdebele Police, they were fetched for further interrogation.

- (3) No, not as far as could be ascertained.
- (a), (b) and (c)(i) and (ii) fall away.
- (4) No.

Natal/KwaZulu: finalization of consolidation proposals

*22. Mr R W HARDINGHAM asked the Minister of Constitutional Development and Planning:

Whether the consolidation proposals for Natal/KwaZulu have been finalized; if not, (a) why not and (b) when is it anticipated that they will be finalized; if so, when will these proposals be made public?

Attwood

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

No.

- (a) The Cabinet is considering an interim report at present and on receipt of the final report, it will be submitted for discussion and consideration.

- (b) As soon as possible.

Farms in East Griqualand earmarked for acquisition by Department

*23. Mr R W HARDINGHAM asked the Minister of Environment Affairs:

- (1) Whether certain farms situated on the slopes of the Swartberg in East Griqualand were earmarked for acquisition by his Department in or about 1981; if so, whether his Department intends to proceed with the acquisition of these farms; if so, when is it envisaged that payment will be made to the farmers concerned; if not, why not?

†THE MINISTER OF ENVIRONMENT AFFAIRS:

- (1) No, however in 1977 an area known as the Swartberg Highland Farms was identified for possible purchase as mountain catchment area.

- (2) Yes, but on account of a lack of funds no indication can be given at this stage when the acquisition will take place and when payment will be made to the farmers concerned.

The remainder of the question falls away.

Mr R W HARDINGHAM: Mr Speaker, arising out of the reply of the hon the Minister, is he aware of the predicament and the invidious position in which the owners of those farms now find themselves by virtue of the fact that they are unable to sell those farms to any other people?

Certain persons in possession of fire-arms

*24. Mr J H VAN DER MERWE asked the Minister of Law and Order:

- (1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, is in possession of fire-arms; if so,

- (a) what fire-arms and (b) what is the name of this person;

- (2) whether licences for the legal possession of these fire-arms have been issued to the person concerned; if not, what steps have been or are being taken against him in this connection; if so, when were these licences issued;

- (3) whether this person possessed any fire-arms illegally at any stage; if so, what steps are being or have been taken against him?

THE MINISTER OF LAW AND ORDER:

- (1) Yes.

- (a) I wish to point out to the hon member that the possession of fire-arms by a person, is a personal matter which the South African Police controls on a confidential basis by means of the issuing or refusal of licences.

- (b) The name furnished by the hon member.

- (2) and (3) In view of paragraph (1) above I do not consider it advisable to reveal the information. However, I am prepared to discuss the circumstances relating to the particular case with the hon member on a personal and confidential basis.

6 May 1987: polling stations closed

*25. Mr K M ANDREW asked the Minister of Home Affairs:

- (1) Whether any polling stations were closed for any period during polling hours on 6 May 1987 as a result of (a) bomb scares, (b) other security considerations and (c) other specified causes; if so, (i) which polling stations, (ii) who made the decision to close these polling stations, (iii) what was the effect of the closure, and (iv) what security arrangements were made in respect of (aa) ballot papers and (bb) ballot boxes during such closure, in each case;

- (2) whether any bombs or other explosive devices were found, if so, at which polling stations; if not,

- (3) whether investigations revealed any other justifiable reasons for closing these polling stations; if so, what reasons in each case?

The overdraft facilities were guaran-

spent as wisely as it could have been".

Riot police turn back protesters

CAPE TOWN — Several hundred university students were turned back by riot police when they attempted to march to Parliament yesterday to protest against a state crackdown on black dissent.

The students, waving placards and chanting freedom songs, were confronted by 30 policemen in full riot gear at the exit from the university.

They turned round and marched back to the university after a police officer gave them four minutes to disperse. — Sapa. *B/day 10/3/88*

Margo White Paper out on Budget day

CHRIS CAIRNCROSS

CAPE TOWN — Government's White Paper response to the Margo Commission's report on taxation will be released on Budget day next Wednesday, the Finance Ministry confirmed yesterday.

It is understood the Budget is substantially framed around government's response to the commission's recommendations.

CAPE TOWN — The financial burden on the Treasury of funding social pensions — currently R937m, or 3% of the Budget — could be expected to escalate dramatically to well over R8,5bn in 12 years' time, says the President's Council report on the aged, tabled in Parliament yesterday.

Financing this "onerous burden" would increasingly become beyond the capacity of the taxpayer, and the individual would have to retain the primary obligation to provide for his old age.

The committee's social affairs committee recorded that on the basis of the average rise in old age pensions over the past five years, and assuming that parity in pensions for all population groups

Pension costs to soar

CHRIS CAIRNCROSS

was introduced, the Treasury's funding responsibility in respect of social pensions in the year 2000 would be R5,8bn — covering the basic needs of only 1,3-million pensioners.

The committee concluded urgent attention should be given to the development and implementation of a national contributory pension scheme for all South Africans.

Initial reaction from the pensions industry to the proposals was that the principles were supported. *10/3/88*

B/day See Page 4

THE declining commercial rand has focused investor interest on rand-hedge stocks again.

Rand-hedge stock boom

LIZ ROUSE

Part of De Beers' current attraction, besides expectations of a bonanza for shareholders in its year-end results, is that it is a rand-hedge stock.

De Beers surged 100c to R28,75 on a turnover of R2,3m yesterday. London-based Con Gold and Luxembourg-based Minorco both gained 100c.

Liberty group shares have risen this week partly because the group has strong off-shore assets and the shares are now rand hedges.

The Rembrandt group's international spread drew attention to the shares. Sasol has been in demand because of the weakening currency factor.

Expectations of further decline in the currency helped lift some JSE sectors yesterday, but gains in the gold, platinum and mining financial indices were mostly attributed to a technical recovery of an oversold market, said brokers.

Thebehali stands by his free housing offer

DIEPMEADOW administrator David Thebehali said yesterday he stood by his offer to give away 20 108 houses to Diepkloof and Meadowlands residents from April 1.

"The announcement I made still stands and I see no reason why the Transvaal Provincial Administration had to be informed," the controversial former Soweto mayor said yesterday.

His offer is causing confusion among

housing authorities such as the National Housing Commission (NHC) and the TPA, which appointed Thebehali to the post late last year.

TPA housing MEC John Mavuso has written a letter to Johannesburg's regional director seeking an explanation of the offer.

The Soweto City Council has also

asked the TPA to explain why the offer was made to Diepmeadow residents only.

NHC house sales co-ordinator Alex Weiss was non-committal about the offer yesterday. He would only say: "Thebehali was appointed administrator of Diepmeadow by the TPA and he is running the affairs of the council."

"It is possible that Thebehali has the powers to give away houses for free but I cannot say that with certainty."

KEY MARKET MOVEMENTS

MARCH 8 to MARCH 9

REUTERS

'National pension scheme for a...

Declining mortality, fertility will bring changes

A NATIONAL contributory pension scheme for all and steps to keep old people in the community and out of institutions are some of the recommendations of a President's Council report which was released yesterday.

The report predicts a sharp increase in the number of old people in all age groups, but especially among whites.

Declining mortality and fertility are given as the chief causes of changes in both the growth rate and the age composition of the South African population.

Some of the recommendations of the committee are for:

- A National Committee for the Care of the Aged to function as part of the existing Welfare Council.

- An extensive data bank on the aged which could be updated.

- Only people who cannot be cared for elsewhere for physical or psychological reasons should be institutionalised.

- A national policy on housing for the aged.

- Health care to make use of volunteer services.

- A publicity campaign to emphasise individual responsibility for financial provision for retirement.

The social affairs committee of the President's Council finds that the financial problems experienced by aged people are the most important of all the problems.

It also finds that far too many aged people are prematurely in institutions. Many more should be kept involved in the community.

TOS WENTZEL, Political Correspondent, writes on the President's Council report on the aged, which appeared yesterday

A NATIONAL contributory pension scheme for all South Africans and a national committee for the care of the aged are among the recommendations of a President's Council report which appeared yesterday.

The report, by the council's committee for social affairs, deals with the socio-economic and spatial implications of ageing. The President requested the inquiry in July 1985.

The report says the pension scheme with a guarantee of a minimum pension and full transferability should be given urgent attention.

The proposed committee should function as part of the existing Welfare Council.

It should formulate a policy for the care of the aged and evaluate and adapt it continuously.

It also recommends an extensive data bank on the aged which could be updated. A publicity campaign to emphasise individual responsibility for financial provision for retirement and to counter the belief that the State bears the sole responsibility for this is also recommended.

The report says old people should be kept in the community for as long as possible.

There should be a housing policy for the aged as a subdivision of the housing policy for the whole country.

On health care the committee recommends that, in addition to a comprehensive community-orientated service, maximum use should also be made of non-professional volunteer services.

It points out that the ageing percentage among blacks is at present smaller than that in the white and coloured groups but that the actual number of aged blacks is bigger.

It is estimated for all population groups that the number of aged people in South Africa will increase sharply.

The committee concludes that the financial problems experienced by aged people are the most important of all their problems.

Overlapping

The apparent lack of coordination and overlapping in many fields of care of the aged in both the public and private sectors also caused concern.

Financially unrealistically high standards were set for services for the aged. More old people could be helped more effectively without threatening their quality of life if a clearer and more practical approach was adopted.

There should also be greater community involvement in addition to the coordinating role of the State.

'Sharp increase among aged of all population groups'

A SHARP increase in the number of aged people in all population groups is predicted in the President's Council's report on the implications of ageing.

Significant changes in the age patterns of the population groups have taken place.

While young people, 0-14 years, constituted 36.4 per cent of the white population in 1911, in 1985 this group came to 24.9 percent.

The percentage of aged people 65 years and older among whites increased from three percent to 8.4.

This trend is at present not clearly observable with other population groups but it is expected that a similar pattern will appear among Indians and coloured and somewhat later among blacks.

In contrast with other population groups the age structure of the black group has so



'Too many healthy elderly people in subsidised homes'

FAR too many healthy aged people, especially among the white group, are in subsidised old age homes, according to the President's Council report on ageing.

The report says there is an urgent need for the care of the helpless aged.

If the number of physically and mentally healthy aged people who are in some form of institutional care could be reduced by ensuring that they remain independent within the community then more facilities for the care of those who needed 24-hour care could become available.

It appears that some healthy aged people are prematurely admitted to some subsidised old age homes despite the strict admission requirements.

In future South Africans would have to become more responsible for the financing

of their own medical and health care.

On the other hand no elderly person unable to pay should have to forego reasonable treatment.

Medical aid and insurance programmes must be encouraged.

As part of a community orientated health service for the aged maximum use should be made of non-professional volunteer and other personnel, especially local volunteer groups.

Ways of minimising the rising costs of medicine and health services for the aged must be investigated.

Psycho-geriatric consulting to the aged in the community to ensure that they may remain within their own community for as long as possible is also a priority, according to the report.

'Keep the elderly in a state of self-sufficiency'

ALL possible means to keep aged people in the community in a state of reasonable self-sufficiency and not in institutions should be investigated, according to a President's Council report on the implications of ageing.

It recommends that a proposed National Committee for the Care of the Aged should investigate measures such as service centres and day-care centres.

The report says community services which keep the aged independent and self-supporting in the community should be encouraged.

Contributions that aged people themselves could make in rendering a variety of services should be given greater recognition.

Self-help action groups among the aged should be encouraged.

The report also proposes a well-planned campaign to:

- Promote a general awareness of the importance of planning and preparing for all aspects of retirement.

- Promote a greater sense of responsibility among all communities about caring for their aged and developing services for them.

- Encourage institutions, churches, clubs and cultural

organisations to involve aged people and particularly the disabled who live alone in organised leisure activities.

- Make children and relations more sensitive about their responsibilities.

- Make the business sector more aware of its responsibility and role regarding the preparation of employees for retirement.

- Make society more aware of the real needs and abilities of the aged and of the fact that old age is a normal phase of life with unique opportunities and challenges.

- Make aged people, particularly blacks, aware of the availability of free transport.

The report also proposes an evaluation of the possibility and desirability of extending the present privatisation of social services for the aged, on a free-market or a partially subsidised basis.

Proposals should also be formulated on ways in which the community services could be developed and expanded.

Housing should be within walking distance of basic services.

Aged people should be advised of and kept informed of the dangers of criminal activity and on steps that can be taken to prevent crime.

In 2020, coloured from 103 500 to 346 200, whites from 408 500 to 858 200 and blacks from 779 400 to 2, 7 million.

In the 15-64 year group the population growth rate of blacks is almost three times as rapid as among whites.

This meant that for the black population 235 new jobs are needed per 100 retirements as against 87 for the white group.

300 88 Blawg 10/3/88

PC REPORT ON THE AGED

Health care: cutting reliance on the state

CAPE TOWN — No elderly person suffering from sickness, injury or the physical and mental effects of old age should forgo reasonable treatment because they were unable to pay, the Committee for Social Services has said in report on the aged.

However, everybody would have to become "more responsible" for financing their own medical and health care, the report, tabled in the President's Council yesterday, said.

"The State will become less and less able to provide heavily subsidised and expensive forms of medical services."

A further factor influencing individual medical self-sufficiency was that medical and health services would move in the direction of greater privatisation.

"This means that the state will pro-

vide reasonable medical treatment for those who need it, while those who demand more will have to be prepared to finance it themselves."

The committee recommended that the private sector be encouraged, by public education and tax incentives, to ensure that adequate medical aid and insurance schemes were available.

In particular, the committee recommended that the National Health Policy Council (NHPC) question whether health maintenance organisations offered a new approach to the financing and provision of health care services.

Institutional care for the aged should be avoided as far as possible and state subsidies for the accommodation and care of the aged should be granted to individuals only when required. — Sapa.

National pension proposed

CAPE TOWN — There should be wide-ranging changes in caring for and meeting the requirements of people over 65 years, and uses made of their expertise, knowledge and experience, recommends a President's Council report tabled yesterday.

Social Committee chairman Hein Kruger introduced the report, which includes the recommendation that a national contributory pension scheme for all South Africans be developed, on Tuesday.

The Committee found that lack of money was the dominant problem experienced by aged people and said the primary objective of a national pension scheme, which would initially be voluntary and later compulsory, would be to guarantee a minimum pension for everybody.

The report also recommended that incentives be more widely used to encourage donations to old age care projects. — Sapa.

Broader
vision
of care

CAPE TOWN — A "National Committee for the Care of the Aged", representative of all population groups, should be formed to function as part of the South African Welfare Council.

This was recommended by the Committee for Social Affairs in the report on the aged which was tabled in the President's Council yesterday.

The task of the proposed committee should be more comprehensive than merely social welfare, and should include all facets of the interests of aged people, with emphasis on social welfare, housing, health and economic matters.

The committee should establish a comprehensive policy for the care of the aged for SA which should be evaluated and adapted continuously to co-ordinate care for the aged at all levels.

Representatives from the private sector, drawn from the SA National Council for the Aged, welfare organisations, the business community, experts, and from the public sector, should sit on the committee.

The call for the formation of such a committee was made in view of findings that there was a lack of co-ordination and overlapping in many fields in this type of care.

Another finding of the Social Affairs Committee was that unrealistically high standards were set in providing facilities for the aged. — Sapa.

Pension-for-all plan is urgent, says new report

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10/3/88

Political Staff

A national contributory pension scheme for all South Africans and a national committee for the care of the aged are among the recommendations of a President's Council report which appeared yesterday.

The report, by the council's Committee for Social Affairs, deals with the socio-economic and spatial implications of ageing. It was requested by the State President, Mr P W Botha, in July 1985.

The report says that a pension scheme with a guarantee of a minimum pension and full transferability should be given urgent attention.

It should formulate a policy for the care of the aged and evaluate and adapt it continuously.

The report also recommends an extensive data bank on the aged which could be updated. A publicity campaign to emphasise individual responsibility for financial provision for retirement and to counter the belief that the State bears the sole responsibility for this is also recommended.

The report says that old people should be kept in the community for as long as possible.

On health care the committee recommends that, in addition to a comprehensive community-orientated service, maximum use should also be made of non-professional volunteer services.

It says that the ageing percentage among blacks is at present smaller than that in the white and coloured groups but that the number of aged blacks is bigger.

It estimates the number of aged persons in South Africa will increase sharply.

The national contributory and transferable pension should at first be voluntary but should become compulsory if all parties agree.

Employers as well as employees should be compelled to contribute.

At current rates of increase the State's and therefore the taxpayer's old age bill in the year 2 000 will be R5,8 billion.

The committee said it believed the scheme could be undertaken by the insurance industry rather than the State.

The committee also recommended:

- Parity among all population groups in pensions and the means test should be achieved as soon as possible.

- Owner-occupied buildings should not be included in the means test as it was found that many pensioners were selling their houses to qualify for pensions.

- That tax incentives should be used more widely to encourage the use of pension, insurance and savings schemes which provided for retirement.

Committee for the care of old people proposed

Political Staff

All possible means to keep aged people in the community in a state of reasonable self-sufficiency and not in institutions should be investigated, says a President's Council report on the implications of ageing. It recommends that a proposed national committee for the care of the aged should investigate measures such as service and day-care centres.

The report also proposes a well-planned campaign to:

Infirm need more care

Political Staff

Too many healthy aged people are in subsidised old age homes, says a President's Council report on ageing.

The report says there is an urgent need for the care of helpless aged people.

The number of physically and mentally healthy aged people under institutional care should be reduced.

This would provide more facilities for those who needed 24-hour care.

The report said the white community had an especially high number of elderly but healthy people under institutional care.

In future South Africans would have to become more responsible for the financing of their own health care.

But no elderly person unable to pay should be denied reasonable treatment, the report said.

Maximum use should be made of non-professional volunteers in a community-orientated service for the aged.

A priority is psycho-geriatric consulting to the aged to ensure that they remain within their own community for as long as possible.

Medical aid and insurance programmes must be encouraged.

- Promote a general awareness of the importance of planning and preparing for all aspects of retirement.

- Promote a sense of responsibility among all communities about caring for their aged.

- Encourage institutions, churches, clubs and cultural organisations to involve aged people and the disabled who live alone, in organised leisure activities.

- Make children and relations more sensitive about their responsibilities, and make the business sector aware of its responsibility regarding the preparation of employees for retirement.

- Make society more aware of the needs and abilities of the aged and of the fact that old age is a normal phase of life with unique opportunities and challenges.

The report also proposes an evaluation of the possibility and desirability of extending the present privatisation of social services for the aged, on a free-market or partially subsidised basis.

Proposals should also be formulated on ways in which the community services could be developed and expanded.

Housing should be within walking distance of basic services.

Aged people should be advised of and kept informed of the dangers of criminal activity and on steps that can be taken to prevent crime.



The aged . . . President's Council recommends that all possible means to keep them in the community in a state of reasonable self-sufficiency be investigated.

National housing policy for aged needed

Political Staff

A national policy on housing for the aged should be formulated and implemented as a major division of general housing policy, the President's Council committee for social affairs has recommended.

It says the planning for the policy should be co-ordinated by a national committee for the care of the aged.

The recommendations are made in the committee's report on the "socio-economic and spatial implications of ageing", published yesterday.

The report says a national housing policy for the aged should include the following elements:

- The aged should be encouraged to acquire their own homes while they are still economically active.
- State housing for the aged should be restricted

to the infirm and needy.

- The private sector should be given substantial incentives to provide housing for the aged.

- The building of "granny flats" should be encouraged by allowing greater sub-division of stands or by permitting second units on a site.

- The "life-cycle" concept of town planning should be followed to encourage the aged to stay in their same communities.

This means that suburbs should be designed to contain a wide range of house types providing for the needs of different age groups.

The policy should also encourage the "Abbeyfield" concept of converting ordinary houses in normal neighbourhoods so that about eight old people could live in each. This would also help to keep old people in their own communities — an objective strongly emphasised by the committee.

CAPE TOWN — The financial burden on the Treasury of funding social pensions — currently R937m, or 3% of the Budget — could be expected to escalate dramatically to well over R8,5bn in 12 years' time, says the President's Council report on the aged, tabled in Parliament yesterday.

Financing this "onerous burden" would increasingly become beyond the capacity of the taxpayer, and the individual would have to retain the primary obligation to provide for his old age.

The committee's social affairs committee recorded that on the basis of the average rise in old age pensions over the past five years, and assuming that parity in pensions for all population groups

Pension costs to soar

CHRIS CAIRNCROSS

was introduced, the Treasury's funding responsibility in respect of social pensions in the year 2000 would be R5,8bn — covering the basic needs of only 1,3-million pensioners.

The committee concluded urgent attention should be given to the development and implementation of a national contributory pension scheme for all South Africans.

Initial reaction from the pensions industry to the proposals was that the principles were supported.

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Howard

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THURSDAY, 10 MARCH 1988

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HOUSE OF ASSEMBLY

†Indicates translated version.

For written reply:

General Affairs:

Social pensions

105. Mr P G SOAL 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) what progress is being made in regard to the proposed policy of parity for all social pensioners;
- (3) whether the policy of parity will apply in the self-governing territories and independent Black states; if not, why not?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) (a) (i) R2 324 700 612
- (ii) Whites R583 829 352
- Coloureds R551 246 724
- Indians R140 315 892
- Blacks R1 049 308 644
- (b) Whites 216 432
- Coloureds 259 649
- Indians 64 521
- Blacks 452 188

(2) Parity in respect of social pensions rests with the Ministers for Own Affairs.

(3) The self-governing territories and the independent Black States make their own decisions concerning parity.

Persons moved from Johannesburg/Greater Soweto to self-governing territories/independent Black states

167. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) How many persons were moved from the (a) Johannesburg municipal area and (b) Greater Soweto area in 1987 to (i) self-

governing territories and (ii) independent Black states;

- (2) how many of these persons (a) moved voluntarily and (b) were moved (i) by decree, (ii) by court order and (iii) in terms of other legal provisions?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) (a) None.
- (b) A family of five persons
- (i) Five persons
- (ii) None
- (2) (a) A family of five persons.
- (b) (i) None.
- (ii) None.
- (iii) None.

Decentralization incentive benefits removed/reduced

223. Mr R R HULLEY asked the Minister of Constitutional Development and Planning:

Whether any industries that have been awarded decentralization incentive benefits (a) have had these incentive benefits (i) reduced and (ii) reduced, (b) were place-bound industries and (c) have since ceased to operate; if so, (aa) how many in each case and (bb) in respect of what date is this information furnished?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (a) (i) In the case of 110 firms, the incentives which they enjoyed were phased out over a period of two years ended on 31 August 1987 and, in the case of one company, on 30 June 1987. In the case of a number of firms falling under the sawmilling industry the incentives were withdrawn only in respect of a part of their production processes, namely wet sawmilling, which does no longer qualify for incentives while certain secondary stages of processing do qualify.
- (ii) In the case of a further 130 firms, certain components of the incentive

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THURSDAY, 10 MARCH 1988

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Amounts spent on Black housing

302. Mr A GERBER asked the Minister of Constitutional Development and Planning:

What amounts did his Department spend on Black housing in the Republic in 1985, 1986 and 1987, respectively?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

The Government has committed itself to the provision of mainly serviced sites in Black townships whilst it is expected of individuals themselves to provide for the housing needs of their families with the assistance of employers and private financial institutions.

- (b) The withdrawal of the incentives of 92 firms mentioned in (a) (i) above and of 38 of the firms mentioned in (a) (ii) above, in other words, a total of 130 firms, were effected in terms of multilateral guidelines on incentives for raw material orientated and locality-bound industries, as well as on the basis of a decision by the Government in 1984 to phase out the incentives of existing industries falling in the two categories.
- (c) (aa) The Decentralisation Board is not aware of any firm closing down its operations as a direct result of having to forfeit part or all of its decentralization incentives.
- (bb) from 1 July 1984 to 19 February 1988.

Site C, Khayelitsha: installation of water-borne sewerage facilities

226. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

Whether water-borne sewerage facilities will be installed at Site C in Khayelitsha; if not, why not; if so, by what date will the installation be completed?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

The upgrading of the rudimentary services in Site C is presently being looked at and an alternative to the present bucket system will be installed when the upgrading takes place. Whether the new system be water-borne or not will depend on current economic investigations.

The commencement of the upgrading of Site C is planned for the 1989/90 financial year and is phased over a period of 3 years subject to the availability of funds.

State pension schemes: completion of actuarial valuation

363. Mr R M BURROWS asked the Minister of National Health and Population Development:

Whether, with reference to his reply to Question No 98 on 23 June 1987, the actuarial valuation of each State pension scheme has now 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:

- Yes
- (a) Falls away
- (b) Falls away
- (i) Quantification of the liability resulting from the purchase of pensionable service requires investigation of the

records of each individual purchaser. The extent of this task precludes the readily availability of the information.

(ii) See (i).

Amounts in funds/amounts contributed by State

366. 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 was contributed by the State 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 1987

(i) R12 260 022 863

(ii) R2 506 613 946

(iii) R1 558 712 637

(iv) R959 376 810

(v) R40 506 726

(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%

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) Government Service Pension Fund: R1 304 800 568 (including contributions by Provinces and Post and Telecommunications). Associated Institutions Pension Fund: R322 152 (other contributions paid by various Institutions from own funds).

Pension Fund for Temporary Employees: R123 440 433 (other contributions paid by various Institutions from own funds). Authorities' Service Pension Fund: Contributions paid by various Authorities from own funds. Authorities' Service Superannuation Fund: Contributions paid by various Authorities from own funds.

Lung cancer: deaths

414. Dr M S BARNARD asked the Minister of National Health and Population Development:

How many persons in each race group died of lung cancer during the latest specified period of 12 months for which figures are available?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

Number of notified deaths due to lung cancer in the RSA, 1987 (as on 23 February 1988)

POPULATION GROUP	NUMBER OF DEATHS
Asians	11
Blacks	62
Coloureds	162
Whites	157

Cases of notifiable diseases notified

418. Dr M S BARNARD asked the Minister of National Health and Population Development:

How many cases of each notifiable disease were notified in respect of each race group in 1987?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

Number of cases of each notifiable disease notified in the RSA 1987 (as on 23 February 1988)

DISEASE	ASIAN	BLACK	COLOURED	WHITE	OTHER
Anthrax	0	3	0	0	0
Brucellosis	0	7	0	11	0
Cholera	0	37	0	0	0
Diphtheria	0	16	4	0	0
Haemorrhagic fevers of Africa	0	4	4	6	0
Lead poisoning	0	6	1	1	0
Leprosy	1	64	1	0	0
Leptospirosis	0	0	1	0	0
Malaria	9	7 828	9	165	0
Measles	32	14 474	978	445	28
Meningococcal meningitis	8	205	229	72	1
Paratyphoid fever	0	0	0	0	0
Plague	0	0	0	0	0
Poisoning (agricultural, stock)	0	68	47	14	1
Polio	0	18	0	0	0
Primary malignancy of bronchus, lung and pleura	23	145	183	265	0
Psittacosis	0	1	0	0	0
Rabies	0	14	0	2	0
Smallpox	0	0	0	0	0
Tetanus	0	179	2	2	3
Toxoplasmosis	0	0	0	0	0
Trachoma	0	279	0	0	0
Trypanosomiasis	0	0	0	0	0
Tuberculosis	447	29 353	11 605	570	56
Typhoid fever	24	3 174	32	25	2
Typhus fever	0	0	0	0	0
Viral hepatitis	44	506	324	370	3
Yellow fever	0	0	0	0	0

Self-governing territories/independent states: residents employed in Republic

442. Mr P G SOAL asked the Minister of National Development and Planning:

How many residents of each of the (a) self-governing territories and (b) four independent Black states were employed in the Republic in 1987?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Numerous residents of each of the (a) self-governing territories and (b) the four independent Black states are employed by employers from both the public sector as well as thousands of private institutions. It is, therefore, impossible to provide statistics in this regard.

Regional services councils constituted

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

(a) How many regional services councils had been constituted as at the latest specified date for which information is available, (b) in respect of what regions and (c) when were they constituted in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) Transvaal 12
Orange Free State 1
Cape Province 3

(b) Transvaal: Bosveld Regional Services Council

Highveld Regional Services Council

Lowveld Plateau Regional Services Council

Northern Transvaal Regional Services Council

East Rand Regional Services Council

HOUSE OF ASSEMBLY

†Indicates translated version.

For written reply:

General Affairs:

Social pensions

105. Mr P G SOAL 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) what progress is being made in regard to the proposed policy of parity for all social pensioners;
- (3) whether the policy of parity will apply in the self-governing territories and independent Black states; if not, why not?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) (a) (i) R2 324 700 612
- (ii) Whites R583 829 352
Coloureds R551 246 724
Indians R140 315 892
Blacks R1 049 308 644
- (b) Whites 216 432
Coloureds 259 649
Indians 64 521
Blacks 452 188

(2) Parity in respect of social pensions rests with the Ministers for Own Affairs.

(3) The self-governing territories and the independent Black States make their own decisions concerning parity.

Persons moved from Johannesburg/Greater Soweto to self-governing territories/independent Black states

167. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (1) How many persons were moved from the (a) Johannesburg municipal area and (b) Greater Soweto area in 1987 to (i) self-

HOUSE OF ASSEMBLY

Howard

governing territories and (ii) independent Black states;

- (2) how many of these persons (a) moved voluntarily and (b) were moved (i) by decree, (ii) by court order and (iii) in terms of other legal provisions?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) (a) None.
- (b) A family of five persons
- (i) Five persons
- (ii) None
- (2) (a) A family of five persons.
- (b) (i) None.
- (ii) None.
- (iii) None.

Decentralization incentive benefits removed/reduced

223. Mr R R HULLEY asked the Minister of Constitutional Development and Planning:

Whether any industries that have been awarded decentralization incentive benefits (a) have had these incentive benefits (i) removed and (ii) reduced, (b) were place-bound industries and (c) have since ceased to operate; if so, (aa) how many in each case and (bb) in respect of what date is this information furnished?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (a) (i) In the case of 110 firms, the incentives which they enjoyed were phased out over a period of two years ended on 31 August 1987 and, in the case of one company, on 30 June 1987. In the case of a number of firms falling under the sawmilling industry the incentives were withdrawn only in respect of a part of their production processes, namely wet sawmilling, which does no longer qualify for incentives while certain secondary stages of processing do qualify.
- (ii) In the case of a further 130 firms, certain components of the incentive

Howard

package granted to them were, or will be phased out. In the case of producers of certain cement products and tombstone manufacturers the transport rebates were withdrawn on 31 August 1987 and in the case of industries established at Coloured and Indian preference employment points, the long term incentives will be withdrawn on 29 February 1988.

- (b) The withdrawal of the incentives of 92 firms mentioned in (a) (i) above and of 38 of the firms mentioned in (a) (ii) above, in other words, a total of 130 firms, were effected in terms of multilateral guidelines on incentives for raw material orientated and locality-bound industries, as well as on the basis of a decision by the Government in 1984 to phase out the incentives of existing industries falling in the two categories.

- (c) (aa) The Decentralisation Board is not aware of any firm closing down its operations as a direct result of having to forfeit part or all of its decentralization incentives.
- (bb) from 1 July 1984 to 19 February 1988.

Site C, Khayelitsha: installation of water-borne sewerage facilities

226. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

Whether water-borne sewerage facilities will be installed at Site C in Khayelitsha; if not, why not; if so, by what date will the installation be completed?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

The upgrading of the rudimentary services in Site C is presently being looked at and an alternative to the present bucket system will be installed when the upgrading takes place. Whether the new system be water-borne or not will depend on current economic investigations.

The commencement of the upgrading of Site C is planned for the 1989/90 financial year and is phased over a period of 3 years subject to the availability of funds.

Amounts spent on Black housing

302. Mr A GERBER asked the Minister of Constitutional Development and Planning:

What amounts did his Department spend on Black housing in the Republic in 1985, 1986 and 1987, respectively?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

The Government has committed itself to the provision of mainly serviced sites in Black towns whilst it is expected of individuals themselves to provide for the housing needs of their families with the assistance of employers and private financial institutions.

The only exception which is made is in respect of the heads of households in the lowest income groups who are, as a result of health or other reasons, not able to provide for their own housing needs. If the question of the hon member refers to the afore-mentioned infrastructure, services and material loans including housing on which State funds have been expended, the reply is as follows:

1985 — R111 454 793
1986 — R147 328 337
1987 — R227 846 137

State pension schemes: completion of actuarial valuation

363. Mr R M BURROWS asked the Minister of National Health and Population Development:

Whether, with reference to his reply to Question No 98 on 23 June 1987, the actuarial valuation of each State pension scheme has now 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:

Yes

- (a) Falls away
- (b) Falls away

(i) Quantification of the liability resulting from the purchase of pensionable service requires investigation of the

HOUSE OF ASSEMBLY

PENSIONS

A mountain of debt

Generous payouts to members of public sector and local government pension funds could be creating a dangerous form of national debt. News of a massive Government Service Pension Fund deficit is followed by a prediction that payments by the Cape Town City Council to municipal pensioners could bankrupt the city.

This warning comes from councillor Arthur Wienburg (Rondebosch).

Ordinance 23 of 1969 makes it mandatory for pensioners to receive increases of 75%-80% of the consumer price index (CPI). So bonuses from the fund are supplemented each year by the council. In the year to June 1988, an amount of R4,5m was voted to provide for 5 000 existing pensioners.

Because of the growing number of people retiring at ever higher salaries, the contribution rose by 43%. Multiplying the payout by pensioners' 9,54-year average lifespan produces a contingent liability of nearly R43m.

The latest increase is in line with those of the past three years. Next year's increase is expected to be of the same order.

The 75%-80% of CPI compares with increases of about two-thirds of the inflation rate normally paid by private-sector funds.

To assess the impact on the city budget, Wienburg has worked out a projection over the next 10 years, based on an increase of only 30% a year (highly conservative in view of the current rate of increase). According to this estimate, by 1998, the annual payout will have to rise to over R62m, creating a contingent liability of nearly R592m.

He has proposed to the council that:

- ☐ The annual increase be reduced to a maximum of 60% of CPI;
- ☐ All future retirement benefits, including pension increases, be funded;

- ☐ Improvements in benefits (currently paid by the council) be submitted to the actuary to determine the liability assumed; and
- ☐ The actuary certifies existing liabilities.

The inflation allowances will be on the agenda of this week's council executive committee meeting. City treasurer Donald Geyer believes, however, that Wienburg "grossly exaggerates" the problem.

"Payments to pensioners could never bankrupt the city. For the past eight years these payments have averaged about 0,25% of the council's total operating budget. This year the cost will be about 0,5%."

Furthermore, reducing or scrapping allowances could make staff recruitment a problem.

"This needs to be handled at nation level," says Leon Markovitz, chairman of the council's pensions committee. "If Cape Town alone reduces pension benefits, it will lose staff to other municipalities."

Despite direct payments from the council, when last valued in June 1986 the Municipal Pension Fund had a R17,6m deficit.

Actuaries expect the deficit to be eliminated by mid-1988. Geyer points out that over the three years 1984-1986, the fund's performance "placed it in the upper 25% of all funds in the actuaries' investment performance survey. It is in a sound position."

At the last actuarial valuation, cost of assets was R324m and market value R372m. Actuarial valuation was R360m.

On January 31 1988, cost was R436m and market value R545,5m — but liabilities will not be known until the next valuation in June, so it is hard to assess the current position.

FM 11/3/88

Govt has R17,5bn in pension funds

Mr. T. 11/3/88

280 300

Political Staff

THE government's five pension funds, which together have a shortfall of billions of rands, had cash reserves totalling a little more than R17,5bn at the end of March last year, according to National Health and Population Development Minister Mr Willie van Niekerk.

Answering questions put to him in Parliament by Pinetown MP Mr Roger Burrows, Mr Van Niekerk said the Government Service Pension Fund had funds of R12,3bn; Associated Institutions Pension Fund R2,5bn; Temporary Employees' Pension Fund R1,6bn; Authorities' Service Pension Fund R959,3m, and the Authorities' Service Superannuation Fund R40,5m.

The total contribution made by the state to these five funds in the 1986/7 financial year was more than R1,4bn. This amount was further propped up by contributions from various institutions.

Individual contributions to these funds is generally well below most private sector pension schemes, averaging between 26% to a high of 43%.

In answer to a related question dealing with social pensions, Mr Van Niekerk told Parliament the state spent R2,3bn on pensions over the past financial year.

Of this R583m went to whites, R551m to coloured people, R140m to Indians and R1bn to blacks. Some 992 790 people benefited from these pension payouts during the year.

Cape Times

THURSDAY, MARCH 17, 1988

The Budget

BUDGET 88 entails both a new maturity and a new Margo-based beginning in the control of our national finances while reflecting with increasing urgency the magnitude of the gap that must be narrowed between haves and have-nots, between what we need and what we can afford.

It further entrenches some of our worst problems, yet it is a step in the right direction.

Let's get one thing straight though. Most South Africans will emerge poorer from the budget. Not because funds earmarked for housing fall far behind requirements, nor because inadequate social benefits now trail still further behind, nor yet because budget's capacity to generate employment falls below what is needed. No. The primary flaw once more is simply that the taxpayer's burden has again been increased in real terms.

A glance at the new tax tables, coupled with the most basic inflation accounting, brings home the point. Salary increases of say 15% do no more than match the cost of living increase in the past year, yet they mean higher tax brackets, and the latest tax tables do not come close to eliminating this fiscal drag.

Otherwise additional revenue has been sought largely where it traditionally should be, if only because there is a considerable element of choice and implied affordability involved. Smokers and tipples will obviously still find a way to enjoy their vices, and the company car remains a perk which escaped harsher treatment previously only because of recession in the motor industry.

The new SITE taxation system appears to be a reasonable advance as does further relief from estate duty.

Rather niggardly treatment has been meted out to senior citizens whose minute pension bonus will go almost nowhere. Certainly those whose capital has not already been destroyed by inflation face only limited assistance from the proposed new granny bonds. The new medical expenses deduction system could bear down hard on those of limited income, but we note somewhat wryly that it seems almost tailor-made for the Aids era.

As the legislative capital, Cape Town should garner a substantial share of the R191-million cash flow implicit in the announcement that the State will begin to comply fully with the proposal that it should be responsible for municipal rates on State property. Removal of non-resident's tax on interest makes a lot of sense at a time when local borrowers face higher rates in the domestic money market and incentives are needed for foreign lenders.

On balance Finance Minister Barend du Plessis has set off down a more sophisticated route. He has a way to go.

Case for mercy

THE State President's decision that he will not personally intervene to save the Sharpeville

Margo white paper

Margo finds favour

New tax structure

By CHRIS CAIRNCROSS

THE government has in principle accepted the bulk of the 300 recommendations made by the Margo Commission, according to the White Paper tabled in Parliament yesterday. Their acceptance implies that far-reaching changes to South Africa's tax structure are now likely.

Some of the proposals are being implemented through yesterday's Budget, while others will be implemented at earliest in the 1989/90 financial year.

Government grounds for rejecting certain of Margo's proposals were outlined in the White Paper as:

- Overwhelming evidence of private sector opposition.
- Various proposed concessions were not affordable.
- Further investigations were necessary.
- Certain proposals while sound in theory were not practicable.

As indicated by President P W Botha, the government turned down the proposal for a Comprehensive Business Tax (CBT) and has chosen to convert GST to a VAT, to be implemented in 1989.

The Finance Minister, Mr Barend du Plessis, confirmed in his Budget yesterday that it is the government's intention to publish a draft Bill concerning the transfer to VAT for comment as soon as possible, perhaps early in the recess, and then submit the final Bill to Parliament early next year.

No technical details are available at this stage. However, in the White Paper, the government spells out what the change will involve:

- VAT will be a destination-based invoice-type tax on added value.
- In order that the VAT rate may be kept as low as possible, the cost of capital goods will, at least initially, not be allowed as a deduction in the determination of the taxable amount.
- VAT will be as broadly based as possible and must remain so.

Govt agrees on company tax

THE government has accepted the proposal that the company tax rate in SA be gradually reduced to 10% by 1990. It is a significant concession to the important trading partners of SA's most important trading partners, the EC countries, which have a standard rate of 10%.

But it has declined to implement this proposal now. Its motivation is that the possible exemption of dividends from tax should be seen as part of a general reform package, and could only be introduced after most other reforms, and a general lowering of tax rates has been introduced.

The government has decided that further investigation is required before it can consider Margo's proposal that dividends on foreign investments should be taxed. Its view is that the revenue from this source will be trifling and could provoke retail tax not ripe for group taxation and that the company should remain the tax unit.

Relief for married men

Finance Minister Barend du Plessis has announced that married men earning up to R20 000 a year in full-time employment will now be taxed separately from their husbands.

They and single people earning up to R2 000 a year, will pay a new minimum Standard Income Tax (SITE), deducted from their pay packets in the same way as Pay as You Earn (PAYE).

But the income of married women earning more than R20 000 a year will be added to their husbands'.

A married woman earning less than R20 000 a year who also earns interest, will be taxed at her husband's marginal rate.

ble and must remain so. Most services Finance. Remuneration above that ceiling must be included.

● VAT must be applied at a flat rate to employees tax rate. SITE will also apply to all goods and services in the base of the tax. The government has decided that the administrative burden of the application of the tax.

The government has turned down Margo's recommendation that married couples be taxed separately because this deduction would involve a substantial loss of tax with the prescribed PAYE tables. The deduction will be accepted as final and no revenue for the state.

It has, however, resolved to move to a later adjustment to the tax will be made. system of standard income tax for employees. Married women falling within this group will therefore be taxed separately and at the same scales that apply to all other taxpayers in the same group. They will not receive remuneration. The SITE will apply to the remuneration be entitled to the same primary and child received by individuals below an income rebates as married men or unmarried persons receiving to be fixed by the Minister of sons.

Essential Budget figures

THIS table gives (in millions of rands) the main figures of the Minister of Finance, Mr Barend du Plessis's Budget:

COMPARATIVE STATEMENT OF THE STATE REVENUE ACCOUNT

	Revised figure 1987-88	Budget figure 1987-88	Percentage change
EXPENDITURE			
Printed Estimate (R.P.2-88):			
First print:	Rm	Rm	
Supplementary appropriations l.r.o.:			
Social pensions	160		
Subsidy on savings instrument	20		
for senior citizens	200		
Flood disasters	80		
Municipal police	560		
National Road Fund		1 092	
		53 965	
Less:			
Suspension at SA Defence		100	
Total Expenditure	47 836	53 865	12.5
Revenue:			
Printed Estimate (R.P.3-88):			
First Print:			
Customs and Excise at existing rates		3 800	
Plus:			
Tax proposals l.r.o.:	1 010		
National Road Fund	330		
Central Energy Fund	70		
Beer	50		
Spirits	60		
Cigarettes		1 520	
		5 320	
Total for Customs and Excise	3 357	5 320	58.5
Less:			
Inland Revenue at existing rates:		39 040	
Tax proposals l.r.o.:	30		
Non-residents on interest	2		
Stamp duty	3		
Transfer duty	117		
Income tax on individuals:	117		
Standard income tax on individuals (SITE)	255		
Rebate	782		
Rate reduction		1 299	
		37 741	
Plus:			
Tax proposals l.r.o.:	350		
Minimum tax on companies	170		
Tax on long-term insurers	15		
Stamp duty on debits	200		
Levy on heavy vehicles	144		
Income tax on individuals:	144		
Medical rebate	65		
Insurance rebate		944	
Total for Inland Revenue	34 257	38 685	12.9
Central Energy Fund	208		
Total Revenue	37 822	44 005	16.3
Deficit: (before borrowing)	10 014	9 860	-1.5
Loan Redemptions:			
Domestic Loans:			
Stock	1 885	2 425	
Bonds	295	100	
Foreign Loans		442	
Loan Levy		1	
		2 693	
		2 671	3.0
FINANCING REQUIREMENT:			
	12 607	12 531	-0.6
FINANCING:			
Domestic Loans:			
Public Investment Commissioners	4 109	4 600	
Re-investment of maturing stock	4 785	2 425	
New stock		4 350	
Bonds	1 1510	250	
Foreign Loans (Debt Standstill funds)	1 200	500	
Short term loans (net)	582	410	
Transfer from IFM Deposit Account	352		
Surplus from previous financial year	451		
TOTAL FINANCING	12 624	12 535	-0.7
Less:			
Transfer to the International Development Association (IDA) and the World Bank	17		
Share plus:			

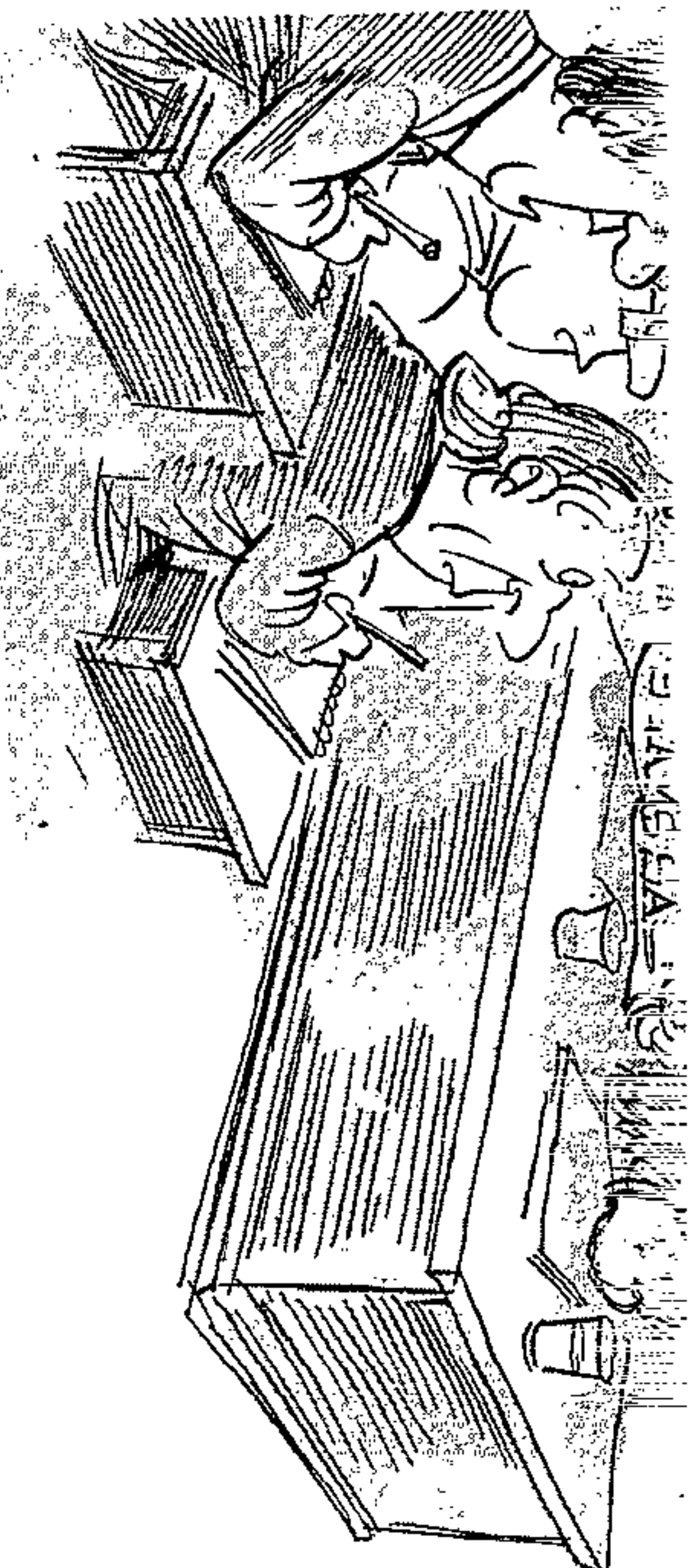


because of the huge new wave of hostility that execution of the six would be certain to unleash externally and internally, or because it would antagonise (very likely beyond any point of return) even those leaders abroad who still hold the line against widespread sanctions, but because of what is right for South Africa.

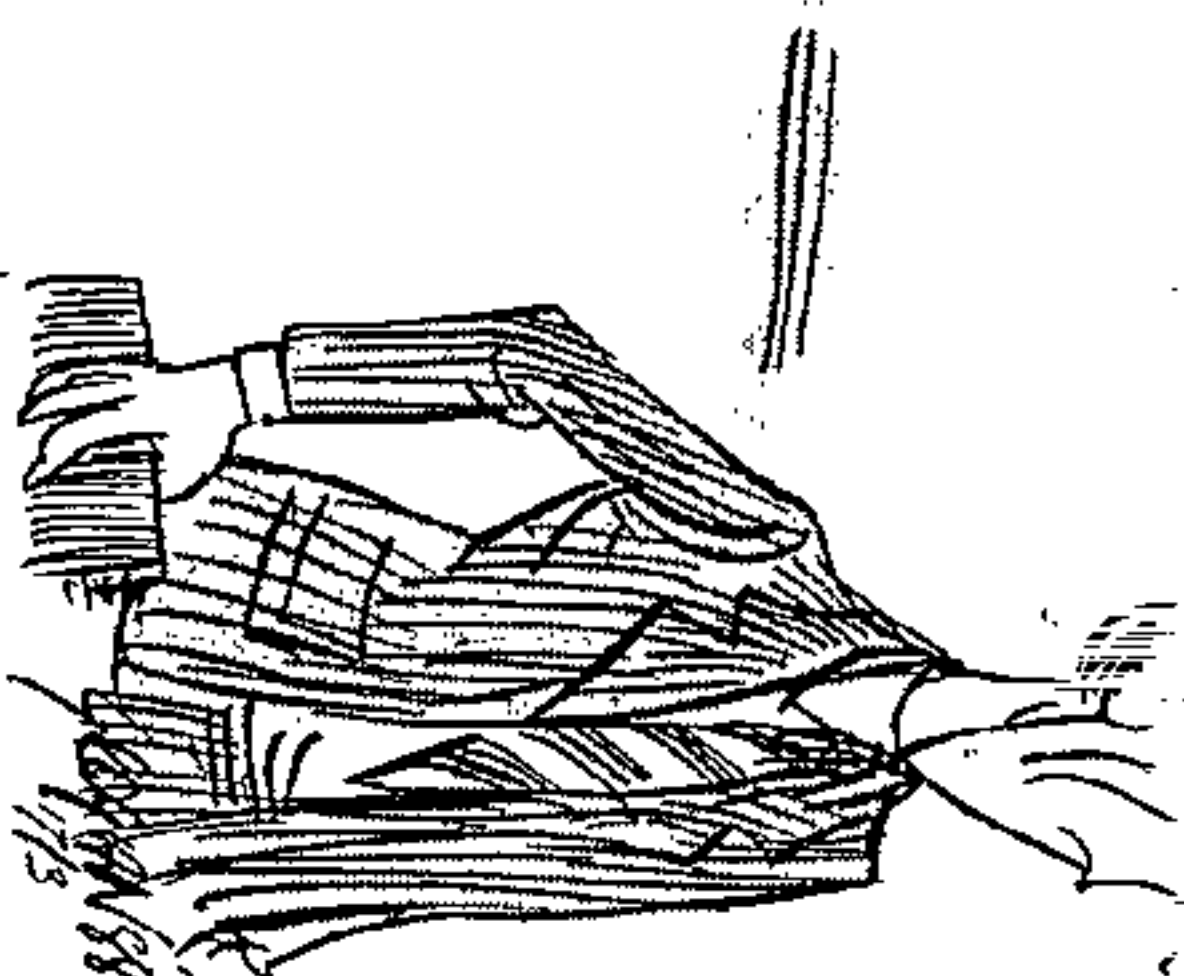
Almost every Western government of note has joined in the plea for clemency. More importantly, however, home appeals have come from such sober, significant quarters as the Association of Law Societies, and for good and well-considered reasons.

The legal case for clemency is well-known. Because of the exceptional nature of the case, a very troublesome precedent would be set if the six were to be executed. To that consideration has now been added testimony, before court at this stage, that if accepted could place serious additional question marks over the case.

The State President may be correct in not stepping in while a court application on the fate of the six is in process. But we have to urge him most strongly to reconsider the possibility of personal intervention if required.



"I think the problem is the report on Jonas Savimbi's interview in Paris-Match was 'maliciously distorted' into English by his paper."



LETTERS

Box 11 CAPE TOWN 8000

City centre a revolting shambles

From DIANA SADUR (Sea Point):

THE centre of Cape Town now looks like a garbage dump. In spite of the fact that there is a lot of reconstruction work in progress, Adderley Street is inundated with shouting hawkers. The pavements are littered with fruit, vegetables and refuse. It is almost impossible to enter the main shops without having to encounter the noisy hawkers and occasionally stepping over a drunk laying across the pavement.

There are now many open markets which have been made available.

The Southern African Catholic Bishops Conference, in a joint pastoral letter, has expressed profound dismay at several recent state actions. The signatories include Reginald Ormond, Bishop of Johannesburg and acting president of the SACB, Stephen Naidoo, Archbishop of Cape Town, Denis Hurley, Archbishop of Durban, Peter Buthelezi, Archbishop of Bloemfontein and George Daniel, Archbishop of Pretoria. Following are extracts:

State must lift its new restrictive measures

CAPE TOWN 17/3/88

Organizations have the right to work for the common good, to develop democracy, to help those in need, to support the families of detainees and to dissent from political decisions which crush legitimate alternatives allowed in civilized countries.

We thus protest in the strongest possible terms at the restrictions that have now been added to the very repressive measures which already shackle our society.

We call on the state to lift all these restrictions, to return to the rule of law, and to abolish apartheid and its evils. It should now be clear to all who value human dignity that apartheid destroys human dignity, cruelly divides communities and that for these reasons it has been judged immoral and inhuman by the international community.

We also call on the state to give to every citizen of this country their God-given rights so that they may develop as true children of God.

We make this call in the spirit of the universal teaching of the Church to oppose injustice wherever it exists.

Several organizations in this country depend on overseas assistance for their development. Many of these organizations help the victims of apartheid. They also work to repair the damage apartheid has

Nationalist viewpoint

from The Burger

Price increases

IT IS a worrying charge by the Consumer Council that price increases are continuing unabated on a wide front in spite of appeals by the government to the private sector in the recommendations of the Economic Advisory Council last year on a programme to force down inflation. Unnecessary price increases were singled out as one of the factors which could fan the flames of inflation.

In President F.W. de Klerk's announcement of economic reforms it was also emphasized that the co-operation of the private sector was necessary if the plan was to succeed.

On the government's side, evidence has already been produced of its determination to curb state spending, and not without political risks to itself. There will be no general salary increases for civil servants this year and rail and postal tariffs will remain the same.

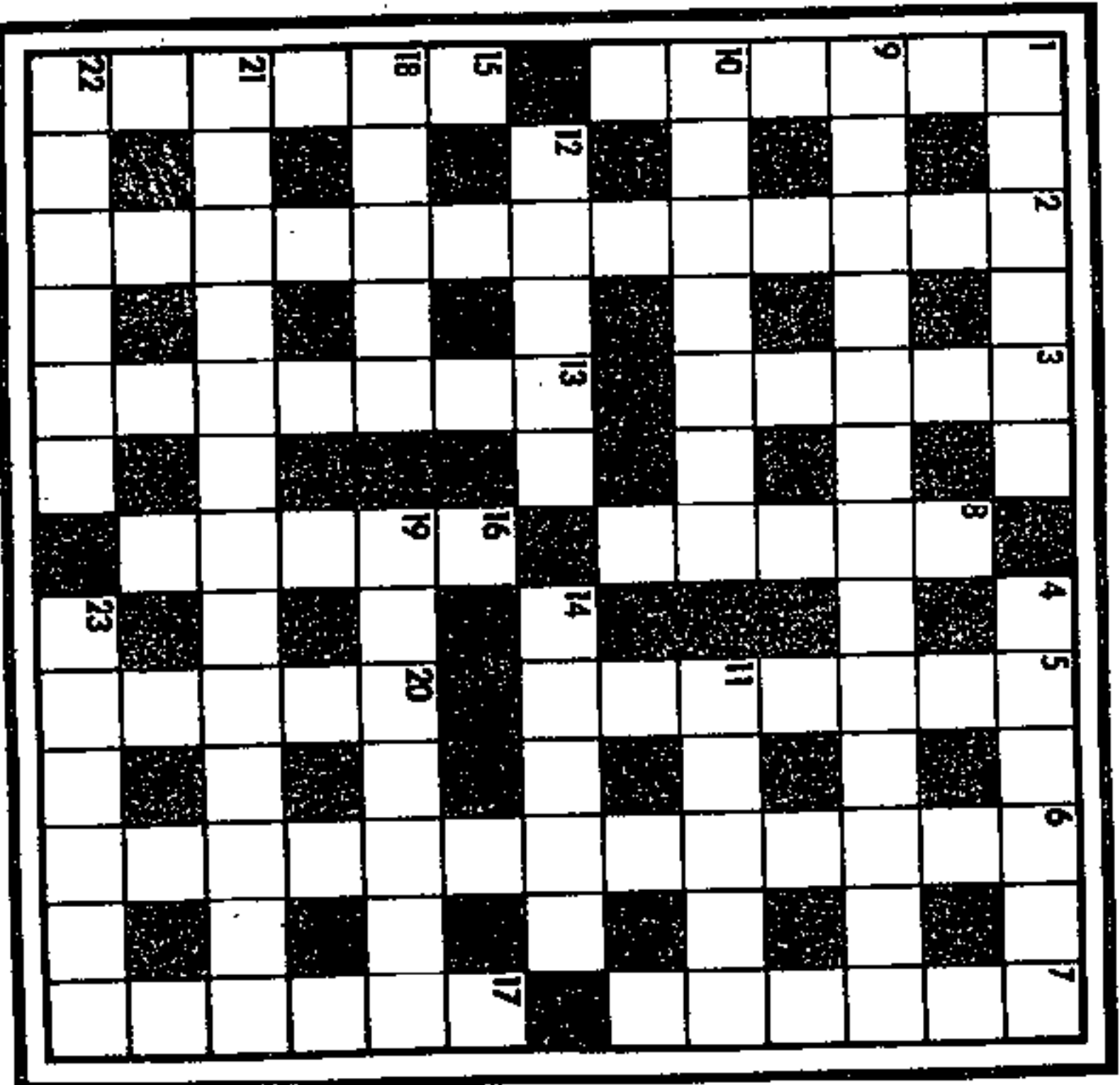
In his budget speech today Minister Barend du Plessis could announce still more measures to stimulate the economy and fight inflation. The private sector will have to help consumers share in the fruits as well.

Some price increases are probably unavoidable — prices of imported goods are also affected by currency fluctuations but the Consumer Council's objections, and those of the consumers, are evidently directed at excessive increases. About medicines, for example, the charge is made that people are being exploited in many cases.

A member of the President's Council pointed a few days ago to medicines manufactured in South Africa which are available much cheaper in other countries. On top of this, the Pharmaceutical Board must make recommendations shortly about further price increases and prescription costs.

Consumers, particularly the aged, are powerless when the prices of essential goods rise steeply. The Consumer Council recommends that the government should monitor prices, but it is clear there is no easy solution and a price freeze looks out of the question. Everyone, including the private sector, will have to realize that full participation in the fight against inflation will be to the benefit of the country as a whole.

No. 17742



Quick clues

- ACROSS**
- Cover (6)
 - Obscure (6)
 - Comprehension (13)
 - School bag (7)
 - Compare (5)
 - Inset (5)
 - Romany (5)
 - Small bottle (5)
 - Gloomy (7)
 - Inapt (13)
 - Rock (6)
 - Capsule (6)

- DOWN**
- Unkempt (6)
 - Underlined (13)
 - Width (5)
 - Fine (7)
 - Like lightning (5, 2, 1, 5)
 - Motor (6)
 - Unmoving (5)
 - Overshadow (7)
 - Raise (6)
 - Deist (6)
 - Senior (6)
 - Grub (5)

Cryptic clues

- ACROSS**
- Limits jumps (6)
 - Supplies punishment instrument (6)
 - As a result of insignificance (13)
 - Grey ore seen around a shop (7)
 - Produce a fraudulent imitation of a smelly (5)
 - Miser going out of a French city (5)
 - Race to get a hat (6)
 - Mixed paint is unsuitable (5)
 - Inactivity, i.e. train trouble (7)
 - Area of the huge Robin Hood roundabout? (13)
 - Loath to write a bit of poetry (6)
 - Selected a name for Korea (6)
- DOWN**
- It could be one across (6)
 - Terribly poor, cute, naive and unhelpful (13)
 - Man at the church ball (5)
 - Fretful about an earthquake (7)
 - Perhaps Robin's cut into the donations (13)
 - Vegetables for Scandinavians (6)
 - She's a gem (5)
 - Games for strikers? (7)
 - Terribly naive about northern capital (6)
 - Animal thus discovered in a rubbish container (5)
 - Terrible danger in a plot (6)
 - Not the heart of this planet (5)

SOLUTIONS TO QUICK CLUES No. 17741:

ACROSS: 1 Pneumatics, 7 Piece, 8 Spike, 9 Um, 10 Expanse, 11 Exceed, 12 Citrus, 15 Abrogated, 17 Era, 18 Cabli, 19 Error, 21 Unreasonable.

DOWN: 1 Penitence, 2 Use, 3 Peewit, 4 Unsettled, 5 Union, 6 Degenerative, 7 Panic, 10 Emergence, 13 Queue, 14 Streets, 16 Robin, 20 Run.

SOLUTIONS TO CRYPTIC CLUES No. 17741:

ACROSS: 1 Singles match, 7 Steam, 8 Owner, 9 Oil, 10 All at once, 11 Parity, 12 Run off, 15 Poison pen, 17 Ash, 18 Rogue, 19 Arcane, 21 Person of note.

DOWN: 1 School report, 2 Lie, 3 Simple, 4 About-turn, 5 Canon, 6 Free of charge, 7 Soler, 10 Author-ess, 13 Omaha, 14 Splein, 16 Ingle, 20 Out.

A pension can be domestic bliss

Having no pension scheme and no disability or life assurance are major problems for domestics or workers employed by small businesses.

However, Federated Life Assurance runs a Domestic Pension Fund designed to meet the future needs of these workers.

Monthly, quarterly or annual contributions are invested by Federated's investment team.

Stw 19/13/88 (2574) (300)
Employers who set aside money for workers in ordinary savings accounts might consider transferring sums to the Domestic Pension Fund.

Underwritten by Federated Life, it has a consistent record of inflation-combatting growth.

Contributions can be as little as R15 a month, which may be increased at any time, and lump sum contributions can also be paid in.

The pension fund can be transfer-

red into the name of a new employer, but pension benefits are not lost should there be gaps in contributions.

If a disability renders a member unfit for work, a disability pension is paid for life, and Federated pays R3 000 into the account. Contribution must be kept up to date and members must be aware of the long-term nature of the exercise.

For R3 extra a month, family funeral expenses can be covered.

300
Pensions cost

SA R1-bn 21/3/88

More than R1 billion was allocated for the pensions of all races in the 1986-87 financial year, according to the SA Institute of Race Relations' 1986 survey released in Johannesburg on Saturday.

Of this amount, about R422,4 million was for whites, R350 million for blacks in white-designated areas, R248 million for coloureds and R61 million for Indians.

In the same year, more than R15,6 million was allocated to welfare services for disabled people of the four races — excluding blacks in the homelands — and about R14 million for rehabilitation services for alcoholics and drug addicts.
— Sapa. *Star*

Unless otherwise stated, political comment in this issue is by R Gibson, content approved by R G Anderson and J M Patten, and political cartoons by D Anderson, all of 47 Sauer Street, Johannesburg.

Pensions up — not for whites

CHC 7/15
21/3/88

300

Political Staff

MONTHLY increases for coloured and Indian social pensioners are to be announced this week in addition to the R60 one-off bonus in October — but there will be no increases for white pensioners.

This is likely to spark a bitter debate with the government coming under attack from the Conservative Party.

It was not possible to establish yesterday whether Africans would be given an increase, but some statement on the issue is expected from the various provincial authorities today.

Black social pensions now fall under provinces according to a spokesman for the Department of Constitutional Development and Planning.

The increases for coloured people and Indians, which will be paid out of their own affairs allocation, will be aimed at narrowing the gap with white social pensions.

The Minister of Finance, Mr. P. van der Plas, announced last week in his budget that all social pensioners would receive a R60 bonus.

Later, the Minister of the House of Assembly, Dr. Dawie de Villiers, in confirming the bonus and stating that negotiations were in progress with the unions over the payment of three years' worth of having the increase would be, but spread out over three years, said it would seem to indicate that the increase will be R17 a month.

social pensioners a monthly increase this year.

At the same time, however, Mr. Chris April, who heads the Department of Health Services and Welfare in the House of Representatives, said the coloured social pensioners would not only get the bonus but would also receive a monthly increase.

A spokesman for Mr. April's department said the increase was expected to be announced either today or later this week during the course of the own affairs budget.

Reach parity

The Minister of Health Services and Welfare in the House of Delegates, Mr. Raman Bhana, said he had given the Indian community a commitment that there would be a monthly increase.

Mr. Bhana said the difference between white and Indian and coloured social pensions was R51. He could not say what the increase would be, but spread out over three years this would seem to indicate that the increase will be R17 a month.



HELPING HAND. Six-year-old Adrian van Rooyen pours a glass of water for his older brother, Constable Andre van Rooyen. Constable Van Rooyen was shot with his own gun during a struggle on Saturday night. Standing behind them is their mother, Mrs. Jenny van Rooyen.

Picture: ANNE LANG

Constable shot with own gun during attack

Crime Reporter

A YOUNG Cape Town police constable was shot in his right shoulder during a fight for possession of his pistol on Saturday night.

In spite of his wounds, Constable Andre van Rooyen

During the struggle atshot went off, hitting Constable Van Rooyen. The bullet passed through his shoulder.

The attackers ran away, but the right-handed constable managed to fire a number of shots using his left hand.

D1 D 21/3/88

Storm brews over ^{3.00} pensions

Political
Correspondent

CAPE TOWN — Monthly increases for coloured and Indian social pensioners are to be announced this week in addition to the R60 one-off bonus in October — but there will be no increases for whites.

This news is likely to spark a bitter debate on the issue with the government coming under attack from the opposition Conservative Party.

It was not possible to establish yesterday whether blacks would also be given an increase.

Black social pensions now fall under provinces according to a spokesman for the Department of Constitutional Development and Planning.

The increases for coloureds and Indians which will be paid out of their own affairs allocation will be aimed at narrowing the gap between white social pensions and those of coloureds and Indians.

The Minister of Finance, Mr Barend du Plessis, announced last week when he presented his Budget that all social pensioners would receive a R60 bonus.

Later, the Minister of the Budget and Welfare in the House of Assembly, Dr Dawie de Villiers, said it would not be possible to give white social pensioners a monthly increase this year.

The Minister of Health Services and Welfare in the House of Delegates, Mr Raman Bhana, said he had given the Indian community a commitment that there would be a monthly increase.

Mr Bhana said that the difference between white and Indian and coloured social pensions at this stage was R51.

The Conservative Party Finance Spokesman, Mr Casper Uys, said after the Budget had been presented that it contained little of benefit for the poorer person.

He singled out the R60 bonus as being way below the inflation rate.

Despite the fact that the increases are coming from own affairs budgets, the Conservative Party is expected to launch a full-scale attack on the fact that money has been found for coloured and Indians, but not for whites.

They will have plenty of time to do this when the white own affairs budget is debated in the House of Assembly this week.

Ratepayers to fork out millions? Secret talks on pensions for city councillors

By Shirley Woodgate,
Municipal Reporter

Ratepayers countrywide are likely to be saddled with a bill of millions of rands if Government plans to pay pensions to retiring town and city councillors and their dependents are implemented before the October elections.

Negotiations instigated by the United Municipal Executive, which led to the recent gazetting of the Pension Benefits for Councillors of Local Authorities Act 1987, are now taking place "in great secrecy", said Dr Patrick Lewis, former management committee chairman, mayor and Freeman of the City.

Pension equal to salary

It is believed if the plans are sanctioned, councillors of all races who have served terms of at least 15 years will be eligible at age 60 to a lifetime pension equal to their present monthly council allowances.

On this basis at least 16 sitting Johannesburg councillors are eligible, including management committee chairman, Mr Francois Oberholzer, who would retire on R48 000 a year, four management committee members who qualify for pensions of R36 000 each annually, and 11 councillors entitled to draw R1 000 a month.

Dr Lewis said he was disturbed at the reluctance to bring the proposals into the open.

It had been very difficult to obtain factual information about the pensions or financing of the pension fund or scheme.

"In the past, councillors regarded time devoted to their duties as a service to the community.

"Previous allowances were nominal, but the thought of councillors being entitled to pensions is unheard-of."

He said the council voted in 1975 that future increases to the allowances approved by the Administrator would be accepted without submitting a report to council. It is believed local councillors received a 50 percent increase in June last year without any publicity.

A memorandum accompanying the Bill when it was tabled in August said: "Because of the time and energy councillors devote to the council and related matters, many have lagged behind their colleagues with whom they have to compete in their private occupations. As a result councillors suffer a loss of potential income, which in turn leads to their receiving smaller pension and other benefits on their retirement."

No details yet

Johannesburg's chief director of financial services, Mr Pieter Matthee, who investigated the pension issue for the UME, said he was unable to supply details until the draft rules had been approved by the Registrar of Pension Funds and the relevant Minister.

This would be hopefully within the next month, and the matter would go to the individual councils in May or June, he said.

"Each council will have to decide whether or not it wants to participate. Individual councillors will be able to opt out if they wish," he said.

21/3/88
300
Star

Ambassadors and attachés in foreign countries: 15
Local friends and family: 177

(iii) In 1986 the printing cost per card was 12 cents, but it is not possible to determine the hidden costs of manpower and other materials.

(iv) Armscor

(b) yes

(i), (ii), (iii) and (iv) Christmas cards are sent out by the SA Defence Force on a decentralised basis by some Headquarters, Formations, Commands and Units. To obtain this information will be too time-consuming and expensive.

(2) Minister No. The Christmas cards were distributed against Government cost in terms of paragraph 8.1.3 of the Guidelines for Ministers.

SA Defence Force. Christmas cards are sent out on a decentralised basis by some Headquarters, Formations and Units. To obtain this information will be too time-consuming and expensive.

Professional standing defence force: estimated cost

620. Prof N J J OLIVIER asked the Minister of Defence:

Whether an estimate has been made of the cost of establishing a professional standing defence force to replace, over a period of time, the present system of military conscription; if not, why not; if so, (a) what is this estimate and (b) in which year was it made?

The MINISTER OF DEFENCE:

Yes.

(a) RM 2 415 for direct personnel expenses (salaries and allowances) only which, in 1984 Rand values, would have been 117% higher than the existing system in the same year.

(b) 1984/85 financial year.

Permanent Force: applications to join

621. Prof N J J OLIVIER asked the Minister of Defence:

How many Black, White, Coloured and Indian

HOUSE OF ASSEMBLY

persons, respectively, (a) applied to join, and (b) were accepted into, the Permanent Force as members of the South African (i) Army, (ii) Air Force, (iii) Navy and (iv) Medical Services in 1987 or the latest specified year for which information is available?

The MINISTER OF DEFENCE:

1 January 1987 until 31 December 1987

	(a)	(b)
(i) White	5 520	2 092
Coloured	460	122
Indian	31	18
Black	2 260	2 232
(ii) White	5 787	1 530
Coloured	191	27
Indian	102	6
Black	95	6
(iii) White	815	413
Coloured	198	179
Indian	60	44
Black	1	1
(iv) White	1 342	759
Coloured	33	18
Indian	5	0
Black	1	1

Inter-city luxury coach services: privatization

659. Mr P G SOAL asked the Minister of Transport Affairs:

Whether any steps have been taken to privatize the inter-city luxury coach services of the South African Transport Services; if not, (a) why not and (b) when is it anticipated that steps will be taken in this regard; if so, what steps?

The MINISTER OF TRANSPORT AFFAIRS:

Yes.

The Honourable Member's attention is directed to my Budget Speech on 24 February 1988 when I indicated that it is the intention to include all bus passenger services in the privatisation action and that I gave instructions that these services be developed as a separate business unit with a view to privatisation. This action is presently under way.

Travel bureaux: profits/losses

661. Mr P G SOAL asked the Minister of Transport Affairs:

What (a) were the (i) profits or (ii) losses

incurred in respect of the (aa) London, (bb) Frankfurt and (cc) New York South African Transport Services travel bureaux for each of the latest specified three financial years for which information is available and (b) is the projected (i) profit or (ii) loss in respect of each of these bureaux for the current financial year?

The MINISTER OF TRANSPORT AFFAIRS:

	(aa)	(bb)	(cc)
(a) (i)			
1984/85	R19 100	R23 100	R17 800
1985/86	R20 000	R 5 000	—
1986/87	R50 900	R10 000	R28 400
(ii) 1985/86	—	—	R15 000
(b) (i)	R100 000	R40 000	R30 000

(ii) Falls away.

SAA flight 295: air hostesses able to speak Japanese/Mandarin

663. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether any air hostesses on SAA flight 295 on 28 November 1987 could speak (a) Japanese and/or (b) Mandarin; if so, how many; if not, what languages could they speak;

(2) whether any air hostesses on aircraft used on the Far East service speak either of these languages; if so, how many; if not, why not?

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) and (b) No. They were able to converse in English, Afrikaans, German, Portuguese and Italian.

(2) Yes. Two.

Pension funds: shortages

674. Mr J J S PRINSLOO asked the Minister of Transport Affairs:

(1) Whether there are any shortages in the pension funds of the South African Transport Services at present; if so, (a) in which pension funds, (b) (i) what do these shortages amount to and (ii) in respect of what date is this information furnished and (c) what did these shortages amount to on the corresponding date (i) 12, (ii) 24 and (iii) 36 calendar months ago;

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

The MINISTER OF TRANSPORT AFFAIRS:

(1) (a) and (b) Actuaries in the private sector are presently in the process of evaluating the pension funds of South African Transport Services and it is expected that their report will be completed by the end of 1988.

(c) Not available.

(2) No.

Military service: White doctors posted to hospitals

675. Mr H J COETZEE asked the Minister of Defence:

(1) What percentage of qualified White doctors called up for military service is posted to hospitals (a) for Whites, (b) for Blacks, (c) administered by the South African Defence Force, (d) in the four independent Black states and (e) in the self-governing territories;

(2) (a) where are such doctors sent for their basic training and (b) what is the duration of this training?

The MINISTER OF DEFENCE:

(1) As on 8 March 1988

- (a) 1,25%
- (b) 2,52%
- (c) 51,3%
- (d) 0,63%
- (e) 0,31%

NOTE: The remainder of the doctors (43,99%) are employed in sickbays, military medical clinics and for the training of medical orderlies.

(2) (a) SA Medical Service Training Centre near Potchefstroom

(b) 16 weeks.

Botshabelo: bus boycotts

677. Mrs H SUZMAN asked the Minister of Transport Affairs:

(a) How many bus boycotts were there in Botshabelo in 1987 and 1988, (b) on what dates did they occur and (c) what was the (i) duration and (ii) cause of each such boycott?

HOUSE OF ASSEMBLY

D/P 22/3/88

DV pensioners go home empty handed again

EAST LONDON — A number of Duncan Village pensioners who were due to receive their pensions on March 8 have been told they will be paid out only on March 30.

The pensioners' last payout was in early January, as pensions are paid out every two months.

The pensioners, who had approached the Black Sash for help, said yesterday they had got up as early as 4 am on March 8 to join the queues at the paymaster's van.

At 4 pm, they were told that the paymaster had run out of money and that they should return on March 10.

The same thing happened on March 10, and they were told to return on March 30, more than three weeks after the original payout day.

Some of the pensioners were so desperate that they followed the paymaster's van to the paypoints in Wiltonia and Cambridge the next day, but they were told to wait until the end of March.

Twelve pensioners were at the Black Sash offices yesterday, but they said that more than 100 pensioners had been affected by the delay.

One of the women at the office said she was more than 100 years old and another gave her birth date as 1918.

The chairman of the Border Black Sash, Mrs Sue Power, said they appreciated the problems of the paymaster single-handedly having to pay out such vast numbers of pensions, but called on the Cape Provincial Administration immediately to increase the number of paymasters to ensure that pensioners were not forced to suffer delays.

A spokesman for the Department of Home Affairs said he was unable to get hold of the paymaster yesterday for comment but he would investigate the matter today. — DDR



REV Mbabane

SOWETO'S first old age home will open its doors for the first batch of residents in August.

This was what the Reverend Tom Mbabane told a gathering of scores

SOWETAN Reporter

of people who came to the unveiling of a foundation stone for the home on Sunday.

Mr Mbabane, who is

chairman of the Soweto Care of the Aged, said the idea of building a home for blacks in an urban area was first conceived more than 10 years ago but red-tape prevented this happening.

"This is a happy

moment in our lives. Our dream of having a place where our old people will be looked after has become a reality," he said.

The foundation stone was unveiled by Dr Ellen Khuzwayo, who is

affectionately called "Mother of Soweto". There was singing and dancing and ululation by many old people who attended the occasion.

The home will cost about R2-million to build and will house about 120 living-in

residents and about 200 to 300 people who would come to the centre on a daily basis for various activities.

It will be run under the auspices of the Soweto Care of the Aged. It is situated at Central Western Jabavu.

Blast: Public wants to up reward

JOHANNESBURG — The Police Public Relations Division has received a number of offers from people wishing to contribute money to increase the reward offered for information leading to the arrest of the suspected guerilla, Mr Heindrich Grosskopf, SABC radio news reported.

The police have already offered a R50 000 reward for Mr Grosskopf after last week's car bomb explosion at the Krugersdorp Magistrate's Court in which three people were killed and 20 were injured.

The commanding officer of the public relations division, Colonel Vic Heyns, said the offers had been referred to police headquarters for a decision.

Victims

Meanwhile, only two victims of the car bomb blast are still being treated in hospital and both are in a satisfactory condition.

Norlene Goosen (15 months) has been removed from the intensive care unit and has been placed in the children's ward at Paardekraal Hospital.

A spokesman for Leratong Hospital described Mr Wilson Cinde's condition as stable.

Mrs Emily Merage, who was discharged from hospital at the weekend, must return next week to have more shrapnel removed from a wound.

Mrs Emsie Swart of Witpoortjie was discharged from the Flora Clinic yesterday morning. — Sapa.



SCORES of pensioners attended the unveiling of a foundation stone for Soweto's first old age home.

Swop-a-Stamp

THE people in the list below have won prizes in this year's record-

winners!

Mrs Daphne Xulu
96 Mafolo North
Dobsonville 1865
Fania Mbele

Senior Citizens

Get out and do ³⁰⁰ something

P10
22/3/22

Old age is often synonymous with loneliness and boredom. Many retired people spend their days doing nothing and sitting alone. Over time, it becomes more difficult to go out and see friends and family who live far away. It becomes easier to sit and do nothing, alone.

The elderly in East London have no excuse. The Berea Gardens Club provides a wide variety of facilities and social gatherings for you. All you have to do is become a member and from then on you'll meet people, become more active, and lead a more satisfying life.

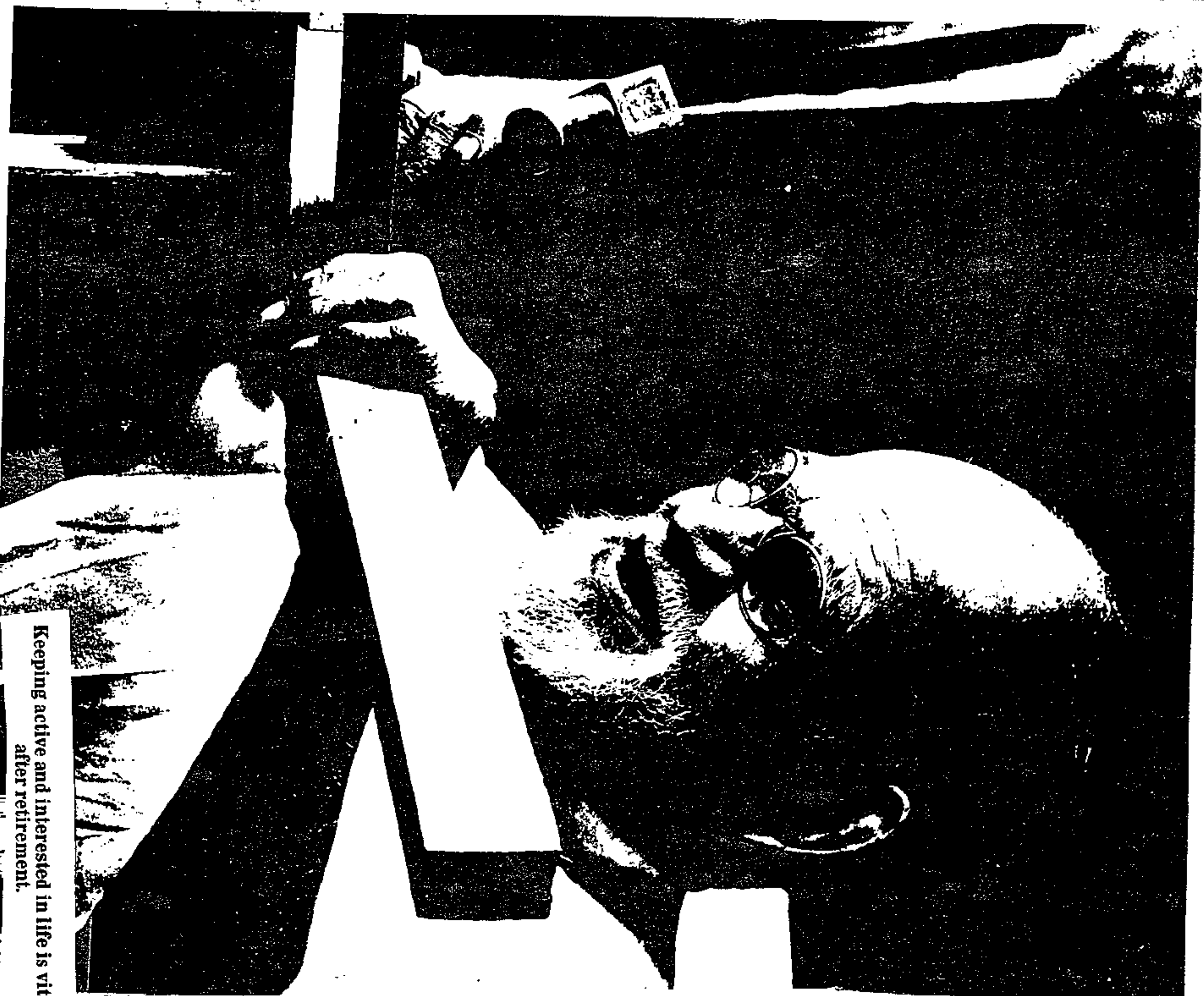
The club includes a wide range of facilities and interest groups.

A three course meal for R3 is served every day to club members. Videos are shown on a regular basis.

Members are free to use the laundrette, and make use of the inexpensive hairdressers for both ladies and gents.

Fitness classes are held regularly, and members can attend any of the classes offered by the club. The choice ranges from pottery, art, sewing, woodwork, and leatherwork to gardening.

Or, if you're not really into hobbies, why not join other members for a game of bingo, cards, play reading, choir or a leisurely cup of tea.



Keeping active and interested in life is vital after retirement.

Advertis

D/D 22/3/88

You're as healthy ⁽³⁰²⁾ as the food you eat

Many signs of old age are avoidable.

Although energy requirements are reduced in elderly people, pleasure in eating must be maintained.

When talk turns to old age, most of us have visions of pension funds, retirement; we think of holiday trips, visits and new hobbies.

Of course, everyone wants to enjoy a healthy old age, but it is not only the elderly who often forget to create the proper foundation for good health with a healthy diet rich in vitamins.

Studies show that a balanced diet not only prolongs life expectancy but also ensures a better quality of life in old age.

Many senior citizens, who seem to be fundamentally healthy, often complain that they take no pleasure in eating. Many of them not only eat too little, but also follow an incorrect diet and inadequate fluid intake. Many elderly people experience a blunting of the physical senses.

Poor nutrition may have numerous causes, ranging from style of life to general state of health. Ingested nutrients may be poorly used by the body, while acute or chronic disease cre-

ates additional vitamin requirements.

The situation may escalate ominously into a vicious circle. Certain drugs, for instance, blunt the sense of taste (there is a certain loss of this faculty in old age anyway), and this reduces the appetite, leading to a diminished intake of food and nutrients, and also of vitamins, which in turn causes further loss of appetite.

Vitamins B1 and B2 together account for inadequate intake in about one-third of elderly women, while vitamin C and D levels are also critical. As for the best known vitamin, C, and the fat soluble vitamins (A and D), eight out of 10 senior citizens consume less than 80 per cent of the amounts recommended by the German Nutrition Society.

Elderly people living alone are particularly at risk, while physical or mental handicaps may also be a source of poor nutrient intake.

Elderly patients with suboptimal in-

take may not always display the "classic" signs of vitamin deficiency, and the symptoms may be misinterpreted or overlooked. Many signs of old age now considered inevitable could be avoided with better vitamin intake.

A sure way for the elderly to protect their health is to eliminate, or at least to cut down on, the use of alcohol and tobacco, and to take regular exercise. Energy requirements fall in old age, but the requirements for vitamins, minerals and trace elements remain unchanged.

□ Ensure optimal nutrition through the use (with medical guidance) of vitamin and mineral supplements if nutrient requirements are not covered by diet;

□ Consume more milk, dairy products and fish;

□ Get enough sun, especially in winter, so that there is sufficient vitamin D synthesis in the skin;

D/D 22/3/88

There is a place for ⁽³⁰⁰⁾ everyone

Living could be much easier in a "communal" house with seven or eight people of your age, being cared for by people who understand and are sensitive to your needs.

If you're frail, or a member of your family is no longer able to take care of themselves, a home in which they are cared for is the ideal solution.

It is important though, to bear in mind that frail people are elderly, not ill, and in need of constant medical attention.

Homes such as these are usually centrally situated, near shops, doctors and places of worship. Kings Place in Southernwood, East London is one example.

Names can be submitted to a waiting list, the patient is assessed and then admitted into the home.

Gompo pensioners: pay at month end

D/P 23/3/88

300

Daily Dispatch Reporter
EAST LONDON — The 193 Duncan Village pensioners who did not receive their pensions this month will not be paid before the end of the month.

This was confirmed by the regional representative for the Department of Home Affairs, Mr G. R. Elliott, yesterday.

He said that March 30 was the first convenient day on which the paymaster, who operates in East London, could return to Duncan Village.

The pensions are paid out by a paymaster from the Department of Home Affairs acting as an agent for the Cape Prov-

incial Administration.

If the paymaster hadn't "battled to get order from the crowd" on the first payout day it would probably not have happened.

He said that he had been informed by the paymaster that it had been raining on March 8 and there had been queue jumping.

A delay of at least two hours could have been prevented if extra security had not had to be called in.

"The paymaster would normally have been able to pay out 700 pensioners, but because of the delay was only able to pay out 547 pensioners."

The paymaster had worked until after 8 pm to pay as many pensioners as he could and had not run out of money on the first day.

When he returned on March 11 after visiting Needs Camp, he was unable to pay out all of the pensioners due to insufficient funds.

Mr Elliot said that the paymaster paid out 5 000 pensioners in the East London area, of which 1 200 were in Duncan Village every month.

Two days a month are set aside for Duncan Village and on other days the paymaster visits other pay points.

A spokesman for the

Department of Community Services of the Cape Provincial Administration said yesterday he was unaware of the situation, but he would investigate the matter.

He said that the Cape Provincial Administration intended to take over the payouts at the same time as the three other provincial administrations took over payouts in their area.

They hoped to pay out pensions on a monthly basis.

WEDNESDAY, 23 MARCH 1988

panies; if so, (a) which publications and (b)(i) why, and (ii) what is the amount of the subsidy, in each case;

- (4) what total amount was spent by his Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF ENVIRONMENT AFFAIRS:

- (1) No.
(1) (a), (b) and (c) Fall away.
(2) Falls away.
(3) No.
(3) (a) and (b) Fall away.
(4) Falls away.

Printing contracts awarded to two companies

843. Mr D J DALLING asked the Minister of Economic Affairs and Technology:

- (1) Whether the Department of Mineral and Energy Affairs awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

- (2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by this Department in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;

- (3) whether this Department subsidizes any publications published by the above companies; if so, (a) which publications and (b)(i) why, and (ii) what is the amount of the subsidy, in each case;

- (4) what total amount was spent by this Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (1) No.
(1) (a) (b) and (c) falls away.
(2) Falls away.
(3) No.
(3) (a) (b) (i) and (ii) falls away.
(4) Falls away.

Own Affairs:

Cape Town: accommodation units for aged Whites

43. Mr J J WALSH asked the 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 1987?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

80.

Technikon, Vanderbijlpark: students

96. Mr J H VAN DER MERWE asked the Minister of Education and Culture:

- (a) What total number of students is studying at present at the technikon situated at Vanderbijlpark, (b) how many of these pupils are (i) Blacks, (ii) Coloureds, (iii) Indians and (iv) Whites, (c) what is the name of this technikon and (d) in respect of what date is this information furnished?

The MINISTER OF EDUCATION AND CULTURE:

- (a) 2 796 students,
(b) (i) 63 students,
(ii) 2 students,
(iii) 71 students,
(iv) 2 660 students;
(c) Vaal Triangle Technikon;
(d) 31 March 1987

Vaal River campus, PUCHO: students enrolled
97. Mr J H VAN DER MERWE asked the Minister of Education and Culture:

WEDNESDAY, 23 MARCH 1988

- (a) How many persons are enrolled as students at the Vaal River campus of the Potchefstroomse Universiteit vir Christelike Hoër Onderwys at present, (b) how many of these students are (i) Blacks, (ii) Coloureds, (iii) Indians and (iv) Whites and (c) in respect of what date is this information furnished?

- (c) falls away.

The MINISTER OF EDUCATION AND CULTURE:

D/D 24/3/88 (300)

Features of the plan

EAST LONDON — The main attraction of the new pension and retirement plan is that members contribution automatically earn full interest, according to the head of Willis Faber Enhoven here, Mr Ian Richards.

Other features he listed at the breakfast meeting attended by public and private sector key financial personnel were:

It awarded additional grants for long and loyal service;

There had a flexible retirement age;

Up to 67 per cent of the retirement benefit was available in lump sum cash payment as opposed to the thirty three and a third per cent;

It had a special retirement bonus built in;

Continuation of group life cover was available after retirement;

Disability cover and funeral cover were available as supplementary benefits;

Retirement gratuities could be incorporated into the overall package.

Housing interests of the retired covered in draft legislation

D/P 24/3/86
300

Daily Dispatch
Correspondent

CAPE TOWN — Draft legislation aimed at addressing the housing needs of retired persons and at protecting their interests was tabled in parliament yesterday by the Minister of Economic Affairs and Technology, Mr Danie Steyn.

The Housing Development Schemes for Retired Persons Bill is the end result of an investigation carried out by a special committee appointed in June 1986 by the then Minister of Local Government, Housing and Works in the House of Assembly. The brief was to inquire into these housing needs and the methods of meeting them.

The legislation is clearly aimed at introducing some regulatory controls over retirement village developments which have been mushrooming around the country in recent years.



MR STEYN

The bill sets out in detail all the formalities which must be met by the developers in respect of contracts entered into with prospective purchasers.

It also provides for stiff penalties — a fine of R10 000 or five years imprisonment — for developers who attempt to sell off housing schemes before they have been officially approved.

And, it, sets down strict guidelines con-

cerning the "alienation" of the housing interests vested in a retired person, whereby alienation means the sale, exchange, lease, donation or other form of disposal.

● In the House of Delegates yesterday, the Minister of Health Services and Welfare, Mr Raman Bhana, said a clarifying statement on the pensions issue would be released today following a decision not to increase the monthly pensions of Indians.

He was replying to Mr Perumal Nadasen (NPP, Allandale) who said in the second reading debate on the own affairs budget that newspapers had misled the community when they said coloured and Indian people would get pension increases while whites would not.

Mr Bhana said a R60 one-off bonus would be granted in October, the same as that for the whites.



MR EGLIN



MRS SUZMAN

FOR SUBSCRIPTION INQUIRIES — TELEPHONE EAST LONDON 26141

Senior citizens attend home safety seminar

DJP 24/3/88 300

Daily Dispatch Reporter

EAST LONDON — More than 100 senior citizens attended a seminar on safety in the home at an Amalinda supermarket yesterday.

A Cambridge police officer, Captain A. Petzer, said the South African Police had launched the national campaign in conjunction with a supermarket chain to make the elderly aware of the need for safety in the home.

"The SAP is concerned about the well-being and safety of senior citizens," he said, adding that another project, Safety in the Streets, would be launched on June 8.

The elderly who attended the seminar yesterday also saw a video, com-

plied from case histories, of senior citizens who had been attacked in their homes.

Advice on how these incidents could have been avoided was given by members of the SAP.

Police whistles were also on sale. A percentage of the sales will go to the South African National Council for the Aged.

● A seminar in Queenstown was well attended by senior citizens who were enthusiastic about the "pensioners project".

They expressed their appreciation for the informative advice and many said they would encourage their family and friends to attend the next two seminars.



Captain A. Petzer of the South African Police shows a video on household protection to old-age pensioners at a seminar held at an Amalinda supermarket, yesterday.



DD 24/3/88
EL MP:

pension plan ³⁰⁰ discussed

EAST LONDON — The MP for East London City, Mr Peet de Pontes, has had discussions on pensions with the Minister of the Budget and Welfare in the House of Assembly, Mr Dawie de Villiers.

Mr De Pontes said in a telephone interview from Cape Town that the minister had shown understanding on the position of pensions in South Africa, but he was "not in a position to do anything about it at the moment".

An urgent solution was needed, Mr De Pontes said.

"In 20 years time the amount of money needed for pensions will be equal to the present budget.

"We would like to see as many people as possible on a pension scheme."

Mr De Pontes said the ultimate long-term plan was to set up a national compulsory pension scheme.

A major recommendation of the President's Council Report on the Aged to alleviate a pension burden of R8,5 billion by the year 2000 was that a compulsory pension scheme be established. — DDC

BUSINESS

EAST LONDON — The pension fund system in South Africa — which nets R9 000 million a year in employees' contributions — came under severe attack at a breakfast seminar here yesterday to launch a new pension and retirement plan by one of the country's major employer benefit organisations.

"The system stinks," the managing director of Willis Faber Enthoven, Mr Trevor Sourgen, said when he launched the company's revolutionary new Wilsave retirement plan.

by Matthew Moonieya
business editor

Perceived problems with existing traditional pension funds are listed as:

90% of pension fund members are prevented from attaining financial independence at retirement;

The traditional final average salary scheme only provides benefits if the worker remains with the company for most of his working life;

If an employee withdraws from a scheme before retirement, he receives only his own contribution plus 3% to 5%. This is considered against the background that investment returns on managed pension funds are plus 20%;

The worker could be deprived of any benefit which might have been secured for him by means of the employer's contribution;

Mergers, takeovers, disinvestment and management buy-outs change situations within companies and promises previously made to workers may not be acceptable to the new management;

Inflexible retirement age penalties;

Final average salary schemes are difficult to budget for in an infla-

Pension schemes come under fire



Willis Faber Enthoven executives discuss a point yesterday: (from left) managing director, Mr Trevor Sourgen, the head of the company in East London, Mr Ian Richards, and the Western Cape managing director, Mr Danny St Dare.

tionary climate.

Mr Sourgen called for government intervention to correct some of the problems because no scheme could correct and address all the problems alone.

The managing director of the company's Cape Town operations, Mr Danny St Dare, emphasised the need for a

proper pension fund and warned that the American phrase "mean and lean" would be the philosophy of companies throughout the world.

The phrase was based on the idea that because of the economic uncertainties throughout the world, companies were renewing their efforts to

streamline operations, eliminate unproductive divisions without growth prospects and to reduce expenditure on personnel not considered essential to future development.

He said a key employment feature today was mobility. Traditional loyalty in many companies had lessened.

"With mergers, takeovers, restructuring of companies, disinvestment and management buy outs, it is becoming increasingly apparent that service with a single company for more than 10 years will be a rarity. In some cases, neither the company nor the employees favour long-term employment commitments."

There had been reductions in the workforce as companies went outside for qualified specialists, temporary workers and leased consultants.

Mr St Dare said employers and employees perceptions in South Africa were no different from the rest of world but that the country also had a Third World 'actor'.

"This is an added complication with the emergence of black trade unions which only favour lump sum payouts.

"This is because they want to use the money to set up businesses, see to pressing family commitments, buy a house or because they are sceptical about deferred payouts as a result of political instability."

Senior executives were also frustrated to see their capital contributions sitting in pension funds. They felt they could make better use of the money.

He reiterated that final average salary schemes were basically calculated on 2% interest multiplied by the number of years employed.

"This fund does not take into account yield earned with the result that only 9% of the people in such funds are independent at retirement.

"This is appalling and what we are trying to do is to provide a better benefit for the employee by helping them not to lose benefits when they change jobs. We are also trying to eliminate the fact that he must remain with a company all his working life to reap the benefits."

Pensions: anger and confusion is growing

By Janine Simon

There is growing anger and confusion over social pensions, as welfare representatives hit at the Budget's failure to give a general pension increase and the chaos caused by eight departments setting pension payments.

In the Budget, Minister of Finance Mr Barend du Plessis said South Afri-

ca's 990 000 social pensioners would receive a once-off R60 bonus in October, costing R110 million.

Criticism of this was sharp but offset by hopes that the three relevant Own Affairs departments and the Department of Constitutional Development and Planning, which oversees the four

provincial administrations in charge of black welfare services, would announce an additional increment.

But the House of Representatives has been the only one to act, with Minister Chris April announcing a R12-a-month increase from July, coupled with a R5 monthly payment of the bonus.

It is not clear whether this House has the funds to back its promise, but the statement has apparently thrown other welfare administrations into a flurry.

White pensioners under the House of Assembly are not expected to get an increase, but a statement from the House of Delegates is expected tomorrow, and at least one provincial official has said his department would take note of steps taken by others.

Private welfare sources have indicated that, given the Government's stated intention to iron out pension disparities, various departments will not be seen to be acting out of line.

They have slated the once-off R60 payment as inadequate.

AWB leader will react sharply to Vlok warning

Afrikaner Weerstandsbeweging leader Mr Eugene TerreBlanche will "react sharply" to the latest threats from Law and Order Minister Mr Adriaan Vlok, a spokesman for the movement said yesterday.

Mr TerreBlanche will reply publicly on Friday night when he addresses an AWB rally in Randfontein.

The National Party and the Conservative Party are locked in a by-election struggle in Randfontein.

Mr Vlok warned on Tuesday that action would be taken against the AWB and the Blanke Bevydingsbeweging unless they stopped actions of incitement and intimidation.

Mr Vlok told the House of Delegates that the two movements blatantly and recklessly beat the drums of racial hatred and, among other things, had declared that South Africa was no place for moderates.

Appealing for restraint, Mr Vlok said: "Stop your dangerous incitement of emotions and intimidatory actions before it is too late."

The AWB is hoping to draw 4 000 people to the H F Verwoerd Stadium.

(Report by R M Challenor, 47 Sauer Street, Johannesburg.)

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24/3/88
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Freezing of pensions criticised by agencies

By Janine Simon

The furore over the Budget's shabby treatment of old-age pensioners is growing, with agencies highlighting how it con-

tradicted findings of the recent President's Council report on the aged.

Mr Laurie Starfield, director of the Johannesburg Association for the Aged (Jafta), has questioned why the State froze pensions so soon after the President's Council had highlighted the pressing need to improve the situation of the elderly.

It was "inhumane" to announce that a R60 bonus would be paid in six months' time, he said.

The National Council for the Aged has supported Mr Starfield's plea for tax-deductible donations and slammed the pension freeze, saying it put in jeopardy those reliant on State pensions.

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

Self-governing ter- ritory/Statutory bodies*	Commerce, Services and housing	Industries	Small Industries	Mining	Agriculture	Transport	Other
Gazankulu	(a)(i) —	227	—	—	120	—	140
(a)(ii)(aa) —	227	—	—	—	120	—	140
(a)(ii)(bb) —	—	—	—	—	—	—	—
(b) —	R12 220	—	—	—	R660 ²	—	R600 ²
KaNgwane	(a)(i) —	395	—	—	478	—	—
(a)(ii)(aa) —	395	—	—	—	478	—	—
(a)(ii)(bb) —	—	—	—	—	—	—	—
(b) —	R7 039	—	—	—	R4 621	—	—
KwaNdebele	(a)(i) 2 750	1 900	200	—	500	—	135
(a)(ii)(aa) 2 750	1 200	200	—	—	500	—	135
(a)(ii)(bb) —	700	—	—	—	—	—	—
(b) R9 300	R7 700	R9 000	—	—	R18 000 ³	—	R6 700
KwaZulu	(a)(i) 298	4 519	275	—	3 131	70	—
(a)(ii)(aa) 298	—	—	275	—	3 131	70	—
(a)(ii)(bb) —	—	—	—	—	—	—	—
(b) R21 769	R6 393	R4 981	—	—	R1 064	R1 100	—
Lebowa	(a)(i) —	—	128	42	175	—	—
(a)(ii)(aa) —	—	—	128	42	175	—	—
(a)(ii)(bb) —	—	—	—	—	—	—	—
(b) —	—	—	R1 075	R2 408	R28 564 ³	—	—
Owagwa	(a)(i) 210	9 180	320	—	620	—	—
(a)(ii)(aa) 210	9 180	320	—	—	620	—	—
(a)(ii)(bb) —	—	—	—	—	—	—	—
(b) R21 298	R6 200	R6 200	—	—	R13 097	—	—
S.T.K.	(a)(i) 50	5 942	20	—	1 300	—	—
(a)(ii)(aa) 50	3 962	20	—	—	1 300	—	—
(a)(ii)(bb) —	1 980	—	—	—	—	—	—
(b) —	R8 580 ²	—	—	—	R10 961	—	—

1. Not available as yet.

2. Only average figures are available.

3. Include investments in preparation of the settlement of commercial farmers as well as in long-term crops that will only after a few years create permanent job opportunities.

*Information with regard to border areas are not included.

Tear-gas used against detainees
198. Mr S S VAN DER MERWE asked the Minister of Law and Order:
Whether tear-gas was used against detainees in any police cells in 1987; if so, (a) at what police cells, (b) on what dates, (c) why, (d) what were the circumstances surrounding each of these incidents, (e) how many detainees were in-

HOUSE OF ASSEMBLY

volved in each case and (f) in respect of what date is this information furnished?

The MINISTER OF LAW AND ORDER:

Yes.

- At two police stations in the Republic.
- 1 March and 13 November 1987.
- In both instances, teargas aerosol cans were used to restrain awaiting trial prisoners, who fought among themselves, with minimum force. In doing so serious injuries were prevented.
- 1 January until 31 December 1987.

Black persons: applications for pensions granted

220. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

- How many applications for pensions for Black persons were granted by the Cape Provincial Administration in December 1987 and January 1988, respectively, (b) when was each of the applications received initially and (c) on what dates were they granted, in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- December 890
January 2 104
- and (c) Not available.

New public/private telephones installed

321. Mr J B DE R VAN GEND asked the Minister of Communications:

- How many new (a) public and (b) private telephones were installed in 1987 in Langa, Guguletu, Nyanga and Khayelitsha, respectively;
- how many (a) public and (b) private telephones were there in each of these townships as at 31 December 1987?

The MINISTER OF COMMUNICATIONS:

- | | (a) | (b) |
|-------------|-----|-----|
| Langa | 1 | 231 |
| Guguletu | nil | 210 |
| Nyanga | nil | 167 |
| Khayelitsha | 4 | 22 |
- | | (a) | (b) |
|----------|-----|-------|
| Langa | 19 | 1 413 |
| Guguletu | 41 | 2 913 |

Nyanga 22 1 049,
Khayelitsha 14 72.

Note: In those cases where the number of telephone services on 31 December 1987 is lower than those for 31 December 1986 furnished in reply to Question No. 11 by Mr A B Widman on 13 February 1987, the decrease is ascribed to dismantlements. As far as Guguletu is concerned, it is also the case that 10 call offices in the industrial area were not included in the figure for 31 December 1986 furnished in the reply to the aforementioned question.

Vacant posts

357. Mr J B DE R VAN GEND asked the Minister of Communications:

- How many posts on the establishment of his Department were vacant as at 31 December 1987 and (b) what are the designations of these posts?

The MINISTER OF COMMUNICATIONS:

- 4 630 — which figure represents the difference between the total authorized establishment and the number of persons who occupy posts on the fixed establishment; and

(b) Data Officer, Typist, Senior Architect, Assistant Architect, Assistant Legal Adviser, Language Officer, Dealer, Statistician, Human Resources Officer, Assistant Human Resources Officer, Industrial Social Worker, Psychometrist, Psychologist, Assistant Marketing Manager, Marketing Officer, Design Artist, Senior Industrial Journalist, Internal Auditor, Assistant Quantity Surveyor, Cost Investigation Officer, Chief Photographer, Photographer, Lecturer, Assistant Director Technical, Technician, Draughtsman, Works Inspector, Inspector of Uniformed Staff, Exchange Superintendent, Instructor, Telecom Electrician/mechanic, Telecom Assistant, Postman, Telephonist, Assistant Printer, Driver, Senior Housekeeper, Caretaker, Foreman, Cook, Security Officer, Waiter, General Assistant, Security Assistant and Catering Assistant.

HOUSE OF ASSEMBLY

Pensioners' bonus to be paid in May

AKG 5
25/3/88

300



Mr Chris April Dawie de Villiers

Minister warns: Don't stand in LP's way

THE Minister of Health Services and Welfare in the House of Representatives, Mr Chris April, told the Minister of Finance, Mr Barend du Plessis, not to stand in the way of the Labour Party over pension increases.

Speaking in the second-reading debate on the own affairs budget, he announced that Mr du Plessis had agreed to the once-off R60 bonus for pensioners to be paid in May instead of October.

Referring to Mr du Plessis's opposition to monthly pension increases, Mr April said: "Don't stand in our way. You will lose against the Labour Party."

Mr Abie Williams (LP Mamre) said the decision not to grant pension increases in the main Budget was typically South African.

A new South Africa could not be structured on decisions made in one white House of Assembly.

Earlier in the debate, Mr Fred Peters (LP Silvertown) said the Labour Party was sick and tired of continually giving. — Sapa.

By DALE LAUTENBACH
Parliamentary Staff

PENSIONERS will receive their R60 bonus at the end of May and not in October as previously announced, said Dr Dawie de Villiers, Minister of the Budget.

Speaking during the own affairs budget debate in the House of Assembly yesterday, he said the Government understood the difficulties faced by the elderly and pensioners.

Dr de Villiers devoted most of his reply to the debate to spelling out National Party policy and refuting criticism of the "own affairs" concept levelled during the debate by the Progressive Federal Party, the National Democratic Movement and independent MP Mr Jan van Eck.

Dr de Villiers said "own affairs" had been introduced to broaden democracy and not the opposite, as its detractors argued.

Real issue

The result of the concept was the entry into government of coloured and Indian people "with direct representation in this Parliament".

He said the real issue facing South Africa was not apartheid. The Government had unequivocally decided the era of white domination was over and that apartheid was outdated.

There would be South African citizenship for all and representation at the highest level of decision-making, said Dr de Villiers.

The real question was how to protect the rights of minorities.

He spelt out the dangers of majority rule, and pointed to other African countries where the system had resulted in one-party states along Leninist lines.

The majority imposed their own will at the expense of the minority.

of Southern Africa recently, criticised the present practice of investing private sector pension fund revenue in gilts and the JSE.

He would prefer money "to be recycled back into the community — to be used in housing and employment creating projects."

How would fund administrators strike a balance between existing needs of the community and future needs of pension fund members? Camay is not prepared to commit himself: "That is something that would have to be decided by various parties."

While the principle of negotiating with all parties is sound, there is no reason unions can't put forward an investment strategy for members to consider. It is not in dispute that housing and employment projects are needed, but it is questionable whether pension funds should be regarded as conduits through which this is done.

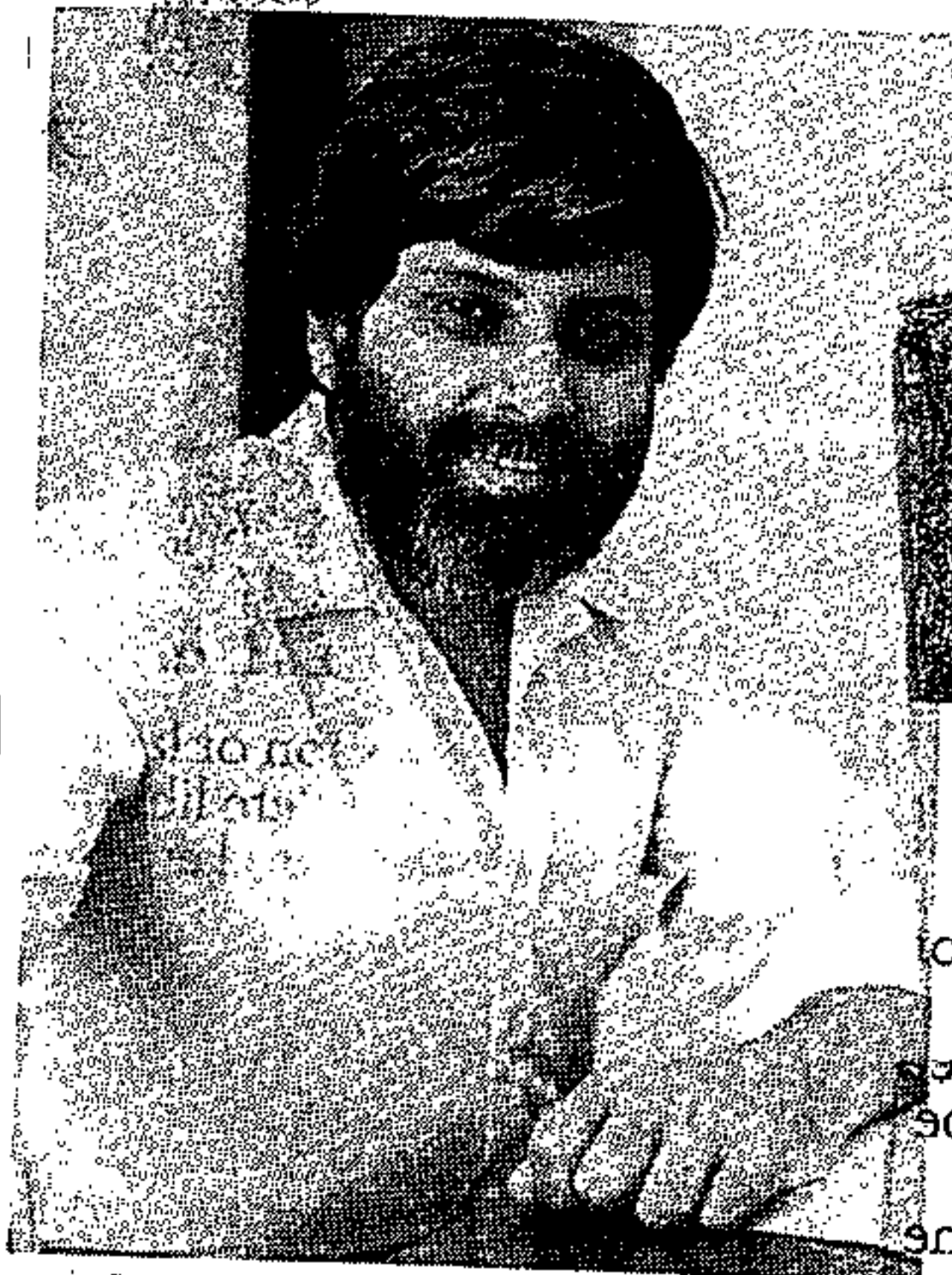
Pensioners, too, are part of the community and, as Old Mutual's Gerhard Van Niekerk points out: "It is in the interests of the community to make sure the savings of the individuals are applied to their best interests."

Which means revenue must be invested in such a way that accumulated assets will meet future obligations. If investment returns are not adequate, the pension will be underfunded.

This is one of the problems facing the deficit-ridden Government Service Pension Fund, which can invest only in gilts. Returns on these have been well below those on the equity market (FM February 12) and have not kept abreast of the expanding needs of the fund.

Investment decisions based on anything other than investment criteria are bound to produce inferior results.

The entire question of pension reform has been under investigation since an attempt to introduce compulsory contributions in 1980-



Nactu's Camay . . . still to be decided

1981 sparked a wave of labour disputes. At the time were compulsory pension fund membership, as well as portability and preservation of pensions.

Central to the problem is the differing needs of SA's various communities. This was highlighted by figures provided by another speaker at the congress, Deputy Minister of Finance Org Marais: 56% of South Africans are in households with income below R400 a month; 33% in households earning between R400-R1 400; and only 11% in households which earn more.

PENSIONS

Strategy needed

Can pension fund contributions be used for "socially responsible investment" and, at the same time, generate adequate returns? This is an issue union leadership will eventually have to confront.

Piroshaw Camay, general secretary of the National Council of Trade Unions, speaking at the first congress of the Pensions Institute

Mr Trevis 25/3/88

300

Wassenaar slates pension moves

Political Staff

THE "debased and farcical" regulations adopted by the various state pension fund schemes have created an obstacle to economic reconstruction, Dr Andreas Wassenaar, former Sanlam chairman and qualified actuary, said last night.

Addressing the Pretoria Chamber of Commerce, Dr Wassenaar said the regulations had the potential to sink the government's privatization proposals.

He dismissed last-

'Farcical' regulations an obstacle to privatization

minute attempts by the government to obtain actuarial evaluations of these funds, and proposed instead that a joint committee of consulting actuaries be appointed to examine urgently all the public pensions funds, including those of the parastatals and the municipalities.

Dr Wassenaar also proposes that all public sector pension funds be placed under the control of the Registrar of Financial Institutions.

The government's arch critic over its administration of pension funds warned that not only has the Government Service Pension Fund already cost the SA taxpayer billions of rands as a result of "debased fund regulations", it is going to "cost him billions more in the future".

He said the debased pension fund regulations introduced into the Government Service Pension Fund had also been adopted by the Associated Institutions Pension Fund and other public pension funds. And they have also spread to areas like municipal pension funds.

He said many of the regulations, like the "farcical" buy-back provisions, cried out for manipulation.

Dr Wassenaar



Pensioners' bonus 'not good enough'

CME Trans 25/3/88 300
Political Staff
HOUSE OF ASSEMBLY. — Pensioners are to get their R60 one-off bonus five months early, but both major opposition parties yesterday said it was still "not good enough".

The updated payout was announced by Dr Dawie de Villiers during the own affairs budget debate amid rising criticism of the government for not giving white pensioners an increase this year when coloured people and Indians were getting them.

He said he and other ministers responsible for welfare in the other two chambers had asked Finance Minister Mr Barend du Plessis to advance the bonus payout and he had agreed on May.

Dr Willie Snyman, the Conservative Party's spokesman, welcomed the move but called on Mr Du Plessis to reconsider his decision to "freeze" old-age pensions.

"It is the feeling of the CP that social pensioners should receive an urgent increase in their monthly pensions to at least

match the food inflation rate."

Dr Marius Barnard, of the Progressive Federal Party, said the early bonus payout was "no substitute" for a monthly increase as called for by the PFP.

"The R60 means only R5 a month and cannot be seen as much of a help to pensioners considering the 14% inflation rate," he said.

"We still believe that pensioners have been badly treated and will continue to fight for better pensions."



Dr Dawie de Villiers

ANYBODY in the private sector intending to take over any of government's nationalised concerns would be well advised to start off with an actuarial investigation of the pension funds.

If an actuarial investigation into the pension fund of a parastatal does reveal a substantial actuarial deficit, this might seriously affect any investment in the parastatal unless the price of the share is appropriately reduced, or unless government accepts and retains financial responsibility in respect of the pension fund's liability in respect of past service.

In view of the evidence to the Parliamentary Standing Committee on SA Transport Services accounts, the pension funds of Sats must be highly suspect. As an investigation of a pension fund may be time-consuming, it would be advisable to look into the pension fund before negotiations on price can be finalised.

A few outstanding facts should be appreciated. Firstly, that there is proper control over private sector pension funds and full disclosure of all the facts to the registrar and to the members of the fund and to the employer.

Secondly, that there is no satisfactory control over and disclosure of all the facts with regard to the public funds. Thirdly, that the pension fund problem has consequently become colossal and the financial implications staggering.

My advice would be that the Association of Consulting Actuaries be asked to appoint a committee of consulting actuaries to undertake jointly the examination of all the public pension funds, including those of parastatals and municipalities. That would give government and all interested parties the benefit of the joint view of three or four firms of consulting actuaries and could be instrumental in bringing uniformity into the approach to issues that are at the bottom of some of SA's major financial problems.

Taxpayers and ratepayers (also potential purchasers of shares in the parastatals) would then know the future liabilities of all public and para-public pension funds.

The Registrar of Financial Institutions controls the private pension funds and has reasonable control over municipal pension funds. He has no control over the Government Service Pension Fund, which happens to be the pension fund which is respon-

State pension funds: pay now and pay later

In his book "En route to Fairyland," former Sanlam chairman ANDREAS WASSENBAAR said deficiencies in government pension funds were costing taxpayers billions. Yesterday he continued his attack in an address to the Pretoria Chamber of Commerce. This is an extract from his speech

sible for the debasement of pension fund regulations which has occurred in the past, and which has now become a national financial issue.

The problem is how to move from the present chaotic state to an orderly conduct of our pension funds.

An easy route would be firstly to place all public pension funds under control of the Registrar of Financial Institutions, and to empower him to appoint a committee as visualised above to investigate the regulations of all pension funds and to report to him on the financial implications.

Government has permitted the regulations of the Government Service Pension Fund to be debased to an unbelievable extent. We now know that other public pension funds have followed the example of the Government Service Pension Fund.

We also know that this practice has spread to some of the municipal pension funds — to an extent not yet known.

It has become practice to use funds as a vehicle to provide unreasonably lucrative benefits and even pure gifts, mainly through the "buy-back" system, at great cost to ratepayers and taxpayers.

An actuarial valuation as at March 31, 1985, showed a R17bn deficit in the Government Service Pension Fund. We are now three years further on, during which the fund suffered a further loss on the deficit — i.e., a loss on account of the fact that R17bn assets were not there to produce an income to the fund. The

interest loss for three years at 12% per annum would amount to approximately R5,6bn.

So the accumulated deficit is approximately R22bn. These figures apply only to the Government Service Pension Fund. The pension funds of associated institutions, other public pension funds or municipal pension funds have not been included in this estimate. It specifically does not include liability under the "buy-back" system.

On September 21, 1987, new regulations were published in the Government Gazette in which minor changes were announced and one important matter — an amended formula by which the purchase price would in future be determined for service under the "buy-back" system.

This new formula is to be determined by the Director General, not by the Minister. The right and the power to determine this important matter is placed, by law, in the hands of a public servant, who could have a personal financial interest in the matter. So could his successor in office. This is principle so completely wrong that the Minister should not, in my view, have lent his name and office thereto.

The second issue is even more important. The Minister decided initially that a part of this formula was to be kept a State secret, on the grounds

that it is a personal matter between the member and his pension fund. I have reason to believe that the Minister has decided to reverse his decision and to publish all the details of the formula, as well as the rate of interest involved.

The taxpayer has to find the funds before the salaries of the Minister and the bureaucracy can be paid. The taxpayer then makes direct contributions to the pension fund of R2,70 for every R1 made by public servants.

The fund is heavily in deficit, and the assurances which the Minister give to the members and pensioners — namely, that there is nothing wrong with the fund — rest entirely on the ability of the taxpayer to produce the revenue. On top of all this, I challenge the assumption that the public servant will pay in full for the bought-back service. The mere fact that future rates of inflation cannot be predicted proves that such a categorical statement is not valid.

There is no justification to withhold from the taxpayer and the public one single fact or aspect regarding the Government Service Pension Fund, or any other public pension fund which includes the municipal pension funds, and the pension funds of the parastatals.

My estimate is that the civil pensions paid during the year 1986/87 amounted to approximately R1,5bn. This has not been funded in any way. These amounts are paid from Revenue each year. The present-day

liability of this obligation, if it should be actuarially determined, may be anything between five times to 10 times the annual amount — probably therefore between R8bn and R15bn. That would be the present cost to the taxpayer if civil pensions were funded.

An actuarial valuation of civil pensions is therefore urgently necessary, even if it is done merely to show the present value of the taxpayer's future liability.

A "Members of Parliament and Political Office-bearers Pension Scheme Act" was passed in 1984.

It provides for a pension after 15 years' service equal to the full annual salary. The gratuity, in the case of a Minister, equals three times the annual salary. The gratuity is tax free. The member pays a contribution of only 7% for this wonderful pension. If he is a Minister, the contribution is payable for only 12 years.

The rate of contribution payable for only 12 years which would be required to fund a pension of 100% of salaries after only 15 years' service, ignoring increases in salaries and increases in pensions to compensate for inflation, would be approximately 35% of salaries.

There should therefore be a contribution from Revenue of approximately 28% of salaries if this scheme was funded. If we go a step further and assume that salaries would be increased by approximately 10% per annum, the rate of contribution required from revenue would be in the region of 40% of salaries.

If we go yet a step further and assume that pensions would be increased from year-to-year to compensate for inflation, the rate of contribution required from revenue could be in the region of 80% of salaries.

The present generation of taxpayers is spared this burden, which is simply passed on to the future generations of taxpayers — who fortunately do not have a vote right now. In fact, the present generation of taxpayers gains from this transaction, as the 7% contribution by members is paid according to the Act into the State Revenue Fund.

If we were to draw up a balance sheet of SA's future involvement in the deficit and liabilities under its pension funds and other unfunded pension provisions, we would have, to cover all these future liabilities, only one item on the asset side — the present and future taxpayer.

R60 pension bonus payout is 'irrelevant'

By Janine Simon

Welfare representatives have rejected as irrelevant and a "sop to public opinion" yesterday's announcement of a May payout of the R60 pension bonus.

They again slammed the Government for cutting back its funds without taking action to encourage the private sector or individual to step into the gap.

2/2/88
STRESSED

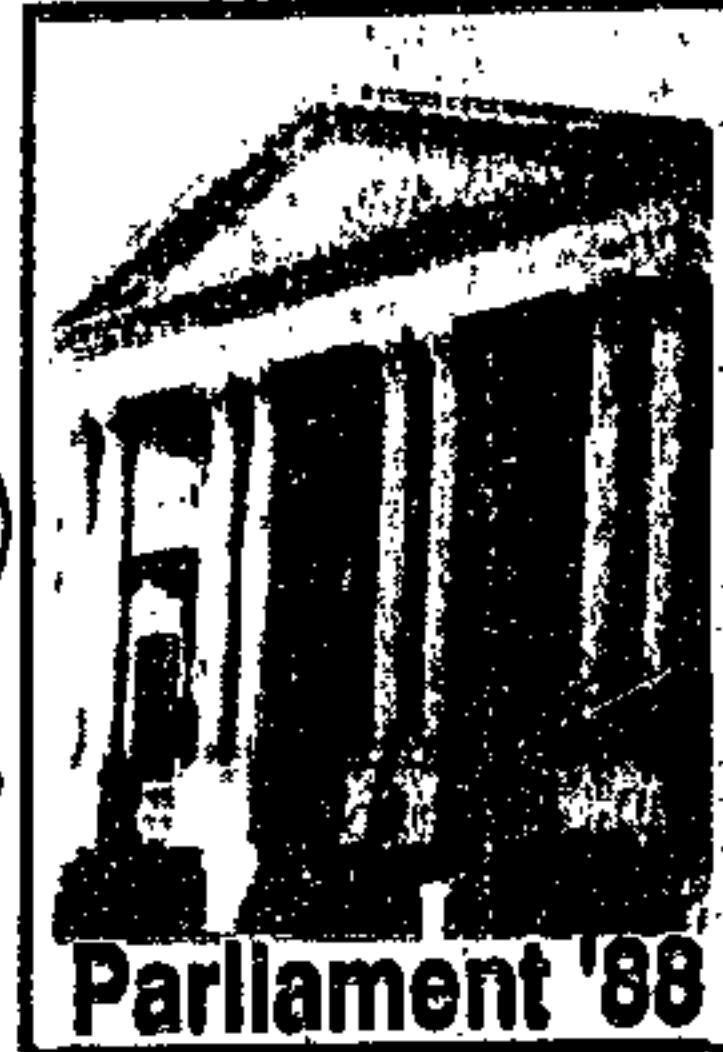
A point repeatedly stressed by Mr Sid Eckley, director of the South African National Council for the Aged, was the failure of the Margo Commission and the Budget speech to introduce tax deductible donations to welfare organisations.

Dr William Rowland, chairman of Disabled People South Africa, said the announcement was a "sop to public opinion. It is an apparent gesture of assistance but the fundamental truth is that pensioners suffer more from inflation and have been singled out as a group not to get any increases".

● See Page 4.

POLITICS

Bonus payouts for pensioners at end of May



Political Staff

Pensioners would receive their R80 bonus in payouts beginning at the end of May and not in October as previously announced, Minister of the Budget Dr Dawie de Villiers said yesterday.

Speaking during the Own Affairs budget debate in the House of Assembly yesterday, he said the Government had much understanding for the difficulties faced by the elderly.

The Government would like to have budgeted more for pensioners this year but it was limited by the economy.

Inflation was the biggest enemy of the elderly, and the proper approach to the problem was to put the economy on a healthier footing.

The only way to do this was to place strict control on State expenditure. "In the short term this

will be a painful approach," Dr de Villiers said.

The State's contribution to State pensioners had increased considerably in recent years.

All people, while actively productive, should prepare for their eventual retirement.

Dr de Villiers dedicated most of his reply to the debate to spelling out National Party policy and refuting criticisms of the Own Affairs concept that had arisen during the debate.

He said the Own Affairs concept had come into being to broaden democracy and not the opposite, as its detractors argued.

He said the Government had unequivocally decided that the era of white domination was over.

The core question now facing South Africa was how to protect the rights of minorities. — Sapa.

'Made in SA' plea from MP

The CSIR should play a co-ordinating role in a drive to bring South Africa to self-sufficiency in the supply of bio-medical equipment, Dr Marius Barnard (PFF Parktown) said in the House of Assembly yesterday.

He said in the second reading debate on the Scientific Research Council Bill that locally manufactured equipment was needed not only because of the threat of sanctions but because of the escalating cost of imports in terms of the rand exchange rate.

But there seemed to be no co-operation between the CSIR and the private sector or between different interests in the private sector themselves. — Sapa.



Dr Dawie de Villiers . . . the man with some good news for pensioners.

Jan
300
2/3/88

DID 25/3/88

Pension bonus payout in May

300

Daily Dispatch
Correspondent

CAPE TOWN — Pensioners are to get their R60 one-off bonus five months early, but both major opposition parties in the House of Assembly said yesterday it was still not good enough.

The updated payout was announced by Dr Dawie de Villiers during the own affairs budget debate amid rising criticism of the government for not giving white pensioners an increase this year when coloureds and Indians

were getting them.

He said that he and other ministers responsible for welfare in the other two chambers had asked the Minister of Finance, Mr Barend du Plessis, to advance the bonus payout and he had agreed on May.

The Conservative Party's spokesman, Dr Willie Snyman, welcomed the move but called on Dr Du Plessis to reconsider his decision to freeze old age pensions.

Dr Marius Barnard of the PFP said the early payout was no substitute for a monthly increase

as called for by the PFP.

Dr De Villiers said in reply to the second reading debate that the government had understanding for the plight of the elderly and was doing everything possible to bring them relief.

However, the government was limited by the economy, he said.

Inflation was the biggest enemy of the elderly. To approach the problem of inflation properly was to put the South African economy on a healthier footing.

The only way to do this was to place strict



DR DE VILLIERS

control on state expenditure. "In the short term this will be a painful approach," he said.

tees of the said Board have conducted investigations into the possibility of creating new group areas or changing the determination of existing group areas during the latest specified 12-month period for which information is available; if so, (a) how many times, (b) in respect of which areas and (c) what was the purpose of the investigation in each case?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Yes.

(a) 97 Investigations were conducted from 1 January 1987 until 31 December 1987;

(b) and (c):

Area	Purpose of Investigation
Carnarvon	Proclaim free trading area
Moorreesburg	Proclaim free trading area
Grassy Park and Zeekoewie	(1) Deproclaim White/proclaim Coloured; (2) deproclaim border strip/proclaim Coloured; and (3) deproclaim border strip/proclaim White or Coloured
Vredenburg and Saldanha	Proclaim White and Coloured
Victoria West	Deproclaim border strip/proclaim White or Coloured
Kokstad	Deproclaim White/proclaim Coloured
Maitland	Deproclaim border strip/proclaim White or Coloured
Kakamas	(1) Deproclaim border strip/proclaim Coloured; and (2) deproclaim Coloured
Hermanus	Deproclaim White/proclaim Coloured
Woodstock/Salt River	(1) Deproclaim White/proclaim Coloured; and (2) proclaim free trading area
St Helena Bay	Deproclaim border strip/proclaim Coloured
Akasia	Proclaim free trading area
Prieska	Proclaim free trading area
Worcester	Proclaim Coloured
Clanwilliam	Deproclaim White and leave controlled (industrial area)
Clanwilliam	Deproclaim border strip/proclaim Coloured
Mooi River	Proclaim free trading area
HOUSE OF ASSEMBLY	

708

709

Cape Town (Athlone)

Graaff Reinet

Hankey

New Hanover (Trust Feed Town)

Empangeni

Virginia

Postmasburg

Postmasburg

Verwoerdburg

Elands Bay

Herman

Macassar

Gordon's Bay

Gordon's Bay

Brakpan

Strydenburg

Plettenberg Bay

Woodlands

(Humansdorp)

Somerset West

Maclear

Louwerwater

Durbanville

Durbanville

Rooiberg

Port Elizabeth

Raiboy

(Stellenbosch)

Frankfort

Retreat

Uitenhage

De Aar

Uppington

Kroonstad

Jansenville

Westonaria

Deproclaim border strip/proclaim White or Coloured

(1) Proclaim free trading area; (2) deproclaim White and leave controlled (industrial area) and proclaim as a free trading area

Proclaim Coloured

Deproclaim White and leave controlled

Proclaim free trading area

Proclaim free trading area

Proclaim Coloured

Proclaim Coloured

Proclaim Coloured

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Old-age homes for Blacks: per capita subsidy

547. 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 1987?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

R60,00 per month.

300

Dwellings owned/occupied in contravention of Group Areas Act: sold by State

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

(1) Whether any dwellings owned or occupied in contravention of the provisions of the Group Areas Act, No 36 of 1966, have been sold by the State in terms of section 41 of the said Act; if so, (a) how many dwellings had been sold in this manner since his reply to Question No 4 on 9 June 1987 and (b) where were these dwellings situated;

(2) whether any dwellings owned or occupied in contravention of the provisions of the Group Areas Act are due to be sold by the State in terms of the said section 41; if so, (a) how many as at the latest specified date

area, approximately 218 ha in extent, south of Lansdowne Road in the vicinity of Nyanga/Crossroads as a development area; if not, why not; if so, (a) what is the nature of the development proposed and (b) when is it intended that such development be (i) commenced and (ii) completed;

(2) whether (a) core houses, (b) other specified housing, (c) serviced sites and (d) unserviced sites for residential purposes are to be provided; if not, why not; if so, (i) how many in each case and (ii) what is the estimated total number of persons to be accommodated in this new area;

(3) who or what categories of persons are to be (a) allowed and (b) given preference to live in this new area;

(4) whether any persons or groups are being consulted in respect of the proposed development; if not, why not; if so, (a) what persons or groups, (b) when and (c) what have been their responses;

(5) what total amount is it estimated will be spent by the State on this development;

(6) whether the State owns the land concerned; if not, (a) who is the owner, (b) when was an agreement of sale between this owner and the State entered into and (c) how much is to be paid for the land; if so, (i) since when, (ii) how much was paid for the land (iii) from whom was it bought?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

1. No, the matter is still under consideration. Rest of question falls away.

Black pensions: applications outstanding in Cape Province

229. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

What total number of (a) applications for Black pensions in the Cape Province was outstanding as at the latest specified date for which information is available and (b) Black pension applications was approved in each of the latest specified 12 months for which information is available?

HOUSE OF ASSEMBLY

230

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(a) 3 276 on 29 February 1988.

(b) March to August 1987 — not available.

September 1987	1 444
October 1987	824
November 1987	1 612
December 1987	890
January 1988	2 104
February 1988	3 205

Brought conditions: loss of foreign exchange

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

What is the estimated loss of foreign exchange suffered by the Republic in 1987 in respect of (a) additional imports and (b) loss of exports attributable to drought conditions in the Republic?

THE MINISTER OF AGRICULTURE:

(a) R374 073 000
(b) R669 885 000

Lawsuits brought against Minister of Justice by public

330. Mr D J DALLING asked the Minister of Justice:

(1) Whether any lawsuits were brought against him in 1987 in his capacity as Minister of Justice by members of the public; if so, (a) how many and (b) what (i) were the circumstances of the lawsuit and (ii) was the outcome in each case;

(2) whether he paid out any moneys (a) as a result of successful lawsuits brought against him and (b) in out-of-court settlements; if so, what total amount in that year?

THE MINISTER OF JUSTICE:

(1) Yes.

(a) 65.

(b)	(i) Number	Cause of action
4	unlawful arrest	
5	unlawful arrest and malicious prosecution	
18	unlawful detention	
3	unlawful detention and malicious prosecution	

3	malicious prosecution
5	general damages
3	crimen injuria
1	insufficient medical treatment
3	injuries
1	death
19	assault

(ii) Claims set-Claims not Claims filed out of proceeded pending court with by the plaintiff

12	6	47
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(2) (a) No.
(b) Yes — R107 749,42.

The amount includes settlements reached pursuant to letters of intention to institute action and actions instituted during 1985 and 1986 and settled during 1987.

Blacks moved from urban areas in RSA to Black states

441. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

(a) How many Blacks were moved from urban areas in the Republic to Black states in 1987 and (b)(i) from which urban areas, (ii) to which Black states, and (iii) why were they moved, in each case?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

ORANGE FREE STATE

(a) None.

(b) (i), (ii) and (iii) Fall away.

CAPE PROVINCE

(a) None.

(b) (i), (ii) and (iii) Fall away.

TRANSVAAL

(a) 269 persons (60 families).

(b)	(i)	(ii)	(iii)
Benoni	KwaNdebele	Of own request	
	KaNwane	do	
Brakpan	Ciskei	do	
	Bophuthatswana	do	
	KaNwane	do	

KwaNdebele	do
KwaZulu	do
OwaQwa	do
KaNwane	do
KwaNdebele	do
OwaQwa	do
KaNwane	do
KwaZulu	do
Transkei	do
Bophuthatswana	do
Gazankulu	do
KaNwane	do
KwaNdebele	do
KwaZulu	do
OwaQwa	do
Transkei	do
Lesotho	do
Swaziland	do
Venda	do
KwaNdebele	do
KwaZulu	do
Lebowa	do
Lesotho	do
Soweto	do
KwaZulu	do

NATAL

(a) None.

(i), (ii) and (iii) Fall away.

Old-age pensions: Blacks applied

449. Dr M S BARNARD asked the Minister of Constitutional Development and Planning:

(1) (a) How many Black persons applied for old-age pensions in 1987 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 which figures are available?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1)	(a)	(aa)	(bb)
24 881	20 409	2 775	

HOUSE OF ASSEMBLY

230

area, approximately 218 ha in extent, south of Lansdowne Road in the vicinity of Nyanga/Crossroads as a development area; if not, why not; if so, (a) what is the nature of the development proposed and (b) when is it intended that such development be (i) commenced and (ii) completed;

- (2) whether (a) core houses, (b) other specified housing, (c) serviced sites and (d) unserviced sites for residential purposes are to be provided; if not, why not; if so, (i) how many in each case and (ii) what is the estimated total number of persons to be accommodated in this new area;

- (3) who or what categories of persons are to be (a) allowed and (b) given preference to live in this new area;

- (4) whether any persons or groups are being consulted in respect of the proposed development; if not, why not; if so, (a) what persons or groups, (b) when and (c) what have been their responses;

- (5) what total amount is it estimated will be spent by the State on this development;

- (6) whether the State owns the land concerned; if not, (a) who is the owner, (b) when was an agreement of sale between this owner and the State entered into and (c) how much is to be paid for the land; if so, (i) since when, (ii) how much was paid for the land (iii) from whom was it bought?

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HOUSE OF ASSEMBLY

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THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

ORANGE FREE STATE

(a) None.

(b) (i), (ii) and (iii) Fall away.

CAPE PROVINCE

(a) None.

(b) (i), (ii) and (iii) Fall away.

TRANSVAAL

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	Ciskei	do
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	KaNgwane	do

KwaNdebele	do
KwaZulu	do
OwaQwa	do
Boksburg	do
KaNgwane	do
KwaNdebele	do
OwaQwa	do
Germiston	do
KaNgwane	do
KwaZulu	do
Trankel	do
Bophuthatswana	do
Gazankulu	do
KaNgwane	do
KwaNdebele	do
KwaZulu	do
OwaQwa	do
Trankel	do
Lesotho	do
Swaziland	do
Venda	do
KwaNdebele	do
KwaZulu	do
Lebowa	do
Lesotho	do
Soweto	do
KwaZulu	do

NATAL

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(i), (ii) and (iii) Fall away.

Old-age pensions: Blacks applied

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

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1)	(a)	(b)
24 881	(aa)	20 409
2 775	(bb)	

HOUSE OF ASSEMBLY

Handwritten: J. M. M. M.

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

CAPE PROVINCE

(1) (a) 14 773

(b) (i) (aa) 4 770 for the period September to December.

(bb) 1 418

(ii) 8 585

(2) 74 537

ORANGE FREE STATE

(1) (a) 4 277

(b) (i) (aa) 4 097

(bb) 156

(ii) 24

(2) 61 367

NATAL

(1) (a) 5 764

(b) (i) (aa) 3 511

(bb) 253

(ii) 2 000

(2) 44 711

Blacks in RSA in receipt of pensions

450. Dr M S BARNARD asked the Minister of Constitutional Development and Planning:

(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 1987;

(2) what was the average annual amount paid per capita in 1987 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 1987-88 financial year?

TRANSVAAL

(1) (a) (i) 173 909

(ii) 2 279

(iii) 795

(iv) 35 729

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(2) (a) Old-age pension

War veteran pension

Pension for the blind

R1 291

R2 041

R1 264

R1 305

(b) Disability grants

(3) (a) (i), (ii) and (iii)

R1 284

(b) (i), (ii) and (iii)

R432.

R432.

R432.

R432.

R432.

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R432.

R432.

R432.

R432.

R432.

R432.

R432.

(iii) 203

(iv) 15 667

(b) (i) 55 280

(ii) 589

(iii) 192

(iv) 14 413

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

(iv) 31 798

(b) (i) 153 916

(ii) 2 028

(iii) 795

TRANSVAAL

(a) 31

(b) 0 (as at 29 February 1988)

(a) 11

(b) 0 (as at 29 February 1988)

(a) 7

(b) 0 (as at 29 February 1988)

(a) 3

(b) 0 (as at 31 January 1988)

(a) 3

(b) 0 (as at 31 January 1988)

(a) 3

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TRANSVAAL

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(a) 11

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(a) 7

(b) 0 (as at 29 February 1988)

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(b) 0 (as at 31 January 1988)

TRANSVAAL

(a) 31

(b) 0 (as at 29 February 1988)

(a) 11

(b) 0 (as at 29 February 1988)

(a) 7

(b) 0 (as at 29 February 1988)

(a) 3

(b) 0 (as at 31 January 1988)

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THE "debased and farcical" regulations adopted by the various state pension fund schemes have created an obstacle of iceberg proportions in the way of the country's economic reconstruction and has the potential of sinking government's privatisation proposals.

This view comes from Andreas Wassenaar, former Sanlam chairman, qualified actuary, and currently government's arch critic over its administration of the state's pension funds.

He throws cold water over current last minute attempts by government to obtain actuarial evaluations of these

State pension funds slammed

25/3/88

CHRIS CAIRNCROSS

funds, proposing instead that a joint committee of consulting actuaries should be appointed to examine, as a matter of urgency, all the public pensions funds, including those of the parastatals and the municipalities.

Wassenaar also proposes that all pub-

● To Page 2 ➡

Wassenaar slams state over pension funds

lic sector pension funds should be placed under the control of the Registrar of Financial Institutions.

In an address to the Pretoria Chamber of Commerce last night, Wassenaar warned that not only had the Government Service Pension Fund already cost the SA taxpayer billions of rands as a result of "debased fund regulations", it was going to "cost him billions more in the future".

He said the debased pension fund regulations introduced into the Government Service Pension Fund had also been adopted by the Associated Institutions Pension Fund and other public pension funds. And they had also spread to areas like municipal pension funds.

← ● From Page 1

Wassenaar said many of these regulations, like the "farcical" buy-back provisions, cried out for manipulation.

He warned that anybody in the private sector contemplating taking over any of government's undertakings would be well advised to start off with an actuarial investigation of the pension funds.

Should, as seems likely, a substantial actuarial deficit be uncovered, this fact might affect any investment unless the share price was proportionately reduced, or government accepted and retained financial responsibility for the liability involved, he said.

(300) Star
25/3/88

Councillors should be paid pension — Moss

By Shirley Woodgate,
Municipal Reporter

The Act which sanctioned pension payouts for municipal councillors was opposed by both the Conservative Party and the Progressive Federal Party in Parliament last year.

But Mr Sam Moss, former PFP leader in the Johannesburg City Council, said his caucus signed — with one abstention — in favour of the move when it was proposed by management committee chairman, Mr Francois Oberholzer.

Spokesmen for the two opposition parties in the House of Assembly recalled their stance after a former Johannesburg councillor, Dr Patrick Lewis, stated the "pen-

sions for councillors" concept proposed by the Pension Benefits for Councillors of Local Authorities Act.

Mr Oberholzer came out strongly in favour of the move.

Mr Moss said: "The old concept of landed gentry serving on councils is dead and allowances — and pensions — make it possible for a wider range of representatives to serve on municipal councils."

ATTRIBUTED

He attributed the pension plan to Mr Oberholzer, who had fought for 25 years to see it through the Transvaal Municipal Association and the United Municipal Executive.

"Although the cost of the scheme is still unknown, Mr Oberholzer maintains it will be less than the council's outlay on toilet rolls every year," Mr Moss said.

Mr Roger Burrows, PFP MP said: "We are opposed in principle to paying pensions to councillors who are volunteers receiving allowances, not salaries. They have jobs from which they receive pensions."

Mr M J Mentz, CP MP said his party rejected the Act because it entailed parity for all races. This was unacceptable because "black" councillors had less responsibilities than whites.

The CP also rejected the "buy-back" of pensions, he said.

26/3/88 D1 D

Early bonus for black pensioners

300
CAPE TOWN — Black social pensioners will now also receive their once-off R60 bonus in May this year.

The Minister of Finance, Mr Barend du Plessis, announced during his budget speech last week that all social pensioners would receive a bonus in October.

It was announced earlier this week that the date on which white, coloured and Indians pensioners would receive their bonus had been brought forward to May.

The Minister of Constitutional Development and Planning, Mr Chris Heunis, said yesterday that Mr Du Plessis had agreed to the earlier payment of bonuses to blacks as well.

Coloured pensioners were the only group that had their monthly pensions increased this year. — DDC

Launch of granny bond set for May

FINANCE STAFF

The Senior Citizens Savings Bonds — granny bonds — announced in the Budget on March 16 are only expected to be launched at the beginning of May, at the earliest.

This was announced yesterday by Mr Bob Tucker, president of the Association of Building Societies, after a meeting of association office bearers and government authorities to discuss the terms of the bonds.

Mr Tucker said the bond would be a standard instrument and "there will be no advantage to buying a Senior Citizen Bond through any particular institution."

"We anticipate that the bonds will be available through all building societies, banks and the Post Office," he said.

But a considerable amount of detail relating to interest rates and other terms of issue still remained to be resolved and full details would be revealed later, he said.

Finance Minister Mr Barend du Plessis said in his Budget speech that senior citizens of 65 and older would be offered a savings facility bearing taxable interest of 15 percent for the first 12 months and afterwards be subsidised to the tune of 2.5 percent above the rate of similar building society savings instruments. The investment will be for a minimum period of three years.

R3,8m needed for happy retirement

By Robyn Chalmers

A 16% inflation rate means the buying power of money halves every four years and thousands of retired people in SA have to lower their standard of living each year.

Consumer inflation has risen from 1,2% in 1983 to 16,1% in 1987, which means that 1980's R10 bought only R4,40's worth of goods in 1988.

Consulting economist Johannes Jordaan says inflation will have a devastating effect on the average person's future standard of living, and adequate provision for it must be made.

Capital growth

He gives the example of a 40-year-old person who wishes to retire at the age of 60 on a monthly income of R1 000 with similar buying power in terms of today's money.

"To provide for an average inflation rate of 15% a year and the accompanying decrease in the buying power of

money, the person will have to receive R16 000 a month to maintain his standard of living.

"He will, therefore, have to invest R1 920 000 with a 10% yield. To provide for inflation after retirement, he will have to choose an investment which yields 5%, but whose capital value and income will increase over the years to compensate for inflation after that date.

"Based on that assumption, he will have to invest double that amount, or R3 840 000 on retirement to maintain his standard of living without depleting his capital" he says.

It seems inevitable, says Mr Jordaan, that the SA inflation rate will remain relatively high, considering the increase in population, the high spending tendency of the lower-income groups and the Government, as well as the low productivity of a large part of the population.

Old Mutual's Steve Manning says most pension funds provide that the normal retirement date for male employees is 60 or 65 years of age. According to current life expectancy tables, a male of 60 will live for another 14,6 years. Because the value of money halves every four years, by the time he reaches the end of his life, the value of his pension will have halved 3,65 times over, he says.

"Making 'adequate provision' therefore means taking out additional investments to supplement a pension," says Mr Manning.

Most people wake up to this fact too late. He uses statistics relating to 100 people aged 25 today, showing that in 40 years' time:

- 34 will have died.
- 30 will depend on relatives for support.
- 20 will have to keep on working.
- 10 will be receiving a State pension.
- Six will be financially secure.

BUSINESS

How to work out an adequate pension

P10 28/3/88 (3025)

According to the Financial Mail, a New York cop can retire on an income measured at 2% of salary for each year of service and there is no reason why the New Yorker should have a better retirement plan than the South African executive. The salary referred to is the highest salary over the preceding 10 years.

The 2% per annum system of determining pensions sounds ample, but it depends on the correct judgment of an individual about what the future holds for the insured. It is the employee who is subjected to the risks in the pension based on the end of the year 2%. And this risk is more properly for the account of the employer. Although, theoretically, the burden of rectification of an inadequate pension rests with the employer, it is, in the end, the employee who has to find the funds for himself. The balance sheet should throw up the accumulated funds of the past and these should be enough to make good the deficits experienced by pensioners.

The pensioner should know what his pension need is. How much does he believe he deserves in his income category. I have not been a big earner yet I believe that I should be entitled to receive a pension of R2% x final salary x years of service. For me this would have been R2% x (R25000 in 1980) x 40 =

My subsequent needs are:
monthly living.....1500
.....(free house)

transport.....500
tax.....500
savings.....500
R3000

It is my contention that I should have a sufficient income to live in modest comfort and still be able to fund for myself and my wife an overseas trip every second year. That would take my savings to R2 000 a year and my gross pension to R5 000 p.a. Of this amount - R1 000 a year would be direct taxes and inflation would cost me about R7 000 p.a. (584 per month). So the ideal pension for me would be R3 000 + travel R584 + inflation escalating by R1 168 per month which gives a total of R4 168 per month. Personal savings have brought me near to that but not quite and the payment of my periodical income tax bill is a killing process.

I would happily settle for R3 500 plus an additional amount which would meet the spectre of inflation.

There are a number of variations being marketed at the moment which are designed to achieve the near ideal. They fail because of inflation and tax. You could opt for retirement finding employment or be attracted by one of those inflation proofing schemes or invest in property or try to put together your own personal scheme through an insurance company (using their expertise and facilities) or an escalating payment pension or the flexi pension.

I do know that I am learning now about pen-

sion, issues which I should have studied and decided upon when I was in my early thirties. I you retire. It is important not to rely on the advice of one organisation and don't forget the im-



THE BUSINESS SCENE
By Max Phillips

You cannot do it entirely on your own — so consult with the advisers of insurance companies before you tie yourself down. You will want the money but you must pay for it before

portance of taxation in the pensions equation. **HOUT BAY** Hout Bay has for many years been an appendage of the City of Cape Town and also a pretty place where snook is caught and prepared. Then some intelligent person decided that it should get more media and they hit on the gimmick of calling Hout Bay an unofficial Republic. When I first heard the name I blinked and wondered what it was all about. Was it another political ploy which I had not noticed while it was in the formative stages? I am satisfied now that a first class bit of advertisement had been taking place and it struck me that maybe this was the kind of thing that East London should opt for. We could be called the Republic of Queen Adelaide and I am sure that people will sit up and take notice of us. I commend thought to our town council who might be persuaded to conceive themselves to be the adulated group who brought East London back to life. It is certainly good concept. And if they fail to pick up the ball and run with it perhaps Bomedco could be seen to be the saviours of East London.

TAILPIECE
The world is but a canvas to our imaginations.
- Henry David Thoreau.

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parastatal agencies and institutions; if not, why not; if so, what is the (a) nature and (b) extent of that network;

- (3) whether computer technology is utilized in making information available to other individuals, agencies and institutions; if so, (a) what is the nature of the technology utilized and (b) in respect of which other individuals, agencies and/or institutions is it utilized?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) Yes;

- (a) Reports and publications
(b) (i) Monthly and annually
(ii) Annual Reports

Population Development Program:
Monitoring Reports
Epidemiological Comments
Departmental Publications
General Media

- (2) and (3) This matter is currently being considered by the Commission for Administration.

Health data-handling: amount spent

652. Dr M S BARNARD asked the Minister of National Health and Population Development:

- (a) What was the total amount spent on health-data handling by each specified Government agency in the 1987-88 financial year and (b) what amount was spent by his Department in respect of honouring financial commitments to para-statal and other contractual data-handling bodies in that year?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) R1 126 371.00 in respect of the Department of National Health and Population Development.
Figures in respect of other Government agencies are not readily available.
(b) R815 000.00.

Notifiable medical conditions

653. Dr M S BARNARD asked the Minister of National Health and Population Development:

HOUSE OF ASSEMBLY

- (1) (a) What specified medical conditions are currently notifiable and (b) when was this list drafted;

- (2) whether a new list of notifiable medical conditions is being or has been drafted; if so, (a) what additional medical conditions are being or were considered for this new list, (b) which Central Government agencies are or were responsible for drafting this new list and (c) which other Government, parastatal or private agencies or individuals will be or were consulted in the drafting of this new list; if not, why not;
- (3) whether, in view of the changing pattern of diseases as well as alternative methods of disease surveillance, consideration is being given to drafting a new list; if not, why not; if so, when is this new list due to be completed;
- (4) whether he will make a statement on the matter?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) (a) List of Notifiable Diseases

Anthrax
Brucellosis
Cholera
Diphtheria
Haemorrhagic Fevers of Africa (Congo Fever, Dengue Fever, Ebola Fever, Lassa Fever, Marburg Fever, Rift Valley Fever).
Lead poisoning
Leptospirosis
Malaria
Measles
Meningococcal Meningitis (including Meningococcaemia).
Paratyphoid Fever
Plague
Poisoning from any agricultural or stock remedy registered in terms of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act 36 of 1947), as amended.
Poliomyelitis
Primary malignancy of the bronchus, lung and pleura
Rabies
Smallpox (all forms)

Tetanus
Toxoplasmosis
Trachoma
Trypanosomiasis
Tuberculosis (all forms of tuberculosis are notifiable, except cases diagnosed solely on the basis of clinical signs and symptoms and/or a positive tuberculin test).
Typhoid Fever
Typhus Fever (epidemic lice typhus fever, endemic rat flea typhus fever)
Viral Hepatitis A and B and undifferentiated Yellow Fever

- (b) In the months preceding the publication of Regulation R1802 of 24 August 1979.

(2) No.

(a), (b), (c) fall away. Because the revised list can only be drafted once all the interested parties have been informed and consulted. This process is in the planning phase.

(3) Yes.

Probably during the second half of 1988.

(4) No.

Notifiable medical conditions: level at which information is collected

654. Dr M S BARNARD asked the Minister of National Health and Population Development:

- (1) Whether information in respect of notifiable medical conditions is collected at the (a) point of diagnosis and (b)(i) local authority, (ii) regional health directorate and (iii) directorate of epidemiology level; if not, at what point or level is this information collected;

- (2) who is responsible for collating, analysing, tabulating and publishing information in respect of notifiable medical conditions;

- (3) what (a) is the average time-delay between the (i) diagnosis of notifiable medical conditions and (ii) publication of the tabulated findings by the directorate of epidemiology in his Department and (b) are the reasons for the delay;

- (4) what action is taken against local authorities which fail to comply timeously with

the provisions of section 28 of the Health Act, No 63 of 1977?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) (a) Yes.

- (b) (i) Yes.

- (ii) Yes.

- (iii) Yes.

- (2) There is no legal responsibility in this regard. The analysis of data in respect of notifiable diseases and the publication of the results are undertaken as a service at the discretion of the Director-General.

- (3) (a)(i) and (ii) There is no such thing as an "average time-delay" in this context.

- (b) The delay between diagnosis and publication of tabulated findings changes with time, with the disease in question, with the notifying authority and is also dependent on technical and administrative factors.

- (4) None.

Pensionable service: new conditions on buying back

655. Mr R M BURROWS asked the Minister of National Health and Population Development

- (1) On what date in the latter half of 1987 did his Department impose new conditions on the buying back of pensionable service;

- (2) whether Government Departments handling applications for the buying back of service act as agents for his Department in the processing of such applications;

- (3) whether applications that were in the possession of Government Departments but had not yet been received by the head-office of his Department in Pretoria as at the above date, have been considered for buy-back purposes; if not, why not; if so, on whose decision;

- (4) whether, in making known the new conditions for the buying back of pensionable service, he or his Department consulted with any representatives of staff associations; if so, (a) with which associations and (b) on what dates?

Howard

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) 21 September 1987.
- (2) No.
- (3) Yes, in accordance with applicable legislation.
- (4) No. (a) and (b) fall away.

Pensionable service: new conditions on buying back

656. Mr R M BURROWS asked the Minister of National Health and Population Development:

- (1) Whether, with reference to the imposition of new conditions on the buying back of pensionable service in the latter half of 1987, he is required to consult with any staff associations prior to altering the conditions of service of their members; if not, why not; if so, in terms of what statutory provisions;
- (2) whether he has received any indication as to whether any staff associations intend to take legal action against him or his Department in connection with the alteration of buy-back conditions; if so, which staff associations are involved;
- (3) whether he will make a statement on the matter?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) No. Only those office-holders specified in:
- (i) section 17(3) of the Government Service Pension Act, 1973 (Act 57 of 1973),
- (ii) section 8(6) of the Temporary Employees Pension Fund Act, 1979, (Act 75 of 1979), and
- (iii) section 2 of the Associated Institutions Pension Fund Act, 1963 (Act 41 of 1963),

are required to be consulted prior to alteration of the relevant pension fund provisions.

- (2) Yes, in a personal letter addressed to me. I have no authority to divulge the contents thereof.

- (3) No.

HOUSE OF ASSEMBLY

Howard

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

Yes; in applying for a temporary authority to collect contributions, the KwaZulu Natal Indaba Fund-raising Organization furnished the Department with an application form and a constitution as required by the Fund-raising Act. According to the constitution, the objects (activities) of the organization are to handle and supervise fund-raising for the KwaZulu Natal Indaba.

East Rand hospitals: abortions

683. Mr C J DERBY-LEWIS asked the Minister of National Health and Population Development:

- (1) With reference to his reply to Question No 537 on 7 October 1987, on what date did the Transvaal Director of Hospital Services become aware of a possible excessive number of abortions at certain East Rand hospitals;
- (2) whether the investigation into this matter has been completed; if not, (a) why not and (b) when is it anticipated that the investigation will be completed; if so, when;
- (3) whether any action has been taken in this regard; if not, why not; if so, (a) what action and (b) when?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) June 1987.
- (2) Yes;
- (a) falls away.
- (b) November 1987.
- (3) No, all legal requirements have been adhered to.
- (a) and (b) fall away.

SABC: control over programmes

735. Mr C J DERBY-LEWIS asked the Minister of Home Affairs:

Whether the Publications Control Board has any authority in respect of programmes televised by the SABC; if not, why not; if so, to what extent?

THE MINISTER OF HOME AFFAIRS:

The hon member's attention is drawn to the fact that no such body as a "Publications Control Board" exists in terms of the Publications Act, 1974 (Act 42 of 1974).

However, if with his question the hon member has meant whether programmes televised by the SABC are subject to the control provided for in the aforementioned act, the answer is in the affirmative. All feature films televised have been examined by committees of publications and approved for screening. The normal conditions applicable to screening in theatres plus any other that the Directorate of Publications may deem necessary for televising, must be strictly observed. Because of logistical and other reasons, however, most of the other programmes of the corporation are handled on an exemption basis.

Flood relief: applications

746. Mr R M BURROWS asked the Minister of National Health and Population Development:

- (1) (a) How many applications for flood relief have been received from (i) individuals and (ii) companies by the committee responsible for administering the Natal Flood Relief Fund, (b) how many claims have been settled and (c) in respect of what date is this information furnished;
- (2) whether the application forms originally used in submitting claims have been altered; if so, (a) why and (b) when;
- (3) whether any claims submitted on the original application forms have been returned to applicants for re-completion on the altered application forms; if so, (a) how many and (b) why;
- (4) what amount had been contributed to the Natal Flood Relief Fund by the (a) public and (b) State as at the latest specified date for which figures are available;
- (5) whether he will make a statement on the matter?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) (a) A total of approximately 82 000. Not possible to furnish particulars of individuals and companies separately.
- (i) Falls away.

HOUSE OF ASSEMBLY

ATM card fraud: Community service

Cape Times 29/3/88 Court Reporter *300*

A GUGULETU man who conned elderly people into exchanging their bankbooks for autoteller cards — and then withdrew a total of R3 700 from accounts with the cards — was yesterday ordered by a Cape Town Magistrate to do 250 hours community service at an old age home.

Basil Jakavula, 31, of Guguletu, was sentenced to 12 months imprisonment suspended for five years on each of three counts of fraud.

He was also ordered to repay the complainants with 12% interest.

Jakavula admitted that he pretended to the men that he was an employee of the Perm Building Society SA and convinced them to change their savings book accounts for automatic teller machine card accounts which were more convenient.

The magistrate, Mr D J Oosthuysen, ordered Jakavula to do community service at an old age home. He also ordered that the money be repaid in instalments of R50 to each of the complainants.

Jakavula is also to submit to the supervision of a probation officer for two years.

Ms H C Norval prosecuted. Mr B Genn appeared for Jakavula.

Act, 1978 (Act 107 of 1978) by a certain organization was brought to the attention of the Board and to enlighten the public on the relevant provisions of the Act.

(a) Fifty-three persons/bodies/organizations were authorised in terms of section 21(2)(b) of the Fund-raising Act, 1978 to collect funds on behalf of the Board of the Disaster Relief Fund. The list is as follows:

The Mayor, Bothaville
Our Times, Jeffreys Bay
Marknor, Johannesburg
The Mayor, Warmbaths
Pietermaritzburg and District Community Chest
Building Societies — Official Association of S.A.
Department of Education and Culture: House of Assembly
Byrds Aye Gifts, Isando
Municipality, Ladysmith
The Mayor, Randfontein
Kofsem, Bloemfontein
Scott Retail, Durban
Municipality, Carletonville
Municipality, Makwassie
Medical Superintendent, Groote Schuur Hospital
Sinodale Kommissie vir die Diens van Barmhartigheid, Bloemfontein
Kleurblydsykeoerant, Pretoria
The Mayor, Schweizer-Reneke
The Mayor, Randburg
Wimpey, Umhlanga Rocks
The Mayor, Westonaria
Mahabar Natal Disaster Fund
Eastern Cape Islamic Congress, North End
The Mayor, Senekal
The Mayor, Port Elizabeth
Brackenham Social Club, Empangeni
The Mayor, Pretoria
Manuels Restaurant, Birmam
Saiva Sithanpha Sungum, Lenasia
Town Clerk, Umzinto North
Girl Guides, Rustenburg
Actionville Welfare Aid, Dunswart
Department of Posts and Telecommunications, Pretoria

The Mayor, Uitenhage
The Mayor, Tweeling
Geology Department, Orange Free State University
Sigging Jan van Riebeck, Cape Town
The Mayor, Wepener
SABC, Johannesburg
Jean Cutten, Johannesburg
Spartetta Bottling Co, Alberton
The Mayor, Pietermaritzburg
Lauran Enterprises, Johannesburg
First National Bank, Gold Reef City
D Wright, Marine Parade, Durban
M Kessler, Sound Investments, Springs
Lunt Brothers, Richards Bay
Secretary to the Chief Minister, KwaNdebele
Miss E M du Toit, Elimigie Mannequin School, Pretoria
Municipality, Christiana
Dutch Reform Church, Magalieskraai, Pretoria
Hloboane Coal Mine, Hloboane

(b) On various dates during October 1987.

(3) No.

Mr R M BURROWS: Mr Speaker, arising from the hon the Minister's lengthy reply, may I ask him whether he does not believe that by confining the fund-raising activities for the flooded areas of the Orange Free State and Northern Cape to one organization there is likely to be less money collected?

The MINISTER: First of all, Mr Speaker, I may tell the hon member that my reply was lengthy in order to give him adequate information. Secondly, yes, I do believe so, and it is because of the Fund-raising Act, No 107 of 1978.

Mr R M BURROWS: Mr Speaker, further arising from the reply of the hon the Minister, may I ask him whether he can indicate to us whether any of the fund-raising bodies that he mentioned contravened the Fund-raising Act in any way?

The MINISTER: Mr Speaker, the answer is no.

Social pensions for Blacks: administration

*19. Mr R M BURROWS asked the Minister of Constitutional Development and Planning:

(1) Whether his Department is responsible,

through the provincial administrations, for the administration of social pensions for Blacks in certain areas; if so, (a) in which areas and (b) what total number of Black persons are currently receiving pensions;

(2) whether there is a backlog in the handling of applications for social pensions in any areas; if so, (a) in which areas, (b) what are the reasons for this backlog and (c) what total number of applications are currently awaiting processing;

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

†The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

(1) The Department of Development Planning is only responsible for determining overall policy. The administration of social pensions vests in the different Provincial Administrations and the following information was furnished by them:

(a)	(b)
Transvaal (independent national states and self-governing areas excluded)	213 070
Natal (excluding KwaZulu areas)	57 130
Orange Free State and Botshabelo (Sasolburg excluded)	79 032
Cape Province (independent national states and self-governing areas excluded)	109 948
(2) Yes	
(a)	(c)
Transvaal (independent national states and self-governing areas excluded)	20 000
Natal (excluding KwaZulu areas)	2 500 of which 2 000 are partly processed
Orange Free State and Botshabelo (Sasolburg excluded)	1 250
Cape Province (independent national states and self-governing areas excluded)	3 526
(b) The social pension computer system was previously conducted on a centralised basis. Since the function was transferred to the Provincial Admin-	

istrations the computer system is being conducted on a decentralised basis from the provinces to a centralised data base linked to a central computer bureau. Problems are being experienced with data communication lines to the central data base which give rise to the backlog in the processing of applications.

(3) No.

Mr R M BURROWS: Mr Speaker, arising from the hon the Deputy Minister's reply, can he give an indication of how long he expects it will be before the backlog of applications is eliminated?

†The DEPUTY MINISTER: Mr Speaker, it is very difficult to furnish an exact period or a date. I can assure the hon member that the provincial administrations are doing everything in their power to eliminate the backlog.

Applications from suitably qualified teachers refused

*20. Mr K M ANDREW asked the Minister of Education and Development Aid:

Whether any applications from suitably qualified (a) primary and (b) secondary school teachers for posts at schools under his control were refused by his Department in 1988; if so, (i) why, (ii) how many in each case and (iii) in which regions?

The DEPUTY MINISTER OF DEVELOPMENT PLANNING (for the Minister of Education and Development Aid):

(a) Yes.

(i) Due to preference being given to bursary holders and a lack of suitable vacancies.

(ii) 465

(iii) Natal, Northern Transvaal, Highveld and Johannesburg.

(b) Yes.

(i) Due to preference being given to bursary holders and a lack of suitable vacancies.

(ii) 440

(iii) Natal, Northern Transvaal, Orange-Vaal, Highveld and Johannesburg.

Note: Suitably qualified as mentioned above

means that a teacher is in possession of a professional qualification. That does not mean that he/she has a M+3 qualification.

Nature reserve/missile testing range: visit by Council for the Environment

*21. Mr R R HULLEY asked the Minister of Defence:

- (1) Whether, since the publication of the Hey Committee Report in 1983, the South African Defence Force and/or the Armscor authorities have been approached by members of the Council for the Environment for (a) permission to visit, and (b) environmental monitoring information on, the nature reserve and missile testing range at De Hoop pursuant to the recommendations of the Hey Committee; if so, (i) on what occasions and (ii) with what result in each case;
- (2) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF DEFENCE:

- (1) Yes, for as far as it concerns Armscor.
 - (a) (i) During 1985 and 1986. It is possible that other informal requests were also made but no record of such requests is available.
 - (ii) During June 1985 members of the Overberg Committee of the Council for the Environment, visited the Overberg Testing Range and the De Hoop Nature Reserve as guests of the then Deputy Minister of Defence.

During 1986 the Chairman of the aforementioned Committee directly approached officials of Armscor at the Testing Range to visit the area, contrary to the procedure which was previously agreed upon. The matter was referred to the then Deputy Minister of Defence, who ruled that the Chairman of the Committee should liaise with the Cape Provincial Administration, as the latter, in terms of the Hey Committee's report, is the responsible institution with regard to all

environment matters in the area in question.

- (b) (i) During 1985 and 1986. It is likely that there were other requests but no record thereof is available.
- (ii) The enquiries received on a direct basis were replied to as far as possible.

In addition, the Chairman of the Overberg Committee of the Council for the Environment, was repeatedly referred to the Cape Provincial Administration, as the Committee, in terms of the founding agreements thereof, was supposed to work in the closest collaboration with the above-mentioned Administration and was to direct all queries to the latter.

In addition Dr Hey, which up to the time of its disbanding by the Minister of Environment Affairs and of Water Affairs in October 1987, was a member of the Overberg Committee of the Council for the Environment, as well as the Chairman of the Overberg Review Committee, on which members of the Cape Provincial Administration, the SA Defence Force and Armscor, serve. The Council for the Environment's Overberg Committee could consequently also have used this link to obtain information.

- (2) No, except to confirm that a group which included the Deputy Minister of Defence, Dr Hey, media representatives and other interested persons, were invited to the area in September 1987. They then expressed their unqualified satisfaction with what had been achieved with regard to environmental conservation, in the area, to date. The co-operation between the representatives of the Cape Provincial Administration, the SA Defence Force and Armscor is very congenial and sound and I am satisfied that at all times there is the endeavour to comply with the letter and spirit of the Hey Committee's report.

Social pensions: applications for identity documents

*22. Mr R M BURROWS asked the Minister of Home Affairs:

- (1) Whether his Department is liaising with the Department of Constitutional Development and Planning in order to ensure that applications for identity documents for persons applying for social pensions are processed speedily; if not, why not; if so, (a) what liaison has been established and (b) what has been the result of this liaison;
- (2) whether he will make a statement on the matter?

The MINISTER OF HOME AFFAIRS:

- (1) and (2)
- The handling of social pensions for Blacks was transferred to the Provincial Administrations on 1 November 1986 and the Department of Home Affairs is temporarily acting as agent for the Administrations.

When a person applies for a social pension, an application form is completed in which the applicant must furnish full information with regard to his personal particulars and financial circumstances. Depending on the type of pension which is applied for, supporting proof is required, such as proof of age in the case of an old age pension, and a medical disability certificate in the case of a disability grant.

It is, however, emphasised that the possession of an identity document is not a prerequisite to qualify for a social pension. In this regard the Department of Constitutional Development and Planning issued a circular on 27 April 1987 with the concurrence of amongst others, the Department of Home Affairs, in which *inter alia* the following guidelines were laid down:

- "2. It is important that an applicant for a social pension or a grant should under no circumstances be turned away when he is not yet in possession of a new identity document, especially if the possibility exists that such an applicant does in fact qualify for a social pension or grant and that he is entitled to receive such benefit from the date of his application.

- 2.1 A practical solution in the handling of such applications is to accept both

applications and to refer the application for a social pension or grant to the relevant Provincial Administration and the application for a new identity document to the Department of Home Affairs. New identity numbers are reflected on the pension records according to program."

In order to ensure that pensions are paid to the rightful persons, the beneficiaries must identify themselves at the paying centres. Such identification can be effected by the submission of reference books, the new identity document, if a pensioner is in possession of such a document, a temporary identification certificate or by means of any of the other methods as prescribed in section 14 of the Identification Act, 1986 (Act 72 of 1986).

In recent newspaper reports the impression is created that the finalising of applications for social pensions is delayed due to the alleged protracted time taken to issue identity documents. This is not correct.

Liaison between the Department of Constitutional Development and Planning and the Department of Home Affairs with regard to applications for identity documents of persons applying for social pensions did take place from time to time when necessary. The liaison also covered a wider field, such as the frequency of pension payments, methods of payment and procedures with regard to the speedy issue of identity documents where necessary.

Former employees of Western Cape Development Board: job transfers

*23. Mr J VAN ECK asked the Minister of Constitutional Development and Planning:

- (1) Whether former employees of the now defunct Western Cape Development Board who are temporarily employed by the Cape Provincial Administration and are in the service of the so-called Cape Town Town Committee have been enabled to obtain job transfers from the Cape Provincial Administration to the Cape Town Town Committee; if so, as from what date; if not, why not;
- (2) whether these employees are permitted to transfer their (a) pension and (b) other

CNE 7/10/88 30/3/88 300
Pensions: 'We can do no more' — Barend

HOUSE OF DELEGATES. — The government had not abandoned pensioners and salaried people by not granting them increases, the Minister of Finance, Mr Barend du Plessis, said yesterday.

Replying to the Second Reading debate on the main budget, he said printing more money to pay for increases would debase the currency.

He said R110 million had been earmarked for pensioners.

"I am first to acknowledge that it is inadequate but can one ever do enough for the poor and the needy?"

It was essential to break the vicious cycle between rising costs and rising wages.

Each administration of the three Houses could decide to allocate funds to pension increases from one of the other allocations such as education or housing. However, this could lead to an imbalance in the budget.

The MINISTER OF TRANSPORT AFFAIRS:

- (1) Yes, to Perskor Corporation (Pty) Ltd of South Africa only.
- (a) Desk calendars, order books and diaries.
- (b) 4 000, 100 and 300 respectively.
- (c) Perskor Corporation (Pty) Ltd of South Africa.

(2) Yes.

- (a) and (b) Fall away.
- (i) R16 120, R590 and R4 562,20 respectively.
- (ii) R9 974,52, R770 and R4 562,20 respectively.

(3) No.

- (a), (b)(i) and (ii) Fall away.

(4) (a) R15 306,72.

- (b) Particulars not readily available and it will take much time and expense to gather such information.

Printing contracts awarded to two companies

846. Mr D J DALLING asked the Minister of Law and Order:

- (1) Whether the South African Police awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

- (2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by the Police in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;

- (3) whether the Police subsidize any publications published by the above companies; if so, (a) which publications and (b)(i) why, and (ii) what is the amount of the subsidy, in each case;

(4) what total amount was spent by the Police in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF LAW AND ORDER:

(1) No.

- (a) to (c) Fall away.

(2) Falls away.

(3) No.

- (a) and (b) Fall away.

(4) Falls away.

Chartered accountants in employ of Receiver of Revenue

849. Mr J J WALSH asked the Minister of Finance:

- (a) How many chartered accountants were in the employ of the Receiver of Revenue as at the latest specified date for which information is available, (b) at which offices were they employed and (c) how many of them were so employed in lieu of performing their national service?

The MINISTER OF FINANCE:

(a) 183.

(b) Bellville

Benoni

Bloemfontein

Boksburg

Brakpan

Durban

Germiston

Johannesburg

Cape Town

Klerksdorp

Krugersdorp

East London

Paarl

Port Elizabeth

Pietermaritzburg

Pretoria

Rooodepoort

Springs

Standerton

Welkom

Head Office

Special Investigations

(c) 181.

50-year-old public servant: buying back of pensionable service

869. Mr D J NMALCOMESS asked the Minister of National Health and Population Development:

- (1) Whether, with reference to his reply to Question No 20 on 8 March 1988, any provision has been made for a 50-year-old public servant who has bought back pensionable service from the age of 50 to the age of 18 to pay the required amount of R391 680 over a period of years; if not, why not; if so, (a) what arrangements can be made in this regard, (b) what is the rate of interest charged and (c) how will the balance be paid in the event of this public servant retiring at the age of 60;

- (2) what will be the amount of the (a) tax-free retirement cheque and (b) annual pension paid to a public servant who retires at the age of 60 on a salary of R96 000 per annum and who (i) bought back and (ii) did not buy back pensionable service at the age of 50 years while earning a salary of R48 000?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) Yes:

- (a) Monthly instalments up to date of retirement.

- (b) Twelve per cent compound interest. (The total obligation will amount to R846 142,20.)

- (c) By deduction from gratuity payable on retirement, and if insufficient the remainder to be settled in a single payment.

(2) (a) (Gratuity)

- (i) R57 935 (R270 950 gross, less buy-back debt R213 015)

(ii) R64 512

(b) (Annual pension)

(i) R73 669

(ii) R17 814

Land and Agricultural Bank: amount loaned to farmers

874. Mr D J NMALCOMESS asked the Minister of Finance:

What total amount was loaned by the Land and Agricultural Bank to farmers from the (a) White, (b) Coloured, (c) Indian and (d) Black population group in the latest specified financial year for which figures are available?

The MINISTER OF FINANCE:

- (a) R446 059 520
- (b) R217 400
- (c) R527 400
- (d) Nil.

Own Affairs:

Printing contracts awarded to two companies

91. Mr D J DALLING asked the Minister of Health Services:

- (1) Whether his Department awarded any printing contracts in 1987 to two companies, the names of which have been furnished to the Commission for Administration for the purpose of the Minister's reply, or to their associated companies and printing operations; if so, (a) in respect of what publications or printed matter, (b) how many copies of each publication or item were ordered from each company and (c) what are the names of the companies concerned;

- (2) whether these contracts were put out to tender; if not, (a) why not and (b) what was the total amount paid by his Department in respect of each of these contracts; if so, what was the (i) tender price originally accepted, and (ii) total amount paid out, in respect of each contract;

- (3) whether his Department subsidizes any publications published by the above companies; if so, (a) which publications and (b)(i) why, and (ii) what is the amount of the subsidy, in each case;
- (4) what total amount was spent by his Department in 1987 on printing and publishing involving (a) the above companies and (b) any other specified companies?

The MINISTER OF HEALTH SERVICES:

(1) No.

- (a), (b) and (c) fall away.

- (2) (a), (b)(i) and (ii) fall away.

ELSCA member
criticises
newsletter

Daily Dispatch Reporter

EAST LONDON — Last month's East London Senior Citizens Association's (ELSCA) newsletter has shocked a member of the organisation.

Mr J. C. Fischer, who is a life member of both ELSCA and the SPCA, said that he was dismayed to read in the latest newsletter of ELSCA under the heading bequests: "Animal lovers often bequeath their money to the SPCA. What better institution is there than ELSCA."

Mr Fisher said that any public relations person or fundraiser would know that most firms as well as the general public have their particular charities and that senior citizens, particularly, have pets as their life-long companions.

"With this in mind it can do more harm good to both these organisations to exhort their members to take money

away from the one for the benefit of the other."

He added that in three years he had raised thousands for both organisations without having to resort to this type of appeal.

The public relations officer for ELSCA, Mr R. Colls, said that he believed Mr Fischer had interpreted the statement incorrectly.

"The statement was only saying that some people donate to the SPCA, so why not consider ELSCA as well."

New bus
time
schedule
imminent

Daily Dispatch Reporter
EAST LONDON — A new "more efficient"

300

Check pension options before it's too late

Star
21/4/88
300

Just about the last thing anyone considers when leaving a job is the pension fund.

Excitement is focused on the inviting-looking grass on the other side of the fence.

But you have some vital decisions to make. I call it the quitter's quandary.

Every pension fund has a different attitude towards people who resign. Some are generous, some mean, some pay interest, others none.

Where your scheme is non-contributory, you may get nothing.

Pension fund rule books should be required reading when you start a job, not when you leave. Get the unpleasant shocks over early.

Normally, you have to consider four basic options when you leave. Each one has its problems and peculiarities and you'll have to decide which one suits you best.

The simplest option is the **cash refund**. If the amount is more than R1 800, then the excess over that amount is taxed at your average rate.

An article contributed by Alan McCulloch, pensions manager (marketing) at Liberty Life.

Beware if you owe the Receiver back taxes: he can collar the lot.

The cash option should be taken only where the amount is small, say less than R1 000.

Otherwise, you will be squandering your post-retirement security. Far better to preserve your benefits.

In a number of funds taking cash means forfeiting your rights to share in the company contributions.

And for South Africa as a whole, the more people who preserve their pensions, the less in the long run, will the general body of taxpayers have to pay to subsidise them when they retire.

In a way, the quitter who takes cash is being anti-social.

There are three ways open to the average quitter to preserve his pension. The big advantage of all three is you don't pay any tax.

The most popular is to transfer

the cash into a **Retirement Annuity (RA)**.

If you already have an RA, you can almost certainly pay it in there. If you don't, then you can ask any insurer for a single premium version.

You won't need to pay any more into it if you don't want to.

You can start to draw your pension from 55 (the earliest option) or at 70 (the longest option).

You should consult your ILPA advisor so that he can recommend the correct investment portfolio and advise you whether to add life cover.

You should also check out your new pension fund.

Those of most commercial companies have facilities to **transfer in cash**. Most civil service and municipal funds won't accept transfers.

Ask the new fund's administrators to give you a quote before committing yourself.

If you are offered extra years of service in exchange for your transfer, ask for an estimate of what extra cash the fund could expect to be holding for you at retirement. Then compare it with an RA estimate, bearing in

mind that assumptions will be made on both sides.

This is yet another reason to call in an ILPA expert for advice.

The third scenario is to **leave your money** in your present fund. Some funds will only let you share in the company contributions if you do this.

Ask for an estimate of what pension you'll get on retirement.

If you are promised a guaranteed amount, find out if it will be uprated for inflation each year.

It is also wise to see what will be paid if you die before retiring. Those spouse's and children's pensions you had, may not apply.

If you are quitting because of retrenchment there are often better benefits than those paid to ordinary leavers.

Your fund could also be one of the increasing numbers who give you a share in the company contributions, provided you have served a minimum period. Don't leave too early and miss out.

Most leavers are unaware that there is another valuable option.

In many funds you can **transfer your pension scheme life cover** to your own policy without a medical.

Pensioners in payout victory

PENSIONERS in the Cape Flats township, Parkwood, scored a victory when the Post Office agreed to open a pension payout office in their area.

The pensioners claimed some of them had been robbed after walking two kilometres to collect their pensions at the Southfield post office.

Some paid R10 for private transport. There is no public transport to Southfield.

The Parkwood Adhoc Committee collected more than 200 signatures from pensioners. They were supported by local doctors and traders.

At a meeting with Post Office officials this week, it was decided to use the Parkwood Community hall as a payout office from May.

The Post Office would arrange security for the pensioners.

300 13/4/88
South

300

B/day 13/4/88

A TIME

Civil servants rush to buy back service

CAPE TOWN — A total of 33 484 civil servants applied to buy back pensionable service in 1987, the National Health and Population Development Department's annual report showed yesterday.

The report, tabled in Parliament, gave no indication of what that large number of buy-backs was expected to cost public-sector pension funds — and, ultimately, the taxpayer.

However, in an annexure to the report, it is revealed that in respect of the state's seven pension funds, total expenditure in 1986/7 amounted to R1,68bn,

CHRIS CAIRNCROSS

leaving a balance of R17,33bn at the end of March last year.

The extent to which these civil servants are likely to benefit from much-criticised buy-back practices was revealed in an example provided to Parliament by National Health and Population Development Minister Willie van Niekerk.

In a written reply to a question by John Malcomess (PFP PE Central), Van Niekerk deals with the case of a 50-year-

old official, earning R48 000 a year, who would generally obtain an annual pension of R17 814 on retiring at 60.

He would also qualify for a tax-free gratuity of about R270 900.

In terms of the buy-back provisions, this official could purchase service back to age 18 for R213 015 — an amount he could take out as an advance.

This would mean that, in addition to enjoying the R57 935 residue in his gratuity package, this official would be able to boost his final annual pension by almost 400% to R73 669.

The MINISTER OF COMMUNICATIONS:

	(a)	(b)
Lenasia	1 854	589
Soweto	18 669	1 413

Note: The information is in respect of main services only and includes transfers. The available statistics of telephones other than main services do not distinguish between services for private and business purposes.

Military disability pensions: persons in receipt/amount paid out

365. Mr R M BURROWS asked the Minister of National Health and Population Development:

(a) How many persons are in receipt of military disability pensions and (b) what amount was paid out in such pensions in respect of the year ended 31 March 1987?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) 11 878
(b) R36 717 135

Commission of Inquiry into Health Matters: total amount spent

386. Dr M S BARNARD asked the Minister of National Health and Population Development:

(a) What total amount had been spent on the Commission of Inquiry into Health Matters as at the latest specified date for which figures are available and (b) on what specified items was this money spent?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) R507 431 as at 31/3/1987
- (b) The funds were utilized as follows:
- | | |
|---------------------|-----------------|
| Salaries | R265 812 |
| Administration | R68 455 |
| Members' Allowances | R144 734 |
| Publications | R27 747 |
| Technical Services | R683 |
| | <u>R507 431</u> |

University of Natal: new teaching hospital for medical school

388. Dr M S BARNARD asked the Minister of National Health and Population Development:

HOUSE OF ASSEMBLY

With reference to his reply to Question No 187 on 27 July 1987, (a) what stage has been reached in the planning of the new teaching hospital for the medical school of the University of Natal and (b) when is it anticipated that construction will (i) commence and (ii) be completed?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) Accommodation schedules have been completed and consultants appointed.
- (b) (i) On building site during 1990.
(ii) A 10-year project
(Depending on available funds.)

Hospital beds available/needed

389. Dr M S BARNARD asked the Minister of National Health and Population Development:

How many hospital beds were (a) available and (b) needed for (i) White and (ii) non-White patients in hospitals falling under the control of his Department as at the latest specified date for which figures are available?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) (i) 6 596
(ii) 15 985
- (b) Beds needed are represented by building programme: Major works 1991/92
- (i) None
(ii) 4 802 beds
Specified date: 31/12/1987

State-financed hospitals: foreign patients treated

406. Dr M S BARNARD asked the Minister of National Health and Population Development:

(a) How many foreign patients were treated in State-financed hospitals in each province during the latest specified period of 12 months for which figures are available, (b) from which countries did these patients come, (c) what was the total cost to each province of these patients and (d) what amount of the fees payable was recovered from these patients in respect of each province?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

437 MONDAY, 14 MARCH 1988 438

FOREIGN PATIENTS TREATED IN SOUTH AFRICAN PROVINCIAL HOSPITALS: PERIOD 1986-09-01 TO 1987-08-31

Country/City of origin	Province concerned	No. of patients	Hospital fees		Written off
			Collectable R c	Collected R c	
Argentina	OFS	1	50,00	50,00	
Australia	Cape	3	201,00	40,00	
	OFS	1	40,00	40,00	
Austria	Cape	1	622,00		
Belgium	Cape	2	502,00	0,00	
	OFS	1	40,00	40,00	
Bophuthatwana	Transvaal	1	1 040,00	1 040,00	
	Transvaal	1	26,00	26,00	
Botswana	Cape	30	37 310,00	9,00	
	Natal	2	360,00	310,00	
	OFS	5	1 165,00	1 145,00	
	Transvaal	309	381 439,36	214 554,20	60,00
Bulgaria	Cape	1	1 494,00		
Canada	Cape	4	859,50		
Channel Islands	Natal	1	200,00		
China	OFS	41	2 682,00	2 462,00	40,00
Cyprus	OFS	3	170,00	130,00	
Denmark	Cape	1	137,00	137,00	
Egypt	Cape	1	530,00	50,00	
	OFS	1	50,00	117,00	
France	Cape	1	117,00	1 020,00	
	OFS	4	1 020,00	829,00	
Greece	Cape	3	879,00		
	Natal	1	100,00	850,00	
	OFS	3	204,00		
Ireland	Cape	2	376,00	180,00	
India	Cape	1	230,00	7 054,00	
Israel	Cape	8	7 485,00	10,00	
	OFS	1	10,00	1 595,00	
Italy	Cape	2	1 595,00	50,00	
	OFS	2	50,00	1 313,00	
Japan	Cape	15	12 076,00	132,25	
Kenya	Cape	3	132,25	6 399,00	
Korea	Cape	6	7 225,00	292,00	
Lesotho	Natal	4	596,00	467 038,00	1 260,00
	OFS	1 258	662 786,00	6 105,90	
	Transvaal	6	6 273,90	38,00	
Libanon	OFS	1	38,00		
Madagascar	Cape	4	1 296,00	4 859,00	
Malawi	Cape	12	9 932,00	50,00	
	Natal	3	400,00	270,00	
	OFS	2	270,00	14 058,51	
	Transvaal	27	27 114,41	18 293,92	
Mauritius	Cape	80	166 806,00	10 807,00	
	Natal	6	10 807,00		
	OFS	2	1 020,00		

HOUSE OF ASSEMBLY

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) (a) and (b) (i) (aa) and (bb) and (ii)

The project has been approved by the Minister's Council but must still be approved by the Cabinet. Thereafter the Treasury will be approached for a certificate concerning space norms and cost limitations. The sub-committee on capital priorities of the State President's Committee on National Priorities will then accord the project priority. Thereafter the necessary funding will be sought from the Treasury.

(2) (a) (i) As soon as possible but not before 1989.

(ii) Within 4 years of commencement of building.

(b) As yet none, refer to procedures outlined in (1) above.

(c) Falls away.

Business sites allocated to affected traders in Lenasia

*6. Mr K CHETTY asked the Minister of Housing:

(1) Whether any affected traders were allocated business sites in Lenasia during the latest specified period of 12 months for which figures are available; if so, (a) how many and (b) what are their names;

(2) whether these sites were put out to tender; if not, (a) why not and (b) what criteria were applied in allocating them?

The MINISTER OF HOUSING:

(1) No. 1 March 1987 to 29 February 1988.

(a) Falls away.

(b) Falls away.

(2) Falls away.

(a) Falls away.

(b) Falls away.

For written reply:

Own Affairs:

Children placed in adoption

63. Mr K CHETTY asked the Minister of Health Services and Welfare:

HOUSE OF DELEGATES

How many Indian children were placed in adoption in terms of the Children's Act in 1987?

The MINISTER OF HEALTH SERVICES AND WELFARE:

153.

Applications for old-age pensions

64. Mr K CHETTY asked the Minister of Health Services and Welfare:

(1) (a) How many Indian persons applied for old-age pensions in 1987 and (b) how many of these applications (i) had been (aa) granted and (bb) refused and (ii) were still under consideration as at the latest specified date for which figures are available;

(2) how many of these refusals were attributable to the assets of the applicants exceeding the limits laid down in terms of the means test;

(3) how many Indian persons were receiving old-age pensions as at the end of 1987 or the latest specified date for which figures are available?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) (a) 3 876

(b) (i) (aa) 3 633.

(bb) 243.

(ii) Nil.

(2) 38.

(3) 26 674.

Children in need of care

65. Mr K CHETTY asked the Minister of Health Services and Welfare:

(1) How many Indian children were found to be in need of care in terms of the Children's Act in 1987;

(2) how many of these children were placed in (a) foster care and (b) children's homes?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) 445

(2) (a) 265.

(b) 180.

HOUSE OF ASSEMBLY

Indicates translated version.

For written reply:

General Affairs:

Housing units: electricity

164. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

Whether any housing units in Black townships have yet to be supplied with electricity; if so, (a) which townships are involved and (b) what percentage of Black housing in each specified region had not yet been supplied with electricity as at the latest specified date for which information is available?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

NATAL

Yes, as at 29 February 1988.

(a)

Isokolele

Mingizi

Bhogweni

Shaya Moya

Lamontville

Klaarwater

Shakaville

Melmoth

Kwamevana

Enhlakale

Brunville

Weenen

Winterbon

Inkanyesi

Steadville

Mofusini

Sithembile

Sibongile

Bhekuzulu

Dunbe

CAPE PROVINCE

Yes, as at 29 February 1988.

(a)

Maraleng (Barkly West)

Mzivabantu (Britstown)

Tlhakalou (Daniëlskuil)

(b)

99%

100%

99%

100%

79%

40%

100%

100%

97%

85%

100%

100%

100%

79%

100%

93%

95%

87%

100%

98,6%

98,2%

20%

Nonzwakazi (De Aar)

Tidimalo (Delsportshoop)

Bungani (Douglas)

Mahlomola (Griekwastad)

Nompumelelo (Hanover)

Kwazamuzolo (Noupoort)

Ditloung (Oltantshoek)

Theminkosi (Petrusville)

Lukhanyisweni (Philipsburg)

Boichoko (Posmasburg)

E'Thembeni (Prieske)

Boipelo (Reivilo)

Motswedimosa (Ritche)

Valspan (Jan Kempdorp)

Huhudi (Vryburg)

Ikhutseng (Warrenton)

Kuilwano (Windsorfont)

Galeshewe (Kimberley)

Langa

Nyanga and New Crossroads

Guguletu

Crossroads

Khayelitsha

Mfuleni (Blackheath)

Kaye Mandi (Stellenbosch)

Mbekweni (Paarl)

Zweletemba (Worcester)

Zolani (Ashton)

Nkqubela (Robertson)

Zwelible (Hermans)

Nduli (Ceres)

Tyolotha (George)

Kwanongqara (Mossel Bay)

Msothomvu (Krynsna)

Sidesavwa (Beaufort West)

Masiyusane (Victoria West)

Aberdeen

Addo

Alexandria

Alicedale

Alwal North

Barkly East

Bathurst

Bedford

Burgersdorp

Cathcart

Cookhouse

Cradock

(b) On the authority of the Deputy Minister of Information with the co-operation of the relevant authorities.

Removal of Lawaalkamp community to Sandkraal

*5. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

- (1) Whether the removal of the Lawaalkamp community to Sandkraal has been completed; if not, when is it envisaged that this removal will be finalized;
- (2) whether the removal of this community was effected or is being effected on a voluntary basis; if not, (a) why not and (b) on what basis was it effected or is it being effected?

†The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

- (1) No, the target date is 31 May 1988.
- (2) Yes.
- (a) and (b) Fall away.

Communist/Communist-aligned countries: trade relations

*6. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

- (1) Whether the Republic maintains trade relations with Communist and Communist-aligned countries; if so,
- (2) whether such trade has any detrimental effects on local industries; if so, (a) what are these effects, (b) how are they justified and (c) what steps are being taken in this regard;
- (3) what is the Government's policy in regard to such trade?

†The DEPUTY MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY (Dr T G Alan):

- (1) No. The Republic of South Africa does not maintain formal trade relations in the form of bilateral trade agreements or other arrangements with the countries in question.
- (2) No, not as far as is known.
- (a), (b) and (c) Fall away.
- (3) The Government's policy is not to pre-

HOUSE OF ASSEMBLY

scribe to the private sector with which countries trade may be conducted. This principle is also applied in the granting of import and export permits.

Booklet *Face to Face with the ANC*

*7. Mr P G SOAL asked the Minister of Defence:

- (1) Whether he or any member of the South African Defence Force was in any way involved in the compilation, printing and/or distribution of a booklet entitled "Face to Face with the ANC"; if so, (a) who, (b) what was the nature of the involvement, (c) how many copies of this booklet were produced, (d) to whom were copies of the booklet sent and (e) what was the total cost of this involvement;
- (2) whether he will make a statement on the matter?

†The DEPUTY MINISTER OF DEFENCE:

- (1) Yes.
- (a) An officer of the South African Defence Force.
- (b) Fully involved in the compiling and printing of the booklet.
- (c) 60 150
- (d) The booklet was not distributed.
- (e) The cost was included in the amount referred to in my reply to question number of 10 of 23 February 1988.
- (2) The original booklet contained certain shortcomings, as a result of which it was not distributed. After the shortcomings had been rectified, it was distributed under the title "ANC — The Inside Story".

*8. Mr T Langley — Law and Order:† [Reply standing over.]

Members: meeting attended at Standerton

*9. Mr J H VAN DER MERWE asked the Minister of Law and Order:†

- (1) Whether any members of the South African Police attended a meeting a Standerton on 25 February 1988, further particulars of which have been furnished to the Police for the purpose of the Minister's reply; if so, how many;

- (2) whether the Police made use of any official vehicles on this occasion; if so, what was the total cost involved?

†The MINISTER OF LAW AND ORDER:

- (1) Yes. An adequate number of members to deal with the given situation.
- (2) Yes. The cost involved cannot be ascertained, because these duties were performed during normal police activities.

Uprising against town council of Lekoa

*10. Mr J H VAN DER MERWE asked the Minister of Constitutional Development and Planning:†

- (1) Whether an uprising against the town council of Lekoa occurred recently; if so, (a)(i) who rose up against the town council and (ii) when and (b) what were the circumstances surrounding the incident;
- (2) whether any action was taken against the persons concerned; if not, why not; if so, (a) when and (b) what was the nature of this action?

The DEPUTY MINISTER OF DEVELOPMENT PLANNING:

No uprising occurred recently against the City Council of Lekoa.

*11. Prof N J J Olivier — Foreign Affairs. [Withdrawn.]

*12. Prof N J J Olivier — Defence. [Withdrawn.]

Special constables: alteration of salary scales

*13. Mr R M BURROWS asked the Minister of Law and Order:

- (1) Whether the salary scales of special constables have been altered at any time since the introduction of the system of special constables; if so, (a) why and (b) what alterations were effected;
- (2) whether he will furnish the House with the salary scales for special constables; if not, why not?

The MINISTER OF LAW AND ORDER:

- (1) No
- (a) and (b) Fall away.
- (2) Yes. Special constables are occasional workers who receive a remuneration of

R13,00 per day for each day they perform duty. In addition, they are granted eight paid rest-days per month.

Scheme for buying back service in Government Service Pension Fund: alterations

*14. Mr R M BURROWS asked the Minister of National Health and Population Development:

- (1) Whether any alterations have been effected since 21 September 1987 to the scheme for the buying back of service in the Government Service Pension Fund; if so, (a) what alterations and (b) what effect will these alterations have on the (i) buy-back scheme and (ii) debt position of the Government Service Pension Fund;
- (2) whether he will make a statement on the matter?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) Yes.
- (a) Amendment of the formula for the calculation of the cost of buying back service.
- (b) (i) An increase in the cost of buying back service.
- (ii) The buying back of service will no longer be a contributing factor to the actuarial shortfall in the Fund as the weighted formula will have the effect that the Fund will in future be fully compensated for the cost involved in the buying back of service.

KTC squatter camp: wire fences on western southern sides

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

- (1) Whether a wire fence has been erected on the western, southern and eastern sides of the KTC squatter camp at Nyanga, Cape Town; if so, (a) what type of wire fence and (b) when;
- (2) whether, prior to the erection of this fence, any discussions were held with the (a) residents and/or (b) members of the Masincedane Committee of this Squatter

HOUSE OF ASSEMBLY

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

THE MINISTER OF THE BUDGET AND WELFARE:

(1) Yes.

(a) Department of Budgetary and Auxiliary Services

(b) (i) On various occasions

(ii) Professor A Melck, Reverend H R Visser, Mr J F Steyn and Mr Joos F Becker

(c) None

(2) No. No report has as yet been made by the committee. The committee does not make recommendations regarding the implementation of levies, but only explores the various possibilities for levies.

(3) In 1985 the Minister of the Budget indicated that investigations were being instituted to determine which levies merit consideration. During 1987 the Minister's Council decided to broaden the investigation by appointing a Committee of Experts. I dealt with this investigation, as well as the question regarding levies, in detail last year during the Third Reading Debate of the Appropriation Act (House of Assembly). The point of view I conveyed on that occasion remains unchanged.

Children in pre-primary schools: cost of education

*4. Mr R M BURROWS asked the Minister of Education and Culture:

Whether he will furnish the House with the cost to his Department of financing in full or in part the education of three and four-year-old children in pre-primary schools; if not, why not; if so, (a) what was the cost of providing such education in the latest specified financial year for which figures are available and (b) for how many children was it provided?

THE MINISTER OF EDUCATION AND CULTURE:

The information requested is not available since no separate records are kept for three and four-year-old pupils in pre-primary schools;

(a) the total amount budgeted for pre-primary schools for the 1986/87 financial year was R50,738 million,

(b) the total number of pupils provided for, was 73 914.

Local Councils Act (House of Assembly)

*5. Mr R R HULLEY asked the Minister of Local Government, Housing and Works:

(1) Whether any steps have been taken to give effect to the provisions of the local Councils Act (House of Assembly), No 94 of 1987; if not, why not; if so, (a) what is the nature of these steps and (b) when is it intended to (i) promulgate the necessary regulations to give effect to the provisions of this Act and (ii) bring the first local council into existence in terms of this Act;

(2) whether any bodies have applied for local council status in terms of the said Act; if so, (a) what bodies, (b) when and (c) with what result in each case?

THE MINISTER OF LOCAL GOVERNMENT, HOUSING AND WORKS:

(1) Yes.

(a) Preparation of the regulations as required in section 6 of the Local Councils Act, Act 94 of 1987.

(b) (i) It is anticipated that the draft regulations will be published at the end of April for comment whereafter it will be promulgated as soon as possible.

(ii) As soon as all the preparatory administrative steps for the establishment thereof have been finalised.

(2) Yes.

(a) and (b) Since January 1988 bodies from the following local areas have made application:

Natures Valley
Buffelsbaai
Brenton
Hogekraal
Constantia
Melkbos

(c) The respective applicants are in the

meantime informed on the basic procedures to be followed for the establishment of a local council.

Social pensions: qualifying ages

*6. Mr J J WALSH asked the Minister of Budget and Welfare:

(1) What are the qualifying ages for social pensions in respect of (a) males and (b) females;

(2) whether any exceptions are made in this regard; if so, (a) what are these exceptions and (b) for what reasons are they made?

THE MINISTER OF THE BUDGET AND WELFARE:

(1) (a) and (b)

Old age pensions: Male 65, Female 60

War Veteran's Pensions: Male and Female 60

Persons under 60 can also qualify if they submit proof of war service and proof that they are medically unfit for work.

Pensions for the Blind: Male and Female 19

Disability Pensions: Male and Female 16

(2) No.

(a) and (b) fall away.

Bulwer: closure of school/hostel

*7. Mr R W HARDINGHAM asked the Minister of Education and Culture:

(1) Whether his Department intends closing the (a) school and/or (b) hostel at Bulwer; if so, (i) why and (ii) with effect from what date in each case;

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

THE MINISTER OF EDUCATION AND CULTURE:

(1) (a) No, unless the schools' enrolment shows a further downward trend, (b) the Bulwer hostel was closed at the end of 1964,

(i) and (ii) fall away.

(2) no. Mr R W HARDINGHAM: Mr Speaker, arising from the hon the Minister's reply, may I ask whether there are any plans afoot to make use of that hostel for any other purpose?

THE MINISTER: Mr Speaker, I am not aware of such plans at present.

Teachers' colleges: closure of Wellington/retention of Paarl

*8. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether an initial decision was taken by his Department to close the Wellington Teachers' College and to retain the Paarl Teachers' College; if so, (a)(i) when and (ii) by whom was this decision taken and (b) why was it reversed;

(2) whether any Ministerial Representative for the Cape Province was involved in discussions concerning the retention of the Wellington Teachers' College; if so, (a) which Ministerial Representative and (b)(i) with whom did he hold these discussions and (ii) what was the outcome thereof;

(3) (a) by whom and (b) when was the decision taken to retain the Wellington Teachers' College;

(4) whether a final decision was taken recently on the disposal of the buildings and grounds of the Paarl Teachers' College; if so, (a) what was this decision and (b) when will occupation be taken up by the new occupants;

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

THE MINISTER OF EDUCATION AND CULTURE:

(1) No, decisions of this nature are taken at Ministerial level after the advantages and disadvantages of the various alternatives have been considered;

(2) no;

(3) (a) by me, in deliberation with the Ministers' Council and other Ministers concerned;

Savings scheme clarified

GRETA STEYN

GOVERNMENT's new savings scheme for senior citizens is to be a one-year fixed deposit and not three years — as was generally assumed by banks and building societies after Finance Minister Barend du Plessis' Budget announcement.

Finance director-general Chris Stals said yesterday senior citizens' funds would mature after one year.

Allied Group MD Kevin de Villiers' response was: "We can't tell the elderly that they are to be locked into a system for three years and only quote interest rates for 12 months."

In his view, this "vitally affected" the group's marketing approach.

But Stals said the intention had never been for the deposit to be fixed for three years. The rate for the first year would be 15% and the subsidy to be paid by government was yet to be decided. The 2,5% subsidy mentioned in the Budget was "only an example."

The Department of Finance is awaiting more comment from the banks before announcing the date of implementation.

MICK COLLINS

GOVERNMENT was confident of reducing public-sector spending which should

Govt: spending

3 ex-workers told monthly pensions pledge ³⁰⁰a ⁵⁰⁰mistake

Daily Dispatch Reporter

ALICE — Three former workers at Fort Hare University have claimed they were not paid their monthly pensions after being given lump sums of R3 000 and promised monthly payments thereafter.

A university spokesman said yesterday that a mistake had been made when a personnel official addressed a group of employees on how pensions would be paid and forgot to single out the three.

Mr Willie Xantsiya, 67, Mr Nelson Handi, 68, and Mr John Madzwili, 66, said that in December they were told to go on pension and that they would receive their money in January.

They each received a little more than R3 000 in March and an employee at the personnel division at the university told them that they would receive monthly pension payments which would stop on their deaths.

"But at the end of March, when we went to get the promised money, the same personnel employee said that we had collected all our money and there was nothing left for us," Mr Xantsiya said.

The three men said it would have been better if they had been told initially that they would not receive monthly payments thereafter, as they would have invested the money.

They said they were the sole breadwinners for their families because their children were either married or still at school.

They had spent their lump sum pension money on building or doing alterations and additions to their houses, they said.

"Now we find that we've been left without means of supporting our households," Mr Xantsiya said.

The public relations officer at Fort Hare university, Dr N. Holliday, said the personnel employee had made a mistake in not telling the men that they were not going to be paid monthly.

Dr Holliday said an explanation could be that the employee was addressing a large group of pensioners and forgot to single out the three.

He said that, before 1978, the three worked for South Africa's Department of Bantu Education, and two of them, Mr Madzwili and Mr Xantsiya, became part of the university staff in 1978. Mr Handi joined the staff in 1979.

Dr Holliday said that before one qualified for the pension scheme at Fort Hare one had to work for a two-year period, which the three completed in 1980 and 1981.

He added that they were supposed to work for another 10 years before they qualified for monthly pension payments and Mr Handi, Mr Xantsiya and Mr Madzwili had not completed that period.

these claims; if not, what formula is being used; if so, what is the percentage formula?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) (a) There is no such fund as the Natal Flood Relief Fund. The fund established in terms of the Fund-raising Act, 1978, for victims of all declared disasters, is the Disaster Relief Fund. Attention is invited to Chapter II of the said Act.
- (b) 54 000, as at 25 February 1988.
- (c) No record is kept of the amounts applied for. Figure could only be furnished if all applications are scrutinised which is impossible.
- (d) R17 000 000

- (e) In respect of farmers where the closing date was 29 February 1988 it is hoped that payments would be finalised within three months. In respect of other cases it is anticipated that payments would be finalised within two months.

- (2) No. Payments are made in accordance with guidelines and bases approved by the Board of the Disaster Relief Fund and within the limits of the available funds.

Five most junior posts: salary scales

700. Mr C J DERBY-LEWIS asked the Minister of National Health and Population Development:

- (a) What are the salary scales attached to each of the five most junior posts in his Department,
- (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) Grading of the five most junior post classes in the Department:
- Housekeeper
R5 049 x 348 - 6 789 x 381 - 7 932
- Housemother
R5 049 x 348 - 6 789 x 381 - 7 932
- Linen Supervisor
R5 049 x 348 - 6 789 x 381 - 7 932
- Laundry Assistant
R5 049 x 348 - 6 789 x 381 - 7 932

HOUSE OF ASSEMBLY

Seamstress

R5 049 x 348 - 6 789 x 381 - 7 932

- (b) and (c) State of incumbency per population group as at 1/3/88:

	Whites	Coloureds	Asians	Blacks
Housekeeper	33	3	0	24
Housemother	2	7	0	17
Linen Supervisor	12	0	4	3
Laundry Assistant	58	2	0	14
Seamstress	47	4	0	14

Pretoria: financing of certain committee

717. Mr C J DERBY-LEWIS asked the Minister of Home Affairs:

Whether his Department is involved in financing a certain committee in Pretoria, the name of which has been furnished to the Minister's Department for the purpose of his reply; if so, (a) why, (b) to what extent per annum and (c) what (i) are the aims and objects and (ii) is the name of this committee?

The MINISTER OF HOME AFFAIRS:

No.

Own Affairs:

Old-age/war veterans' pensions: raising of means test limit

66. Mr M J ELLIS asked the Minister of Budget and Welfare:

Whether consideration is being given to raising the means test limit on personal income for the awarding of old-age and war veterans' pensions; if not, why not; if so, (a) what is this limit at present and (b) (i) what will be the new limit and (ii) when will it be implemented?

The MINISTER OF BUDGET AND WELFARE:

Raising the means test limit on personal income is receiving continuous consideration.

- (a) The present limit is R1 080 per person per annum for the maximum pension and R2 616 per person per annum for the minimum pension.
- (b) (i) The new limit will be adjusted with the same amount of the increase in social pensions, if increases are granted.
- (ii) The new limit will be implemented as from the same date on which social pensions are increased.

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Dream comes true for aged

Sowetan
19/4/88
300

SEPTEMBER 17, 1988 will dawn as a dream come true for senior citizens when the Soweto Home for the Aged will be officially opened.

Construction of the Home for the Aged did not just fall from a tree like an over-ripe avocado, it followed 10 years of hard work which at times needed a man who could sell ice to an Eskimo.

The likes of Reverend Tom Mbabane emerged at the right moment. He is chairman of the centre and vice chairman of Southern Africa Methodist Church.

After months of negotiations with various institutions to raise funds they eventually got a R2,5 million loan from the Government. There were many hassles in their way such as obtaining a site for the construction of the home and finally implementing their ideas.

Displaced

Said Mr Mbabane: "We had to construct this old age home because there are senior citizens who have been displaced either due to failure to meet rent payments or by lack of proper care by their families. This home will cater for 122 people when it opens."

He said: "It is therefore important for Soweto residents to know that the Government has said it is not responsible for caring for black senior citizens."

He said: "It is therefore important for Soweto residents to know that the Government has said it is not responsible for caring for black senior citizens."

"The Government maintains that it is not a welfare state. We do not



THE Reverend Tom Mbabane, the man behind the Soweto Home for the Aged, project.

agree with this position. But we cannot just sit and fold our arms, we had to do something."

He called on Soweto residents to lend their support to what he called a worthy project.

He said many applications have already been received from people interested in being accommodated at the home.

• The Soweto Home for the Aged will hold a historic biennial meeting at the Dube Memorial Chapel on May 29 at 2pm.

305 5M 19/4/88

Granny bonds scheme will start next month

CAPE TOWN — The new South African State-subsidised granny bonds will be available from May 16 at banks, building societies, post offices and from participation mortgage bond schemes which opt for them.

Making this announcement yesterday, Minister of Finance Mr Barend du Plessis said: "Negotiations between the Department of Finance and the financial institutions concerned have taken place, during which agreement was reached on the details of the scheme."

It would be known as a senior citizen deposit and would be uniform, as far as possible, which meant that one institution would not be able to offer more attractive rates than another.

He said the deposit was limited to South African residents (not necessarily citizens) of 65 years and older.

Residents of the TBVC states and Namibia did not qualify.

The maximum any individual could invest in total in all financial institutions was R30 000 and a declaration to this effect

would have to be made.

Mr du Plessis said this did not apply to those who had already invested in senior citizen savings bonds.

In the case of banks, building societies and the Post Office, the senior citizen deposit will be a fixed deposit of 12 months on which interest will be paid on a monthly basis (or quarterly basis, if the participating institution should so prefer) at a rate of 15 percent per annum for the full term of the deposit.

The effective yield rate would obviously be higher, Mr du Plessis said.

"Should circumstances require, this interest rate may be amended by Treasury from time to time.

"This will, however, affect only new deposits made after that date.

"Individuals who invest their funds on May 16 1988, for example, will therefore receive interest at a rate of 15 percent for the full 12 months of the deposit." — Sapa.

300 B/day 19/4/88

CHRIS CAIRNCROSS

HOUSE OF ASSEMBLY — The new "Granny Bond" savings instrument for senior citizens, announced in last month's Budget, would become available through most registered deposit-receiving savings institutions (banks, building societies and post offices) from May 16, Finance Minister Barend du Plessis announced in Parliament yesterday.

To be known as the Senior Citizen Deposit (SCD), it will be available to individuals of 65 years and older and is to carry an initial annualised interest rate on deposits of 15%.

The maximum amount any individual may invest in this savings instrument will be R30 000, which ceiling will apply to the total of the individual's investments in these "bonds" at all the financial institutions involved.

Du Plessis said strict controls and limitations would be exercised over the use made of these SCDs.

He promised these would be available for at least three years.

In the case of banks, building societies and the post office investments would be fixed for 12 months on which interest would be paid on a monthly basis at an annualised rate of 15%, he said.

Granny Bonds on sale from May 16

Should circumstances require, this interest rate might be amended from time to time. This change would only affect new deposits as well as renewals on existing deposits that had reached their maturity date, he said.

In the case of part bond schemes, only funds that had already been invested in these schemes for a minimum of five years and could now be withdrawn with three months notice would qualify for investment in the SCDs. Such investors would have to enter an agreement with the part bond scheme not to withdraw their funds from the scheme for a further 12 months.

Du Plessis said these part bond schemes would pay interest on these deposits in advance on a monthly or quarterly basis. As in the case of the SCD, a 15% interest would initially apply.

Financial institutions were to pay

interest direct to the investor, with the former then claiming the difference between the announced rate and a base rate determined on the interest rates banks and building societies now paid senior citizens on 12-month fixed deposits.

A separate base rate was to be determined for part bond schemes, based on the interest rates of the largest schemes. Du Plessis stressed that the interest earned on the SCD would be fully taxable.

He also indicated that institutions issuing them could grant loans against them, as is the case now with other fixed deposits. But the subsidy on the total deposit would fall away on the date the loan was granted, irrespective of the size of the loan.

Only in exceptional cases could the SCD be repaid before its expiry date, and then only after necessary permission had been obtained from government, he said.

Welfare links strengthened

CAPE TOWN — A restructuring of SA's welfare administration, which strengthened the relationship between government and the private welfare sector, was announced by Minister of Health Dr Willie van Niekerk yesterday.

He told a Press conference that government would shortly release a policy document containing important directives on social welfare policy and structures.

The document would describe clearly the responsibility of the state in welfare matters.

It would also include discussion of the principles, aims and objectives of welfare delivery and the status of voluntary welfare organisations.

The document would emphasise

that government assumed responsibility for the prevention of social or physical suffering among its citizens.

Special recognition would be given to the role and functions of voluntary welfare organisations.

A national welfare policy council would be set up as part of a mechanism in which the two sectors could deal proactively with social welfare policy.

The private sector would be able to take part in welfare through local committees, the existing regional boards, new advisory boards and a modified SA Welfare Council, which would communicate with the policy council.

The privatisation of welfare services had been referred to the inter-departmental consultative committee on welfare matters for further investigation.

"Although I am of the opinion that welfare service in its present form is already fully privatised, it may be necessary to establish a clearer definition of the various roles and functions of the private and public sectors," Van Niekerk said.

The Cabinet had instructed the Welfare Council to organise a national welfare conference as soon as possible.

Further details of the new structure and policy would be announced by the three Own Affairs ministers in their Budget debates. — Sapa.

HOUSE OF ASSEMBLY — After increasing the tax load on insurance companies by 75%, this industry was still paying much less than other companies, Finance Minister Barend du Plessis said yesterday.

Replying to the Budget debate, he criticised one insurance company for having circularised a letter to its policy-holders warning them government's new taxation proposals would result in a possible loss in the unguaranteed bonus portion of their policies.

Du Plessis said this one-sided presentation of the facts was not conducive to sound economic decision-making by policy-holders.

Insurance has 'fair deal'

The Margo Commission had identified the insurance industry as one which did not carry its rightful tax load.

There was also an absence of neutrality, which meant that other sectors had to be heavily taxed to make up the shortfall.

"Such a system is simply not tolerable over the long term because it means that the burden must be born

by the taxpayer, either through direct or indirect taxation," Du Plessis said.

He said it did not serve the industry's long-term interests if it failed to make the type of contribution which helped to create the kind of country and economy which would enable it to eventually meet its commitments.

"The proposal only adds R200m in taxes for the entire industry. It still does not place the same burden on it as on other companies, even after a 75% increase in tax." — Sapa.

Development board's unauthorised spending

State funds look to equity market

CAPE TOWN — Some state and parastatal pension funds — which have collective investments of more than R17bn diverted solely into fixed interest government stock — may in future be permitted, for the first time, to participate in the SA equity market on the same basis as private sector pension funds.

This would mean that at least 47%, or about R7bn, of these funds could potentially be released onto the JSE, or other

CHRIS CAIRNCROSS

more flexible investment vehicles.

Such a development would indicate a major turnaround in government's stance, which has long resisted all efforts to allow these pension funds to be handled on the same basis as those in the private sector.

300 20/4/88
● To Page 2

State pension funds look to equity market

Pension funds of those parastatals earmarked as possibles for privatisation are likely to spearhead this development. These include Sats and Posts and Telecommunications.

The Auditor-General's report into Sats accounts, tabled in Parliament this week, reveals that Sats' management heads this particular pressure group.

According to the report, Sats has signalled its intention to request Parliament to amend legislation, so as to enable management to invest pension fund money "at its discretion".

A Sats spokesman confirmed yesterday the purpose is to enable the Sats Pension Fund to enjoy the flexibility of participating in the equity market.

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● From Page 1

He expressed confidence government will give its green light this year.

Current investments of Sats pension funds amount to about R2,6bn. Changes in legislation could mean that more than R500m could be released for investment on the JSE, the spokesman confirmed.

Pension industry figures show equity-linked returns recorded an annualised growth of 26,2% over an eight-year period, as against only 15,7% on fixed interest deposits.

A source in the Finance Department indicated yesterday there was no real obstacle to releasing these pension fund investments onto the equity market.

Billions in state pension funds may flow into JSE

D/D 20/4/88
300

Daily Dispatch Correspondent

CAPE TOWN — Some state and parastatal pension funds — which currently have collective investments of more than R17 billion diverted solely into fixed interest government stock — may be permitted for the first time to participate in the South African equity market on the same basis as private sector pension funds.

This would mean that at least 47 per cent, or about R7 bn, of these funds could potentially be released onto the Johannesburg Stock Exchange or other more flexible investment vehicles.

Such a development would indicate a major turnaround in the government's stance, which has long resisted all efforts to allow these pension funds to be handled on the same basis as those in the private sector.

Pension funds of those parastatals earmarked as possibles for privatisation are likely to spearhead this development. These include South African Transport Services (Sats) and Posts and Telecommunications.

The Auditor-General's report into Sats accounts, tabled in parliament this week, reveals that Sats management heads this particular pressure group.

According to the report, Sats has signalled its intention to request parliament to amend legislation so as to enable management to invest pension fund money at its discretion.

A Sats spokesman confirmed yesterday that the purpose is to enable the Sats Pension Fund to enjoy the flexibility of participating in the equity market.

He expressed confidence that the government would give its green light this year. This means that necessary changes to legislation could be in the offing during 1989.

Current investments of Sats pension funds amount to R2,6 bn. Changes in legislation could mean that more than R500 million could be released for investment on the JSE, the spokesman confirmed.

He said he saw this as an inevitable and a necessary development to permit these funds to enjoy the same sort of yields reflected by private sector pension funds over recent years.

According to pension industry figures, equity-linked returns recorded an annualised growth of 26,2 per cent over an eight-year period as against only 15,7 per cent on fixed interest deposits.

Over a four-year period equity-linked investments grew by 23,8 per cent as against only 8,8 per cent for fixed interest investments.

A source in the Department of Finance indicated yesterday that there was no real obstacle to releasing these pension fund investments on the equity market. It would mean, however, that other sources of revenue would have to be found.

Barend freezes coloured pension fund increase

CAPE TOWN—Coloured social pensioners will not receive a R12 a month increase this year following the "freezing" of the funds earmarked for the increase by the Minister of Finance, Mr Barend du Plessis.

The Labour Party leader, the Reverend Allan Hendrickse, said that after Mr Du Plessis had read a report in the Eastern Province Herald on March 21 — that coloured social pensioners would receive an increase this year — he had frozen the funds.

Mr Hendrickse said during the second reading debate on the budget, an amount of R36 621 million had been allocated for a R12 a month increase which would have narrowed the gap between coloured and white pensions.

The Labour Party leader said that on the day the report appeared in the Herald and its sister newspapers, Mr Du Plessis had written to him stating that he had instructed the Treasury to withhold the R36 million.

He said at a meeting on March 30 to discuss the issue, the minister had shouted at them and was "banging the table as if we were children".

The interview was "a farce and a failure".

Earlier, Mr Hendrickse pointed to the discriminatory nature of the way in which pensions were allocated.

Responding, Mr Du Plessis said he had not been able to authorise central Treasury money to finance an increase in coloured pensions this year because the House's administration had not specifically budgeted for it.

He said he could not stand in their way if they were prepared to re-allocate R40 million from elsewhere for pensions and could only issue what he described as a friendly warning about the implications of this.

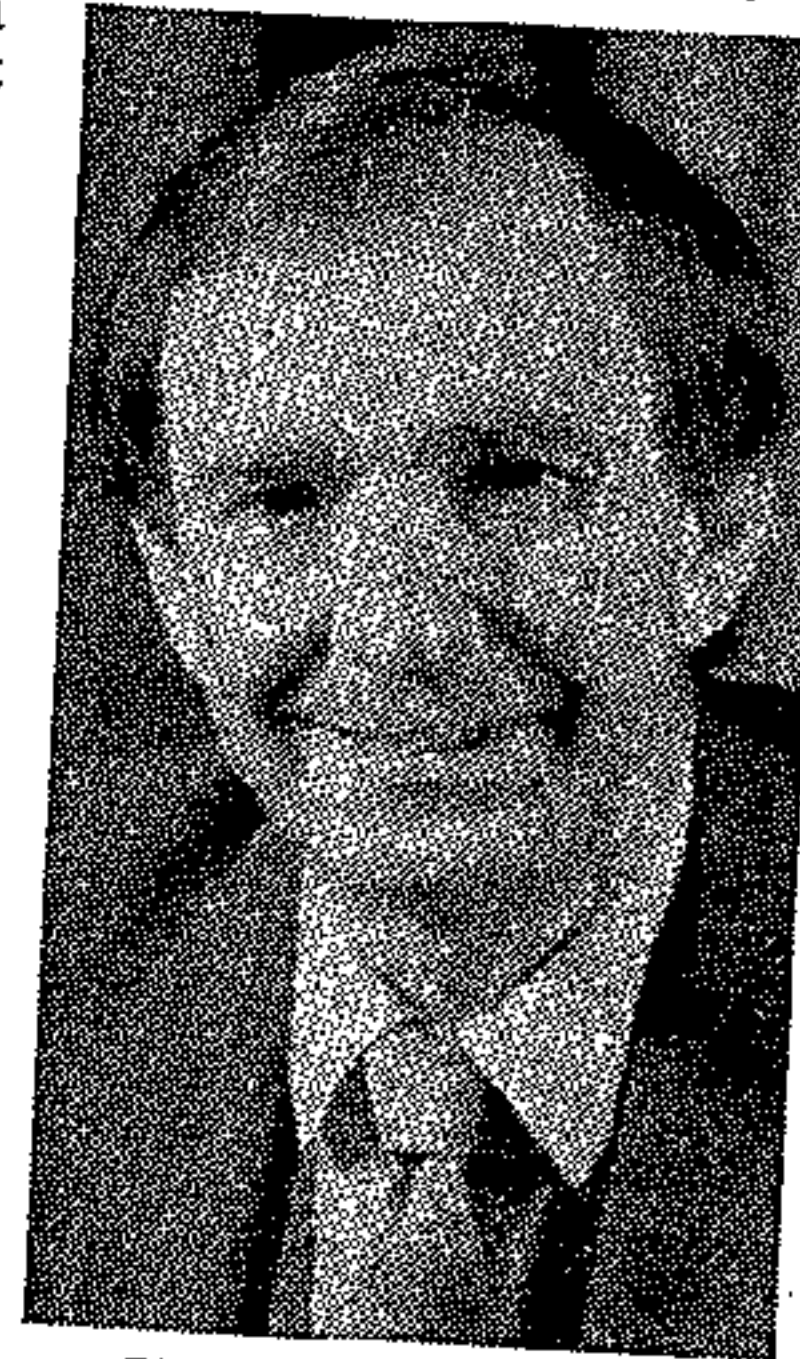
Mr Du Plessis said he had been confronted with the proposed increase when he had read the newspaper report on March 21.

At the meeting which followed he had been upset because the inference had been made that the reason for his refusal was a personal decision.

He said had it been his personal choice he would have closed the gap in pensions but that as a minister he had to deal with realities. — DDC



MR HENDRICKSE



MR DU PLESSIS

Mr Barend
March 1988 3114

Row over 'freeze' of coloureds' pensions

CAPE TOWN — Coloured social pensioners will not receive a R12 a month increase this year following the "freezing" of the funds for the increase by Finance Minister Barend du Plessis.

Speaking during the second reading debate on the Budget, Labour Party leader the Rev Allan Hendrickse said that after reading a newspaper report on March 21 that only coloured social pensioners would receive an increase this year, Du Plessis had frozen the funds.

Hendrickse said R36,621m had been allocated for a R12 a month increase, which would have narrowed the gap be-

● To Page 2 ➡

Row over 'freezing' of coloureds' pensions

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at a meeting on March 30 to discuss the issue, the Minister had shouted at them and was "banging the table as if we were children". The interview, he said, had been "a farce and a failure".

Responding to Hendrickse, the Minis-

ter said he had not been able to authorise central Treasury money to finance an increase in coloured pensions this year because the House's administration had not specifically budgeted for it.

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● From Page 1

300

Parliament and Politics

Funds frozen, no more R12 pension rise

Political Staff

COLOURED social pensioners will not receive a R12-a-month increase this year following the "freezing" of the funds earmarked for this purpose by the Minister of Finance, Mr Barend du Plessis.

Labour Party leader Mr Allan Hendrickse said in the second reading debate on the Budget that R36.621 million had been allocated for the R12-a-month increase which would have narrowed the gap between coloured and white pensions.

He said that on the day a report appeared in the Eastern Province Herald stating that only coloured pensioners would receive an increase this year, Mr Du Plessis had written to him stating that he had instructed the Treasury to withhold the R36 million.

He said that at a meeting to discuss the issue held on March 30, the minister had shouted at them and was "banging the table as if we were children".

Earlier, Mr Hendrickse said pensions were allocated in a discriminatory way.

He said coloured people who earned more than R28 000 a year did not qualify for a pension, while the figure for whites was R42 000.

Responding to Mr Hendrickse, the minister said he had not been able to authorize central Treasury money to finance an increase in coloured pensions because the House had not specifically budgeted for it.

He said he could not stand in the Labour Party's way if the House was prepared to reallocate the money from elsewhere, and could only issue what he described as a friendly warning about the implications of this.

Mr Du Plessis said he had been confronted with the proposed increase when he had read the newspaper report on March 21.

He said that had it been his personal choice he would have closed the gap in pensions but that as a minister he had to deal with realities.

Assocom is wary of new Bill

Confidence in business must not be affected

ASSOCOM has told the Department of Trade and Industry that, although it believed in the protection of the consumer, legislative steps to achieve that end should not be of such a nature as to damage business confidence.

In releasing details of its submissions on the draft Control of Harmful Business Practices Bill, Assocom said the proposed use of price control was contrary to official statements that had rejected price and wage control as instruments of policy.

The Bill ran counter to the whole philosophy of deregulation and commitment to market-related policies.

Assocom stressed the draft Bill was still in a formative stage.

ALAN FINE

It said if the proposed business practices committee was to enjoy the confidence of the business community, suitable representation for business on the committee was necessary.

It also regarded the proposed power of the Minister of Trade and Industry to summarily restrict or even close down a business as drastic.

In its rejection of the Bill, the FCI said it was not convinced the Bill or the wide powers given to the Minister were necessary, and asked whether its implementation would not be an unwarranted drain on national resources.

● See Comment, Page 6.

AKUS 21/4/88 300

R40-m pensions 'increase' row

THE Minister of Finance, Mr Barend du Plessis, told the House of Representatives he could not authorise central Treasury money to finance an increase in coloured pensions this year because the House's administration had not budgeted for it.

However, he could not stand in their way if they reviewed their priorities and took R40-million from funds allocated to other services.

Mr du Plessis said he had been confronted by the proposed increase in a newspaper report. In the meeting which followed he had been upset because the inference was that his refusal to allow the increase was a personal decision. The cold reality was that there was no money for an increase.

The chairman of the Ministers' Council, the Rev Allan Hendrickse, said Mr du Plessis needed to re-appraise his attitude to financing the House of Representatives' departments.

At a meeting between Mr du Plessis and administration officials, Mr du Plessis shouted at them and had banged the table as if they were children. "It was a disgraceful attitude and display."

The means test for pensions was discriminatory and although pensions parity had been accepted in principle in 1985, the gap still existed. — Sapa.

Second try

Anyone under 65, hoping to invest irregularly in the high-interest savings instruments to be introduced for the elderly on May 16, has been warned.

Announcing the scheme in his Budget speech last month, Finance Minister Barend du Plessis pointed out: "Renting a granny is not only dishonest but brings its own risks, including estate implications arising on the death of the hired granny."

Details of the new Senior Citizen Savings Deposits were announced this week. To avoid abuse, investors will have to make a declaration that only their own funds have been used. And "if investments are irregularly made in this context" they will forgo the subsidy of 2,5 percentage points on the 15% interest payable.

The scheme replaces the original controversial scheme for the elderly, discontinued in August, little more than a month after its introduction. Its end came after heated protests from the building society movement which contended the comparatively high 15% interest rate offered siphoned money from traditional savings.

Having apparently learnt from the experience, Du Plessis this time held back details until after "further consultation with participating banks, building societies and the Post Office."

Instead of competing with the investment instruments of financial institutions, the new deposit scheme is to be marketed by banks, building societies and the Post Office.

The investment will be available for a

minimum of three years and will be limited to people who are 65 or older. Maximum investment is R30 000. Interest, which is payable monthly or quarterly depending on the institution, will be fully taxable. It will be fixed each year for new deposits and renewals of existing deposits that have reached maturity.

Funds are locked in for 12 months.

Investors will have to supply identity and, if they have one, an income tax number. They will also have to declare that only their own funds have been used and that total investments with different financial institutions in these deposits do not exceed R30 000 — though they may be additional to any

amount invested in the original granny bond scheme.

Applications forms for bonds will be available shortly from the institutions which decide to participate.



Rev Allan Hendrickse

LP 'to find' pension money

Mr. Truitt 22/4/88 300

Political Staff

THE Labour Party is going ahead with plans to "find the money" to give coloured social pensioners an increase later this year, a spokesman for the LP said yesterday.

The leader of the Labour Party, the Reverend Allan Hendrickse, disclosed yesterday that the R36 million earmarked for a R12-a-month increase for coloured social pensioners had been "frozen"

by the Minister of Finance, Mr Barend du Plessis.

Mr Du Plessis said he did not have authority from the Central Treasury to approve the use of the R36 million for this purpose.

The money was "frozen" after Mr Du Plessis apparently read a report which stated that coloured social pensioners would receive an increase, but not whites, blacks, or Indians.

The minister's action has been

dubbed "racist" by Mr Hendrickse.

Yesterday, a defiant Labour Party vowed to find the money to give some sort of increase later this year, possibly in October, in order to narrow the R51 gap between coloured and white pensions.

At this stage, the Labour Party is still attempting to find the funds. An announcement will be made after the matter has been settled.

Mr. Truitt 22/4/88

GRANNY DEPOSITS

Second try

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amount invested in the original granny bond scheme.

Applications forms for bonds will be available shortly from the institutions which decide to participate.

Retirement body celebrates its 21st anniversary

The Retirement Association (RA) will come of age this month by celebrating its 21st anniversary on April 28.

According to a statement, more than 93 000 people have passed through its "Design for Living Courses", which cover aspects such as mental and physical health, nutrition, and extension and diversification of interests in an attempt to prepare people for retirement.

The RA also offered an employment and advisory bureau, painting courses and a continuity

club to represent the interest of mature South Africans, the statement said.

The RA's national director, Mr Hugh Goyns, said the organisation functioned on the principle that age should not deprive people of their creativity and zest for living.

Retirement was not just a pension or an income but a phase of life during which one could continue the struggle for existence, or sit back and freewheel downhill, he said in a recent paper.

Coloured pensions blocked again

CAPE TOWN — The Labour Party could be facing an advance freeze on another R40m of its Own Affairs budget if it goes ahead with plans to increase coloured pensions again this year.

Finance Minister Barend du Plessis — determined to control government spending — has already frozen R36m to cover the House of Representatives over spending on previous pension in-

creases and could do the same about the R40m increases the LP is proposing this year.

He said yesterday he had no objection to any of the three Chambers increasing pensions, as long as the money was raised by re-arranging their own affairs budget priorities.

300

Political Staff

25/4/89

B/D. 26/4/88

Pensions for councillors?

Daily Dispatch Reporter

300

EAST LONDON — City councillors here are considering voting themselves a pension.

At their meeting last night, councillors approved in principle the establishment of a pension scheme in terms of Act 105 of 1987. It was decided to appoint an ad hoc committee to investigate the full implications of implementing such a fund.

Mr Len Cooper voiced his "strongest objection" in principle to the proposal. He said he could go along with allowances for councillors, but a pension scheme for councillors would in "no way be to the benefit of the ratepayers".

The mayor, Mr Robert de Lange, pointed out that the scheme was approved "in principle" only and it would be investigated fully before a final decision was taken.

Mr Cooper said he could still not go along with the recommendation.

Mr Gwyn Bassingthwaite said he would also vote against the scheme, which was just one more example of "the gravy train we have been talking about". Soon it would be "cars for councillors and telephone allowances".

The recommendation was that the proposed scheme be investigated by an ad hoc committee comprising Mr Robbie de Lange, Mr Donald Card, Mr Errol Spring, Mr Bassingthwaite, Mr Patrick Kay, Mr Neville Randall, and Mrs Elsabe Kemp.

Those who voted in favour were: Mr Robert de Lange, Mr Robbie de Lange, Mr Vossie Bezuidenhout, Mr Card, Mr Spring, Mr Kay, Mr Randall, Mr Phillip Rohtbart, Mr Eric Whitaker and Mr Brian Snell.

Those against were: Mr Cooper and Mr Bassingthwaite.

Meals-on-wheels planned for Queenstown's elderly

Daily Dispatch Reporter

QUEENSTOWN — Attempts are being made here to provide a meals-on-wheels service for the town's elderly.

Twelve people attended a meeting arranged by the Christelike Maatskaplike Raad (CMR) to form a committee to launch the scheme.

In January the regional director of the Border Red Cross Society, Mr Algy Johnson, tried to re-establish a Red Cross branch in Queenstown — his fourth attempt in seven years. Only two people went to the meeting.

The CMR chairman, Mrs Amanda Botha, said about 50 people had volunteered to cook and deliver meals twice a week. She was optimistic about the chances of success for the scheme.

The CMR had recognised a need among the aged in Queenstown for this type of programme and in a snap survey over 60 people had indicated they would use such a service.

It planned to deliver a balanced, nutritious meal, costing applicants two rand twice a week. The association had a qualified dietician to cope with unusual diets when necessary.

Due to lack of funds the project could not be launched until September.

"This is regretted as ideally the elderly would benefit more from hot meals during winter, but we just do not have the money. We need funds for containers, gas to keep food warm and for stocks," Mrs Botha said.

She added that a nourishing meal costs about R5 and with applicants

paying R2 towards the cost, the difference would have to be subsidised by the CMR.

Mrs Botha added that the state would only subsidise an organisation once it was operating successfully.

Local supermarkets had been approached for assistance and had agreed to help where possible and a fundraising project for the scheme had been started, she said.

Another CMR social worker, Miss S. van der Merwe, said old age often led to poor nutrition. This affected the health, and eventually the involvement in the community of the elderly.

Pensions for city councillors on the way

By ANTHONY DOMAN
Municipal Reporter

PENSIONS for city councillors are about to become reality with Cape Town City Council's decision to join the national municipal pension fund.

Two months ago councillors voted themselves increases in their basic allowances to the maximum allowed, R1 000 a month.

The council agreed behind closed doors yesterday to join the Municipal Councillors' Pension Fund, Executive Committee chairman Mr Dick Friedlander announced today.

DRAFT RULES

In terms of the draft rules relating to the pension benefits for councillors of local authorities Act of 1987 each council must decide by July 1 if it wants to join the fund.

Individual councillors have until July 1 to decide if they wish to become members. After the October 26 municipal elections membership will be compulsory.

Members will have to be 60 years old and to have served for at least eight years to qualify for benefits, which reach the maximum after 15 years.

COUNCIL PORTION

Councillors' contributions are expected to be 10 percent of their allowances. The proportion to be paid by the local authority has not yet been decided, but the City Treasurer, Mr Donald Geyer, estimated that this would be 35 percent.

At present rates this would be about R200 000 a year "or one-eighth of one percent of the rates", Mr Friedlander said. "And there are indications that it may be even less."

However, he added, "the principle is that it will be self-funding."

Time to tell all

Skeletons may fall out of some cupboards this year, as companies comply with an Accounting Practices Board (APB) directive on

FINANCIAL MAIL APRIL 29 1988

disclosure of the financial position of pension funds.

Prompting the move was a document issued by the International Accounting Standards Committee (IASC) in 1984. Says SA Institute of Chartered Accountants (Saica) technical director Graham Terry: "As one of 13 members of the IASC board, we try to comply with its requirements."

Previously anyone acquiring a company without specifically asking to see the pension fund rules, accounts and latest actuarial valuation was exposed to several dangers. These included under-funded past service liabilities, the need to increase employer's contribution rate to fund future benefits, and discrepancies caused by different actuarial assumptions.

Now statements for financial years ending on or after December 31 1987 must show:

- ☐ Date of latest actuarial valuation;
- ☐ Actuary's opinion of fund's financial position;
- ☐ Any change recommended by the actuary in employer's contributions; and
- ☐ Action to be taken should there be a shortfall.

So unfunded pension costs will be revealed as financial years close.

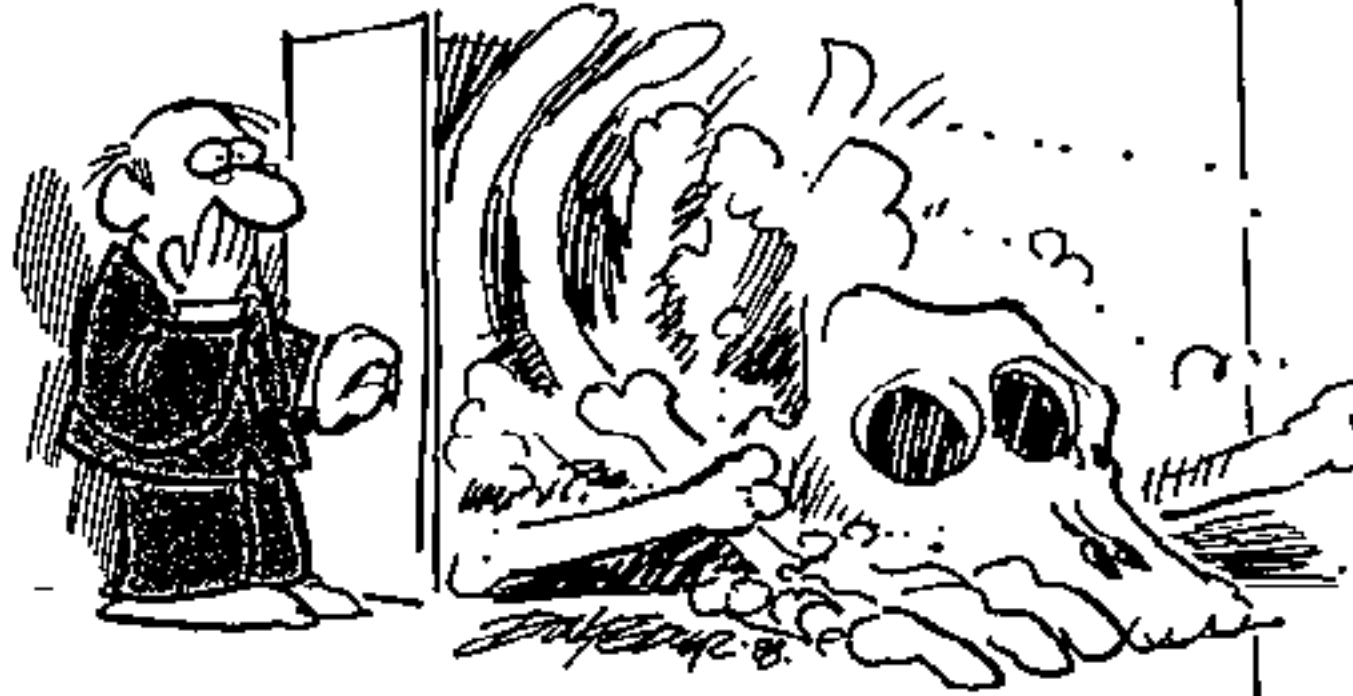
However: "The APB has stopped short of making it mandatory to disclose the amount of the shortfall or surplus," says Arthur Young's David Moir.

"But at least investors will be alerted to the problem."

Strict control

Compulsory disclosure was first examined briefly by Saica about eight years ago. However, the health of company pension funds had not been of much concern to investors, analysts or even pension fund members — possibly because of the comparatively strict control exercised by the Registrar of Financial Institutions over private sector pension funds. So the topic was shelved until the IASC took action.

Though there have been cases where large unfunded deficits have emerged after take-overs, pension fund surpluses in private sector funds have been more common, thanks to



low salary increases during the recession, retrenchments — which normally benefit funds — and good returns from equity investments.

There is no need for concern about the effect of the October fall in the equity market. Says Moir: "Actuaries don't take into account short-term steep increases in the stock market. Because of their conservatism, there is unlikely to be a significant change in the actuarial valuation of funds." ■



At the official opening of the renovated Sandringham Gardens this week were, from left: Dr Willie van Niekerk, Minister of National Health and Development, Mr Gerald Horwitz, president of the home, and Senior Rabbi Adye Assabi.

'Old people give up independence too early'

Provision of full care for the aged was over-emphasised, with the result that white aged people often gave up their independence too early in life, said Dr Willie van Niekerk, Minister of National Health and Population Development at the opening of new facilities at the Sandringham Gardens home for the aged this

week. Providing statistics from an investigation by the President's Council, Dr van Niekerk said that in South Africa 8,4 percent of aged people live in subsidised institutions as against the average world figure of 5 percent, while 8,18 percent are accommo-

dated in housing projects provided by the state and welfare organisations.

"It is my view that existing homes for the aged should expand their services to a greater extent to serve the aged people living in the community," he said.

"A wide spectrum of services can be provided or are already available, to make it possible for the aged to remain independent and live in the community for a longer period of their lifespan."

SARA MARTIN

300

Cape Times 30/4/88

Pension scheme unfair to ratepayers Wassenaar

By PETER DENNEHY

PENSION fund expert Dr Andreas Wassenaar has slammed the generous pension scheme which Cape Town city councillors have voted to join as being "unfair to ratepayers".

Mr Dick Friedlander, the chairman of the council's executive committee, announced at a press conference yesterday that the council had agreed on Thursday to become a member of the Municipal Councillors' Pension Fund.

Mr Donald Geyer, the City Treasurer, estimated the scheme would cost R200 000 a year, and Mr Friedlander said this was 0,12% of rate income.

Every local council in the country will have to decide by July whether to join or not, in terms of draft rules relating to an Act of Parliament passed last year, Mr Friedlander said.

He has 27 years' service on the council, but said he was "not going on pension". Councillors with a mini-

mum of eight years' service would be eligible to draw benefits when they reached the age of 60, he said.

For each year of service, they would be able to receive one fifteenth of their monthly allowance.

Those who had 15 years' service or more would receive a pension equal to the full monthly allowance payable to a currently-serving councillor in the post that the claimer had held.

Councillors' contributions would amount to 10% of their allowances, and the council would contribute a figure in the order of another 35%, though this figure had not been fixed.

Mr Wassenaar said that a 35% employers' contribution was "extremely high".

"Only the people who can spend ratepayers' and taxpayers' money can afford to do that," he said. "I feel it is unfair to the ratepayers."

SOCIAL SECURITY ³⁰⁴ PENSIONS & CARE OF THE AGED

1988

MAY — JUNE

HUMAN RESOURCES RESEARCH DIVISION*

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Aims and Objectives:

We specialise in internal communications within companies and organisations. Our main objective is to help management gain insight into the effectiveness of their own internal communications, as well as to be able to compare their company's performance against the South African workers norm. In addition we provide management with access to the latest international trends concerning internal communications.

Current Programmes:

On-going research into internal communications and development of norms of the South African working population.

Services Offered:

Consultancy - advice and interpretation / analysis of internal communication problems.
Commissioned research - conduct surveys covering all aspects of internal communications.

Computer system for pension services

PRETORIA — Services to pensioners are to be improved with the introduction of a new computerised system. 300

This was announced here yesterday by the white own affairs Minister of Health Services and Welfare, Mr Piet Badenhorst. D/D 3/5/88

Mr Badenhorst said regional offices linked by computer to his department's head office were to be opened country-wide.

This would take place at the rate of two or three per year.

The system would enable the department to inform people who had applied for social pensions, within two weeks, whether their application had been successful, Mr Badenhorst said.

Details of the amount of the pension could also be provided.

Mr Badenhorst was speaking at the opening of the Pretoria office.

He said he hoped the decentralised system would prove to be of great value to pensioners.

Up till now all enquiries had been channelled to one central office, he said.

Delays in answers of six to eight weeks were being experienced in cases which posed no complications.

Mr Badenhorst said R48 million was being paid to 214 000 pensioners monthly.

The computer technology presented a solution to the department's problems, he said. —

Sapa

don, he decided to sell this land to Elcorp Property Developers on the strength of certain information regarding access to and ownership of the land adjoining the Transport Services land in question; if not, (a) on the strength of what information did he take this decision and (b) by whom was it furnished; if so, (i) by whom was this information furnished, (ii) when were the Transport Services first approached by the said company regarding this land, (iii) what is the position held by the Transport Services employee who was first approached in this regard and (iv) what was the nature of the offer made by Elcorp for this land.

- (2) whether a valuation of the land was made prior to the sale; if not, why not; if so, (a) by whom and (b) with what result;
- (3) whether, when he made the decision to accept the Elcorp offer for the land, he had been informed that (a) there was public access to the land and (b) the adjoining land was not owned by Elcorp; if so, why did he take the decision in favour of Elcorp; if not,
- (4) whether he intends taking any action against any member of his staff in regard to this matter; if not, why not; if so, (a) against whom and (b) what action?

†The DEPUTY MINISTER OF TRANSPORT AFFAIRS:

(1) Yes. The City Council of East London sold the land adjoining that of Transport Services to Elcorp Property Developers. In view of the fact that the subsequent closure of a portion of Cheltenham Road was advertised by the City Council on 12 December 1986 the Transport Services land had no public access.

(a) and (b) Fall away.

- (i) Acting Administration Manager of the City Council of East London and a Valuer of S.A. Transport Services.
- (ii) 4 January 1988.
- (iii) Regional Manager, East London.
- (iv) R183 740,00

(2) Yes.

HOUSE OF ASSEMBLY

- (a) S.A. Transport Services.
- (b) Valuation was ascertained at R300 000,00.

(3) (a) No, I was informed that no public access to the land in question exists.

(b) No.

(4) No. (a) and (b) Fall away.

Navigational aids at airport in Lusaka: proper functioning

*33. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether, with reference to his reply to Question No 320 on 24 August 1987, navigational aids at the airport in Lusaka are functioning properly;

(2) whether he has been informed of a recent statement by the Chairman of the Zambian Air Traffic Controllers' Association on the state of the equipment and standards of safety at this airport; if so, (a) (i) by whom and (ii) when was he so informed and (b) what was the purport of the above statement;

(3) whether he intends taking any action in this regard; if not, why not; if so, (a) what action and (b) when;

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

The DEPUTY MINISTER OF TRANSPORT AFFAIRS:

(1) No.

(2) No. (a) and (b) Fall away.

(3) No. The serviceability of navigational aids at the airport in Lusaka is a matter that resorts under the Zambian Civil Aviation authority. The R.S.A. has no jurisdiction over the matter and is therefore not in a position to effect repairs.

(4) No.

Mr D J N MALCOMESS: Mr Chairman, arising out of the hon the Deputy Minister's reply, is he aware that the Chairman of the Air Traffic Controllers' Association in Zambia has described the conditions at this airport as being dangerous — this is a man who presumably should know — and is he also aware that it is the responsibility of the South African Department of Transport to be

responsible for safety in the air, particularly where South African aircraft are concerned? SAA aircraft land at Lusaka Airport on a regular basis and therefore I believe he has a responsibility in this matter to decide whether or not the SAA should continue to use Lusaka Airport.

The CHAIRMAN OF THE HOUSE: Order! I do not think the hon member asked a question at all. He made a statement. If the hon the Deputy Minister wants to reply, he may.

The DEPUTY MINISTER: Mr Chairman, I would nevertheless like to reply to the hon member. First of all, I am not aware, as I have already indicated in my reply, of what the Zambian Chairman of the Air Traffic Controllers' Association has said. However, I would like to refer the hon member again to the reply given by the hon the Minister some time ago. I would also like to point out to the hon member, because I think it is of interest to our travelling public, that we have only two flights, on Wednesdays and Sundays, from here to Lusaka. They again depart for South Africa on the same days in the afternoons.

As far as we are concerned, although we are watching the situation very carefully, we are also aware that it is perfectly safe to land in Lusaka provided that weather conditions are always sound. We also know that no traffic controller can force a pilot to land. The final decision whether to land or divert is that of the captain. When conditions are very bad, I have no doubt but in fact all the confidence in the world that our captains will divert their planes.

I would also like to point out to the hon member that SAA is not the only airline making use of Lusaka. Therefore, as far as the danger situation is concerned, it must also apply to the other airlines.

In the last instance I would like to say to the hon member that only some and not all navigational aids are unserviceable. There is, for instance, an effective non-directional beacon which can assist any pilot in making a safe landing under bad conditions.

Mr D J N MALCOMESS: Mr Chairman, further arising out of the hon the Deputy Minister's answer, he referred to a previous answer of the hon the Minister of Transport Affairs. I want to ask him if he is not aware that since that date some time ago conditions at Lusaka Airport have in fact deteriorated. Secondly, I want to ask him

whether he will make it his business, or ask the hon the Minister to make it his business, to find out what the Chairman of the Air Traffic Controllers' Association in Zambia has said, because I still submit that if we are to use this airport as a landing point for SAA, it is our duty — no matter how many other airlines use it — to ensure that it is safe for our airline.

The CHAIRMAN OF THE HOUSE: Order! I think the hon member has now widened the scope of the original question considerably. I shall leave it at that. We proceed to questions on own affairs.

Mr H H SCHWARZ: Mr Chairman, before we proceed to questions on own affairs I would like to ask for a ruling in respect of questions on general affairs. When a question in respect of general affairs which is similar to or the same as a question asked in another House, is asked in this House, is it sufficient to refer hon members to the answer given in the other House and is there not an obligation actually to repeat the answer to the question? It becomes a matter of principle, because obviously people in different Houses may well ask the same questions. Is it expected of an hon member to find out what has been answered in another House or is there an obligation on a Minister to answer the questions again in full so that it can be made public and available to all hon members of this House? I think it is a matter of principle rather than being of application to a particular question and therefore I ask your ruling.

The CHAIRMAN OF THE HOUSE: Order! I shall consider the matter and give my ruling later.

Mr R M BURROWS: Mr Chairman, on a point of order on that matter. Is it not one of the Rules of the Houses of Parliament that the same question may not be asked in more than one House? The fact that this question appears on the Question Paper of this House means that it has been ruled to be a different question to that answered in another House.

The CHAIRMAN OF THE HOUSE: Order! I shall reflect upon that as well.

Own Affairs:

Deaths of persons over 60 years

*1. Mr K M ANDREW asked the Minister of Health Services and Welfare:

HOUSE OF ASSEMBLY

Whether his Department has any information or statistics on persons over the age of 60 years who died during the past three years as a direct or indirect result of (a) not having sufficient food to eat and (b) not being able to keep sufficiently warm in cold weather; if not, (i) what is his Department's attitude to these causes of death and (ii) what attempts are being made to obtain such information or statistics; if so, (aa) what are the relevant statistics, (bb) what were the circumstances surrounding these deaths and (cc) what action is being taken in this regard?

THE MINISTER OF HEALTH SERVICES AND WELFARE:

- (a) Yes
(b) Yes

(i) and (ii) fall away.

(aa) Year	Number of elderly people dying as a result of the specified causes
1984	1
1985	2
1986	0

(These figures refer to the number of white people over the age of 60 years who died as a result of "hunger, thirst, exposure or neglect" which is a recognised cause of death in the publication "International Statistical Classification of Diseases, Injuries and Causes of Death" of 1975.)

(bb) The information is not readily available.

(cc) It is the Department's policy to reach out to and assist as many people as possible who are neglecting their care. The death of any person under such circumstances is lamented. It has been the Department's experience that often elderly people who are in these situations are not prepared to co-operate when arrangements are made for alternate care. Elderly hoboos, for example, often refuse rehabilitative efforts. Their nomadic life-style also prevents them from making use of services.

Persons over 65 years: amount required to maintain reasonable standard of living

*2. Mr K M ANDREW asked the Minister of Health Services and Welfare:

HOUSE OF ASSEMBLY

costs of old-age homes and the cost of lodgings. Consumer prices of products and so on are also considered and a reasonable calculation is made, but a set amount cannot be determined because, as I said in my reply, it varies from area to area — there is a difference between metropolitan and rural areas. We can, however, arrive at an approximate estimate, but we cannot determine a set amount and say that it can be made applicable to each person. According to this the amount which is granted as an old-age pension, for example, is calculated.

†Dr W J SNYMAN: Mr Chairman, further arising out of the hon the Minister's reply, with that as background and also the subsidies which the Department pays in respect of the three categories of old-age homes, does the Minister not think that it is essential for the Department to investigate specifically what is required for the maintenance of the aged in order to determine acceptable old-age pensions and social pensions which will enable them to survive?

†The MINISTER: Yes, Mr Chairman, it is important, and the Department engages itself with those investigations. The fact remains, however, that we cannot name specific amounts and say that the aged can live or get by on those amounts. The investigations the hon member mentioned are continually being done.

Mr K M ANDREW: Mr Chairman, further arising out of the hon the Minister's reply, he has said that the department cannot make a precise estimate because there are variations, and I accept

(a) (i) Yes,

(1)

(aa) Elgin Road Primary

(bb) 31 December 1987

(cc) January 1993

(dd) decline in pupil enrolment

(ee) Elgin Road Primary let to the Hebrew Academy; Springfield Primary is under consideration; St Joseph's Special Primary was housed in the St Joseph's Home complex which does not belong to this department.

(ii) yes,

(aa) Alwal Road Primary

(bb) 31 December 1988

(cc) 1836

(dd) decline in pupil enrolment

(ee) no decision has yet been taken

(b) (i) no

(ii) no.

that. He did say, however, that they do make estimates. Could he please tell us what the ballpark figure is that they work on?

†The MINISTER: No, Sir, I have said it is impossible to name an average amount, and I think it would be wrong to name a specific amount here. Let me put hon members' minds at rest. These calculations are made and we review them constantly and then act accordingly. It is impossible to name a fixed amount, however, and to say that that is a fixed amount for the whole republic.

†Mr C J DERBY-LEWIS: It sounds like "Lapa-nomics".

Cape/Parow School Board areas: closure of schools

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

Whether any schools in the (a) Cape and (b) Parow School Board areas (i) were closed or scheduled to close during or at the end of 1987 and (ii) are scheduled to close during or at the end of 1988; if so, (aa) which schools are involved, (bb) when did they close or are they to close, (cc) when were they opened originally, (dd) why are they closing, and (ee) what are the buildings and grounds to be used for, in each case?

†The MINISTER OF LOCAL GOVERNMENT AND HOUSING (for the Minister of Education and Culture):

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HOUSE OF ASSEMBLY

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Persons over 65 years: amount required to maintain reasonable standard of living

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HOUSE OF ASSEMBLY

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†The MINISTER OF LOCAL GOVERNMENT AND HOUSING (for the Minister of Education and Culture):

(a) (i) Yes,	(1)	(2)	(3)
(aa) Elgin Road Primary	Springfield Primary	St Joseph's Special Primary	
(bb) 31 December 1987			
(cc) January 1993	1893		1943
(dd) decline in pupil enrolment			
(ee) Elgin Road Primary let to the Hebrew Academy; Springfield Primary is under consideration; St Joseph's Special Primary was housed in the St Joseph's Home complex which does not belong to this department.			
(ii) yes.			
(aa) Aliwal Road Primary			
(bb) 31 December 1988			
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(ii) no.			

HOUSE OF ASSEMBLY

200 B/day 4/5/88

GOVERNMENT'S pensions recommendation in its White Paper on the Margo Report present the danger that both employers and employees will opt for lump sum benefits rather than the traditional pension.

So said Liberty Life senior GM pensions Ben Lipshitz at the Institute of Life and Pension Advisers (Ilpa)'s first convention this week.

He said the proposal could have dramatic effects in the short term on the current approach to the tax of pension and provident funds.

The White Paper looked to introduce a system whereby contributions to pension funds would not be tax-deductible and the interest earnings of these funds would be taxable, the net result being totally tax-free pen-

Govt proposals pose dangers for pensions

HELENA PATTEN

sions at the end of the day.

He said while the industry reacted with horror to such a proposal, the advantages as seen by government were considerable.

Tax from the pensions industry would be paid up-front, with a low tax rate producing a large quantum of revenue, and all pensions would be-

come tax free — certain to be a popular public move.

He believed significant progress could be made by experts to be appointed by the Meiring Committee.

"Without doubt the vital element is the role of employee organisations, especially the trade unions. Active involvement by black employee organisations is vital if the recommendations are to have the support of the entire working population."

Pensioner requirements: govt side-steps estimates



MR BADENHORST

Political Correspondent

CAPE TOWN — The government yesterday side-stepped estimating what it cost pensioners to maintain a healthy and reasonable standard of living.

This issue landed the government in trouble in the 1981 general election, when a cabinet minister estimated pensioners required R20 a month.

The Minister of Health Services and Welfare in the House of Assembly, Mr Piet Badenhorst, said his department had not estimated the amount required by a person over the age of 65 years to maintain a healthy and reasonable standard of living.

Mr Badenhorst, who was replying to a question from Mr Ken Andrew (FFP, Gardens), said his department had

a scientifically determined ration scale for people over 65.

"However, due to the fact that food prices vary between the different metropolitan and other areas, it is not possible to determine an average amount that is applicable to all the areas."

Mr Andrew said Mr Badenhorst's refusal to divulge the amount pensioners needed was not surprising.

"Clearly, the minister is afraid of giving a laughably unrealistic amount."

"At the same time, a realistic estimate would show up social old age pensions as being totally inadequate."

"Maximum amounts, from R218 per month for whites down to R117 for blacks, are impossible for many to live on."

DI 415788

Hobbies needed for elderly 300

Daily Dispatch Reporter

EAST LONDON — A visit to the D. J. Sobey Old Age Home in Buffalo Flats reveals a number of bored and lonely old folks staring out of windows or paging aimlessly through magazines.

It is their boredom that has led the matron of the home to issue a special appeal.

Mrs Vonah Smith is looking for individuals or service clubs who will voluntarily teach the elderly men and women hobbies such as

pottery or carpentry.

Her idea stems from the extensive entertainment and other facilities including art classes, physical exercise classes, hairdressers, videos, etc, which a number of old age homes or centres in the city now offer.

At the moment the 59 old people in the home rely on playing dominoes and cards for entertainment.

Mrs Smith said the help of those who were students or amateurs of various hobbies would be welcome, as the level

of teaching does not have to be sophisticated.

Access to facilities for the hobby classes was in the pipeline, she said, but offers of assistance in transporting the elderly to the classes would also be greatly appreciated as the home only has one vehicle.

Mrs Smith said she hoped to extend the project to all old people, not only those in the home.

"To give them all something to do to relieve the boredom," she said.

Govt side-steps pension estimates

By BARRY STREEK
Political Staff

CNT 7-17-78 4/5/88
300

THE government yesterday side-stepped estimating what it cost pensioners to maintain a healthy and reasonable standard of living — the very issue that landed it in trouble in the 1981 general election when a cabinet minister estimated pensioners needed R20 a month.

The Minister of Health Services and Welfare in the House of Assembly, Mr Piet Badenhorst, said his department had not estimated the amount required by a person over the age of 65 years for food and accommodation and other expenses to be able to maintain a healthy and reasonable standard of living.

Mr Badenhorst, who was replying to a question from Mr Ken Andrew (PFP, Gardens), said his department had a scientifically determined ration scale for people over the age of 65.

"But due to the fact that food prices vary between the different metropolitan and other areas it is not possible to determine an average amount that

is applicable to all the areas."

Mr Andrew said Mr Badenhorst's refusal to divulge the amount pensioners needed was not surprising.

"The Nationalists have become a law unto themselves and no longer believe that they are accountable to the public."

"Clearly, the minister is afraid of giving a laughably unrealistic amount, similar to the R20 per month nonsense of a few years ago."

"At the same time, a realistic estimate would show up social old-age pensions as being totally inadequate."

"Maximum amounts, ranging from R218 per month for whites down to R117 per month for black pensioners, are impossible for many to live on."

"The government should be ashamed of how this country's pensioners are treated."

"Mr Badenhorst should devote his energies to getting these pensions increased rather than equivocating and trying to keep secret information to which the public is entitled," Mr Andrew said.

Strategy for the future



Gerhard van Niekerk, GM Old Mutual Employee Benefits, talks to the *FM* about investment performance and the role of modern pension funds

FM: Pension fund investment performance surveys appear regularly in the financial press. Do you think they are important?

Van Niekerk: Investment performance plays an important role in building assets for any pension fund. Small differences in performance compounded over a long period can have a dramatic effect on funds available, as our graph illustrates.

The financial press is in the best position to assess whether surveys compare like with like. Specialist portfolios which concentrate on equities, or on managing a select portion of a fund's assets, cannot be compared with funds with a balanced mix of property, equities and fixed interest, or which provide guarantees of asset values.

But surely short-term investment performance is also important?

Yes, but in isolation it is of no consequence. Good short-term performance that results from a sound long-term strategy is preferable to a policy of constantly changing strategies to try and cash in on short-term market movements. Neglect of long-term responsibilities is risky and often counter-productive. Pension funds need to set objectives that meet the specific needs of members.

The stock market crash must have dented pension fund assets considerably.

Funds' solvency is generally measured

every three years by the actuarial valuation. Since market values of assets can be fairly volatile (as we discovered on October 19), a more prudent view is taken by Old Mutual actuaries when assessing underlying asset values, based on earnings potential. The market crash will have affected the solvency of only the few marginal funds.

Prescribed assets have often been blamed for poor investment performance.

There is an obvious place in any balanced portfolio for fixed-interest stocks, but the level of commitment towards any channel should be the decision of the portfolio manager, not a statutory requirement.

Some people seem to regard pension funds as a poor savings medium.

These perceptions are based largely on the poor withdrawal benefits offered by some funds. It is important to see the pension or provident fund as a means of ensuring a reasonable lifestyle after retirement, not a short-term savings scheme which can be cashed in. The public needs to know also that the withdrawal benefit, like most other aspects of a pension benefit design, is negotiable. Many pension funds pay realistic interest rates on withdrawal benefits.

How do pension funds counter the high level of inflation of the last decade?

Annual bonuses are declared and added to the basic pension. In recent years, our advice to clients has been to concentrate on maintaining purchasing power after retirement rather than improved benefits on retirement.

What factors do you believe trustees should consider in choosing an investment adviser?

Investment performance is obviously important. Trustees should also satisfy themselves that the adviser has a clear understanding of a fund's long- and short-term objectives.

They should ask what he has to offer in the areas of research capabilities, contact and sources of information. Skilled personnel to ensure a sound management succession are vital for the development and implementation of long-term investment strategy.

What do workers need from pension and provident funds today?

Essentially, to participate in decision-making and the control of all aspects of the funds to which they belong and to have access in life crises to savings — without having to withdraw from employment.

We need to go back to basics. Old Mutual has done so. To analyse the needs of particular groups of people for whom benefit systems are required, then define and design the combination of vehicles that will meet these needs — in consultation with those groups. We should avoid the presumption that a single vehicle must be selected — be it provident or pension funds.

How is Old Mutual approaching the future in the dynamic world of investments?

New technology plays a vital role. We have built up an extensive computer network linking branches and head office, giving instantaneous access to information round the country. Computer links to the stock exchange and stockbrokers enable us to analyse trends as they happen. We have also invested in top-quality staff who have access to some of the best training facilities here and abroad.

Old Mutual recently changed the name of its pensions division. Can you explain why?

We believe people's needs must be addressed comprehensively rather than on a piecemeal basis. The change to *Employee Benefits Division* was to highlight our intended role and reflect more adequately the full spectrum of services.

STimes 8/5/88 300

By Robyn Chalmers

MOST of South Africa's estimated 800 000 domestic servants have no retirement savings and will become a heavy burden on State funds if employers do not provide for them.

Central Statistical Services (CSS) 1986 figures show that two out of three white households have either a full- or part-time domestic worker.

The average monthly wage earned by black full-time domestic workers in Johannesburg is R139,65, according to CSS. This includes transport costs.

In the Vaal Triangle, Kimberley, Bloemfontein, East London, Klerksdorp and the Free State Goldfields the average wage is under R105. In the Cape Peninsula it is R156,54.

Benefits

Planning for retirement is virtually impossible for domestics, taking into account that they have to pay for education, rent, clothing, food and other necessities.

Federated Life domestic pension fund manager Lulu Lipworth says many employers allow their domestics to wait for a State pension at the age of 60.

"Employers do not realise that while they allow domestic workers to wait for a State pension they are losing out on valuable benefits offered by private pension funds.

"It is not guaranteed that the Government will pay for every black pensioner in an ageing community — it will probably go broke if it does."

Margaret Nhlapo, national publicity secretary of the SA Domestic Workers Union (Sadwu), urges employers to make some provision for their workers.

"Low wages mean domestics cannot save for old age, and the responsibility should fall on the employer.

"We advocate a R200 minimum wage for full-time workers, which is low. Another R30 a month would go a long way to a good pension, and would not make a huge dent in an employers' pocket," she says.

Domestic workers have no statutory protection other than under common law.

Domestic workers in the cold

They are excluded from:

- The benefits of a stipulated minimum wage.

- Sick leave, maternity leave, or holidays.

- The Labour Relations Act, the Unemployment Insurance Act and the Workmen's Compensation Act.

- The Basic Conditions of Employment Act and the Machinery and Occupational Safety Act.

Farm and domestic workers are waiting for the recommendations of the National Manpower Commission which Manpower Minister Piet du Plessis has been sitting on for three years.

Pension funds take a knock

Business Times Reporter

THE great stock-market crash last October severely dented medium- and long-term yields achieved by the managers of pension funds.

But Business Times quarterly survey of pension fund investment performance shows that although yields plunged across the board, relative performance was not much affected by the October sell-off.

The two leading pension fund managers over three years in September were Sage Life and Commercial Union.

Appreciable

After the crash, Commercial Union was top with Sage Life close on its heels. Lifegro occupied third spot before and after the crunch.

Over five years, Sage Life and Commercial Union ranked first and second — before and after the slump.

In September 1987, the nine pension funds monitored in the quarterly survey achieved an average return of 33% a year compound in three years.

After the crash, the average yield in the period to the end of December plunged to 23.4% a year.

The effects were also dramatic over five years, the average return falling to 20.2% from 25.6%.

Over seven years the crunch was less hurtful but still appreciable with the average return falling from 22.3% to 19.6%.

The JSE fell in a global selling wave. With the average PE on 14 and earnings

MANAGED PENSION FUNDS — HOW THEY PERFORMED

Average annual compound yield (%) to December 31, 1987

	Past 3 years	Past 4 years	Past 5 years	Past 6 years	Past 7 years
Commercial Union	28.28	23.11	20.46	21.43	20.09
Federated Life	22.95	19.45	19.16	20.29	19.81
Liberty Diversified	19.55	17.19	17.43	19.16	18.95
Liberty Prudential	20.91	16.61	16.34	19.59	19.16
Lifegro	26.25	20.69	20.16	20.58	20.42
Metropolitan Life	22.27	19.46	17.80	20.71	19.18
Norwich Union	23.18	18.91	18.23	20.56	19.54
Sage Life (EFG)	27.11	22.90	21.44	21.41	20.20
Southern Life	20.36	17.75	15.85	19.59	18.78
CPI	17.16	16.17	15.12	14.90	14.75

still growing rapidly across the board, it was not apparently overvalued. But the yields being obtained by these pension funds may have served as a kind of warning — yields of 30% plus over three years today look to have been excessive.

The actuaries who compile the survey say a consolation is that the average return over all periods comfortably exceeds inflation. They say that because of wage and salary increases, inflation is the big bogey of the industry.

Commercial Union has taken part in this survey for only six years and initially was a straggler. It has roared up the field in the past two years.

John van der Linde, general manager in charge of the life operations at Commercial Union, says his company improved its performance after it started trading its gilts actively in 1982-1983.

Property

"Gilts trading has been a material part of our success, but in addition we had a low property content last year. In the first half we moved

strongly into industrials.

"We had a good ride in industrials, then started to stress mining shares, which performed well in the second half. Mining stocks were not as heavily hit by the crash as industrials.

"More recently we have got back into property through the property trusts, Sycam and Tricom. Property makes up about 9% of our portfolio. We also have a lot of cash."

Champion

Lifegro, also a top contender over three and five years, won the seven-year yield race before and after the crash. Second was Sage Life and third Commercial Union.

Lifegro was the best performer among the Big Five insurers.

Liberty, for years a champion in this continuing race, has lagged behind the field recently. In the table Liberty Diversified reflects Liberty of old, and Liberty Prudential reflects Prudential.

Liberty came last over three and four years and

third-last over five years. It was second from the bottom over six and seven years. Southern ranked last over five, six and seven years.

Liberty managing director Dorian Wharton Hood says the portfolio had more property in it than the comparable funds and would thus not have benefited as much in the great equities boom.

Separation

"I think we should quote separate property and equity funds. In January we closed the diversified portfolio to new business. Now we are separating clients' funds.

"We retain discretion — we recommend a 15% property component — but some clients want more or less property and we give them that flexibility. We would like to negotiate with the actuaries on quoting properties and equities separately in the Business Times survey."

Liberty's greater property exposure did not immunise it from the crash. Its yield over three years fell from 27.3% in September to 19.5% in December.

The spread between best and worst fund manager is 8.73 percentage points a year over three years. That is a difference of 31%. But over seven years, there is only 1.64 percentage points a year — or 8% — between leader and laggard.

Business Times actuarially assessed surveys of investment performance are a window on the investment prowess of the big fund managers and are thus extremely influential. The two big mutual life companies, Old Mutual and Sanlam, refuse to take part.

section Act, 1962 (Act 71 of 1962) which is administered by the Department of Justice.

Pensions for Blacks: applications received/ granted

965. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

- (a) How many applications for pensions for Black persons were (i) received and (ii) granted in February 1988 and (b)(i) how many applications were still under consideration as at the latest specified date for which information is available and (ii) what is the date of the earliest application still under consideration?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This information was furnished by the different Provincial Governments:

TRANSVAAL

- (a) (i) $\pm 7\ 000$.
(ii) $\pm 2\ 000$.
(b) (i) 9 700 on 15 April 1988.
(ii) December 1987.

ORANGE FREE STATE

- (a) (i) 1 288.
(ii) 992.
(b) (i) 1 579 on 13 April 1988.
(ii) 11 February 1988.

CAPE PROVINCE

- (a) (i) 1 994.
(ii) 3 205.
(b) (i) 3 551 on 25 March 1988.
(ii) March 1987.

NATAL

- (a) (i) 1 318.
(ii) 616.
(b) (i) 1 200 on 15 April 1988.
(ii) November 1987.

Visas: applications received/refused

973. Mr S S VAN DER MERWE asked the Minister of Home Affairs:

- (1) How many applications for visas to visit South Africa were received by his Department in 1987;

Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act: prosecutions/ convictions

994. Mr R W HARDINGHAM asked the Minister of Agriculture:

- (1) (a) How many (i) prosecutions were instituted and (ii) convictions were obtained in respect of contraventions of the provisions of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, No 36 of 1947, during the latest specified period of 12 months for which figures are available and (b) what was the general purport of these prosecutions;

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

The MINISTER OF AGRICULTURE:

- (1) (a) (i) Twelve, during the 12 months ending on 31 December 1987;

- (ii) nine admissions of guilt and three convictions in Court;

- (b) sale or exhibition for sale of stock remedies after the expiry date thereof;

- sale of an unregistered farm feed and agricultural remedy;

- sale of an unlabelled stock remedy and fertilizers; and

- practising as pest control operator by an unregistered person;

- (2) no, a statement is not considered necessary.

Own Affairs:

Schools: pupil capacity

124. Mr M J ELLIS asked the Minister of Education and Culture:

- (1) (a) How many pupils are there at (i) Glenmore Senior Primary School, (ii) Carrington Heights Junior Primary School, (iii) Dirkie Uys High School and (iv) Andries Pretorius Primary School, (b) what is the pupil capacity of each of these schools and (c) in respect of what date is this information furnished;

- (2) whether any consideration has been given to combining (a) Glenmore Senior Pri-

mary School and Carrington Heights Junior Primary School and (b) Dirkie Uys High School and Andries Pretorius Primary School; if not, why not; if so, with what result?

The MINISTER OF EDUCATION AND CULTURE:

- (1) (a) (i) 140

- (ii) 87

- (iii) 516

- (iv) 330,

- (b) (i) 460

- (ii) 300

- (iii) 1 100

- (iv) 780,

- (c) 26 April 1988;

- (2) (a) yes,

negotiations on the possible amalgamation in respect of Glenmore Senior Primary School and Carrington Heights Junior Primary School are taking place;

- (b) no, the Department is not considering the amalgamation of Dirkie Uys High School and Andries Pretorius Primary School since departmental policy prescribes separate facilities for high and primary schools.

White education: amount budgeted

126. Mr A GERBER asked the Minister of Education and Culture:

What amount was budgeted for White education in the Republic in each financial year since 1978-79?

The MINISTER OF EDUCATION AND CULTURE:

Financial year	amount
1986/87	: R3 698 469 000
1987/88	: R4 141 247 000
1988/89	: R4 377 474 000

Figures as from 1978/79 until 1985/86 are not readily available since White education was under control of the Provincial Education Departments and the then Department of National Education.

The above amounts include all funds for education, irrespective of the budget vote in which they were contained.

(300) Blday 10/5/88

Pension fund is 'sound'

PRETORIA — Claims that excessive benefits were the cause of Government Service Pension Fund problems are totally wrong, says the Public Servants Association.

In an editorial in the PSA official journal, assurances are given that the fund is sound.

With the institution of the fund in 1973, five funds were consolidated. Some had serious financial problems.

One was that the buy-back formula was not in accordance with reality. Between 1973 and 1987, the fund's payments constituted only about 43% of income, and for the 1985/86 financial year the figure was 31,6%.

"The fund, therefore, according to our calculations, is self-supporting and must be seen from the viewpoint as actuarially healthy," the journal says.

The government used the funds to finance important projects.

GERALD REILLY

If these funds were not available, the money would have to be found elsewhere — "and from who else but the taxpayer?" It was, therefore, one-sided to blame the fund for the heavy burden which the "poor" taxpayer had to carry to keep it actuarially healthy.

And because the government used the funds, and because the funds were obliged to invest with government, government guaranteed them.

The actuarial deficit, which had drawn fierce criticism, was, according to evidence given by the Treasury Secretary to the parliamentary committee, of academic importance.

There was also criticism that public servants gratuities were tax free.

According to the commissioner of inland revenue, private sector gratuities of R200 000 and more could be tax free.

300
Bldg
11/5/88

No fear of govt cuts in pensions

GERALD REILLY

PRETORIA — Government workers had no need to fear gratuity or pension cuts, the Public Servants Association said in its official journal.

The PSA said excessive benefits were not the cause of government-service pension fund problems.

The fund was self supporting and actuarially healthy.

The PSA favoured the funds being actuarially placed in a sound position and had made recommendations to government on the issue.

"Meantime members can sleep peacefully. There is adequate money available for pensions."

Health clinic for the aged

300

A FREE health clinic was conducted at the Mzimlophe Old Age Home at the weekend, according to a spokesman for Health 2000.

Dr Abu Asvat, the coordinator for Health 2000, said: "We conduct such clinics under the United Nations' slogan *Health for all by the year 2000*."

Dr Asvat said: "All in all we treated 19 people who live there. Many of them have disabilities that render them incapable of moving out of the hostel area at all."

He said the disabilities ranged from amputated legs, paralysis to blindness.

Dr Asvat said some of the 19 elder citizens had no form of monetary support at all except food provided by a social worker during weekdays.

By MOKGADI PELA

He said winter was particularly bad for them as they had no heating facilities. The elder citizens shared a toilet with hostel inmates. The toilet was situated a distance away.

He added the shocking thing was that most of them had no knowledge of any of their family members being alive. An astonishing claim was made by an inmate who said he had never worked in his life and had been in and out of prison since childhood.

Dr Asvat said: "Both the State and the community had a tremendous responsibility in alleviating the plight of these elder citizens who have contributed so much towards the building of the small comforts we enjoy."

8/5/11
Mokgadi Pela



The doors of the stadium slam shut. The crowd outside grows — then pensioners settle back to wait for their money. ● Picture by Herbert Mabuza.



Still seething at the time spent claiming her money, a pensioner explains how a bribery racket operates. ● Picture by Herbert Mabuza.

Star 13/5788 Snail's pace at Jabulani 300

The State old-age pension is given as a right to all South Africans who meet a minimum age requirement and fall below a given income.

In Soweto this "right" is administered in a strange fashion.

An observer coming upon the scene (as those in one of the bright pink tourist buses that plough the township did) would see a queue stretching around a large sports stadium, the Jabulani Amphitheatre.

The queue is stationary for long periods. Every now and then it begins a snail's-paced move towards one of the stadium entrances.

Suddenly there is a clang of metal and the huge doors slam shut, forming a towering barrier in front of the shuffling crowd. An angry growl passes along the ranks from front to back.

Sometimes, the old people will

tell you, feelings go beyond snarls and bitter words. People lose patience. They push and shove before the green barrier. Sometimes frail bodies go down and are trampled in the fray.

Then the long wait starts again. Look behind the crowd, against the stadium wall and you'll see the ashes of recent fires, the work of determined pensioners who come at 3 am or 4 am to be at the head of the queue and need the warmth to get their old bones through the cold, dark hours.

When the gates open again you might glimpse, there above the crowd, the blue cap of a policeman, one of the keepers of the gate.

Tired bodies standing in the hot sun with nowhere to sit; pushing, shoving and shouting in desperation ... sometimes for one, two or three days at a time.

It costs R5 to jump queue, say old folk

Claims of bribery at pension payout time

Star 13/5/88 300

By Jo-Anne Collinge

Furious Soweto pensioners, standing in line for the third day in an effort to get their bi-monthly payments, alleged this week that officials were taking money to help people jump the queue.

Anybody refusing to pay stood for days on end without receiving their pensions, it was alleged.

Following up complaints of bribery made to Starline, a news team went out to the Jabulani Amphitheatre pension payout point on Wednesday.

One after another, pensioners said they had seen the racket in action. Virtually all approached by The Star told the same story.

They said officials offered to take pensioners' ID books through the closed gates of the stadium to collect their pensions for them.

All that was required was that a R5 note be slipped into the book, numerous people said.

Officials would then pocket the R5 and go inside the stadium, collect the pension and hand it over to the pensioner waiting outside.

Journalists from The Star did not see money change hands, but did witness officials coming out of the stadium from time to time to hand books to people waiting outside. These people were not in the queue and they did not appear disabled.

The director of housing and welfare for the Transvaal Provincial Administration, Mr C J Wolmarans, reacted with disbelief to the claims that officials were taking bribes from pensioners.

"In the light of the accusations that are being made I am not prepared to make any comment,"

he said. He added that he couldn't believe that people were having to queue for three days for their money.

Mr Wolmarans said an announcement on a new system of pension payments was expected shortly.

One woman interviewed at Jabulani said she had first come to collect her pension at 6 am on the previous Thursday.

Attended to first

She had been sent away in the afternoon without getting it.

She had returned on Monday, this time arriving at 4 am. "Still we didn't get any money," she said.

Finally, on Wednesday, she was paid shortly before noon, having arrived at Jabulani at 3.30 am.

Another woman, sitting in a car waiting to go home, had also got her payment at the third attempt. She said she had been second in line on the first day of the payout but had not received her payment. Others who had handed their books in to officials had been attended to first, she said.

Late in the day an official "just stood on the table and said the money is finished," she said.

A taxi driver, who had brought several disabled women to get their pensions, said when he had seen officials collecting identity books outside the stadium, he had appealed to one to take his passengers' ID books and help them get their money.

At noon he was still trying to get help for the disabled women, who were bitter about the cost of returning three times to the payout point.

Wealth sets you free

Star 11/4/57

300

The most frustrating thing about some people's lives is that they appear to be spent in a perpetual financial crisis and the best reason for attempting to build up wealth is that with it comes relative freedom, says Mr. Robbie Gerhardt, deputy general manager of LifeGro Assurance.

Speaking at the Johannesburg convention of the Institute of Life and Pension Advisers on individual portfolio management, Mr. Gerhardt said people should match their investments with the likely call on them and the time at which those calls were likely to be made.

Matching investments with likely needs and desires was even more difficult. It involved finding out what vehicles were available for the purpose.

Mr. Gerhardt added: "The problem is you have now entered the arena of competing assurances where everyone has just the thing you have been looking for — according to them.

"Your investment policy is going to have to provide for sudden and unexpected expenditures.

"You might finally decide that the equivalent of two to three months' earnings would be enough to meet all the possibilities you face which entail spending a fairly large sum of money suddenly.

"This, then, becomes your first goal on the road to wealth-accumulation."

The most important consideration when investing is liquidity; that is, the money must be immediately available and not subject to risk, such as a savings account with a sound financial institution.

But you may want to take part in some activity that will give you pleasure or profit and which needs capital outlay.

Decide when you want to reach this goal, what it is likely to cost at that point and whether you can make the target.

He also pointed out that security is all-important for your investment, liquidity less so because the timing of the outcome is, to a

STAN KENNEDY

large extent, under your control.

This means that the investment outlet could be more tied down — a series of fixed deposits with a financial institution, for instance, or another form of investment which guarantees in no uncertain terms that you will get your money back.

Think carefully about the possi-

But lots to weigh up as you accumulate it

bility that your environment could change dramatically.

The company you work for could go bust, you could become unemployed or have to work for a smaller return.

Even more seriously, Government may pursue policies which could seriously damage the sector of the economy on which you rely for a living.

The economic policies of entire groups of nations might lead to widespread business depression,

resulting in bankruptcies.

Said Mr. Gerhardt: "While pursuing this line of thought, consider that the country might enter into a war. It could lead to increased tax to sustain the 'war or complete economic collapse following the defeat of the country."

"Obviously, the form of wealth needed to match these disaster scenarios is going to have to be different.

"It might be a collection of gold or silver coins, a hoard of non-per-

ishable foodstuffs or substitute media of exchange, like cigarettes or liquor."

The death of a family member could upset your plans, resulting in the rest of the family being plunged into difficulties.

Probably the best way to cope with this problem is life assurance.

Mr. Gerhardt said: "After all these factors have been catered for to your satisfaction, you can begin to think of expanding your portfolio, which would include participation mortgage bonds, mutual funds, shares on the stock exchange, art and artifacts and other trappings of wealth.

"Many wealth-builders, however, will go for such things as farmland, lettable accommodation or dealing in readily saleable commodities."

Council pensions shock

5 Lines (300)

15/5/88

By TERRY VAN DER WALT
and NORMAN WEST

SOUTH AFRICAN ratepayers will have to fork out millions of rands in coming years for a controversial new pension scheme for town and city councillors.

The scheme — which includes a highly contentious "buy-back" provision — comes only months after an exposé of the Public Service Pension Fund revealed it was heading for a massive deficit.

The National Pension Fund, which will soon be available to councillors and local affairs

committee members in more than 600 local authorities across the country, has been labelled "morally wrong" and a financial disaster for the man in the street.

Dr Andreas Wassenaar, veteran opponent of big Government spending, has condemned the proposal as unfair and the Progressive Federal Party has also slammed the scheme.

Costs

The legislation for the scheme was passed last year — steamrollered through the President's Council by the National Party after encountering opposition in all three Chambers of Parliament — but the real costs of the scheme are only now becoming apparent.

Cape Town City Council estimates the cost of the scheme will be R200 000 a year and Pietermaritzburg will face a bill of R200 000 initially and as much as R146 000 extra if the buy-back scheme is initiated. The percentage of the

fund's contributions paid by the public representatives themselves varies from council to council.

At present, the scheme is voluntary for individual councillors, but after June it will be compulsory for all councillors to join if their councils opt for participation.

In Durban's case, for example, a councillor with 15 years' service on an average allowance of R12 000 a year will get R12 000 gratuity when he turns 60 or when he ceases to be a councillor and then R12 000 a year pension if he buys back his 15 years.

If he does not buy back those years, he will only be entitled to a pension after a further 15 years.

The scheme has led to some fierce dissension between councillors.

Some believe that councillors should serve for ultrasonic reasons.

But, say supporters of the scheme, people who surrender time in civic duty should be recompensed.

Scheme will cost millions

EAST LONDON — The new senior citizens' deposit savings facility will be available at more than 1 700 post offices from today.

An amount of up to R30 000 an individual can be invested at an in-

PO savings for seniors

interest rate of 15 per cent a year, paid monthly.

The interest rate is guaranteed for 12 months.

An investment must be made for 12 months and can be made up of multiples of R500, with a minimum of R1 000.

People of 65 years and older who are resident in South Africa may invest. — DDR

HOUSE OF DELEGATES

†Indicates translated version.

For written reply:

General Affairs:

Military disability pensions

54. Mr K CHETTY asked the Minister of National Health and Population Development:

- (a) How many Indian persons are in receipt of military disability pensions and (b) what amount was paid out in such pensions in respect of the year ended 31 March 1987?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) 45
(b) R135 516

Level crossing accidents

57. Mr M RAJAB asked the Minister of Transport Affairs:

- (a) How many (i) accidents and (ii) deaths occurred at level crossings in the Republic in 1985, 1986 and 1987, respectively, and (b) at which level crossings did they occur?

The MINISTER OF TRANSPORT AFFAIRS:

- | | 1985 | 1986 | 1987 |
|---------|------|------|------|
| (a) (i) | 223 | 233 | 230 |
| (ii) | 29 | 20 | 46 |

- (b) Particulars are contained in the accidents reports which are tabled in Parliament every year.

Elimination of level crossings

58. Mr M RAJAB asked the Minister of Transport Affairs:

- (1) (a) What was the total amount spent on the elimination of level crossings in 1985, 1986 and 1987, respectively, (b) how many level crossings (i) were eliminated in each of these years and (ii) are to be eliminated in 1988;

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

The MINISTER OF TRANSPORT AFFAIRS:

- (1) (a) 1985 — R9 752 225.00
1986 — R8 937 495.00
1987 — R11 263 856.00

Listed level crossings

- | | 1985 | 1986 | 1987 |
|-----------|------|------|------|
| (b) (i) | 10 | 1 | 19 |
| (ii) Six. | 5 | | 1 |

- (2) No.

Indian station masters

59. Mr K CHETTY asked the Minister of Transport Affairs:

- (1) Whether, with reference to his reply to Question No 1 on 30 July 1987, the South African Transport Services have as yet appointed any Indians as station masters; if not, why not; if so, (a) when and (b) at which stations;

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

The MINISTER OF TRANSPORT AFFAIRS:

- (1) Yes.

- (a) 1 March 1988.

- (b) Winklespruit.

- (2) No.

HOUSE OF ASSEMBLY

†Indicates translated version.

For written reply:

General Affairs:

Government Departments: offices/homes

352. Mr P G SOAL asked the Minister of Public Works and Land Affairs:

What was the cost of renovations and redecorations carried out by his Department on behalf of each specified Government Department in respect of (a) offices and (b) homes in (i) Pretoria and (ii) Cape Town in each of the latest specified five financial years for which figures are available?

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

The required information is not available in terms of State Departments, offices, homes or cities and towns. The following expenditure were however incurred in respect of repairs and maintenance of State buildings in the areas of the Regional Offices of the Department of

Public Works and Land Affairs in Pretoria and Cape Town.

Financial year	Pretoria	Cape Town
1983/84	R27 033 857	R16 909 902
1984/85	R29 502 863	R13 839 463
1985/86	R33 633 703	R20 374 188
1986/87	R54 024 609	R25 436 993
1987/88	R62 071 500	R26 451 388

Ministerial offices/residences

865. Mr P G SOAL asked the Minister of Public Works and Land Affairs:

What amount was spent by the State on the (a) furnishing and (b) refurbishing of ministerial offices and (ii) residences in (aa) each specified year from 1983 up to and including 1987 and (bb) 1988 as at the latest specified date for which information is available?

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

The required information is not readily available in the Department. The honourable member is referred to the particulars furnished in reply to Question No 352.

HOUSE OF REPRESENTATIVES

Indicates translated version.

For written reply:

General Affairs:

Coloured military pensioners

12. Mr P A CHENDRICKSE asked the Minister of National Health and Population Development:

- (a) What was the amount paid per month to Coloured military pensioners (i) in each year from 1961 up to and including 1987 and (ii) in 1988 as at the latest specified date for which figures are available, (b) what was the percentage increase in each such year and (c) (i) in which years were bonuses paid to such pensioners and (ii) what was the amount of the bonuses paid out in each of these years?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(a)(i) and (b)

Particulars of amounts paid in respect of Coloured military pensioners are available only from 1974. Particulars of increases calculated as fixed percentages are available only from 1976.

Year	Amount per month (R)	% Increase
1974	61 870	—
1975	68 405	—
1976	68 887	10
1977	72 947	10
1978	86 857	25
1979	104 530	63
1980	152 229	77
1981	160 491	12
1982	155 577	15
1983	164 668	10
1984	183 604	10
1985	204 965	15
1986	311 292	67
1987	367 405	10

The favourable increases in 1979 and 1980 are attributable to differential treatment in respect of the "old guard" and in 1986 to the result of parity.

(ii) 1988 (30/4/1988) R355 196.

HOUSE OF REPRESENTATIVES

(c) (i) None, only general increases as reflected in the third column.

(ii) Falls away.

Airways pilots: remuneration

25. Mr P C MCKENZIE asked the Minister of Transport Affairs:

- (1) Whether the South African Airways have made a survey of the remuneration of pilots in the service of foreign airlines; if so, (a) how does the remuneration of Airways pilots compare with that of such pilots holding similar positions and (b) in respect of what date is this information furnished;
- (2) whether the Airways have made a survey of the remuneration of Airways pilots in relation to that of persons holding comparable positions in the South African market-place; if so, what were the findings?

The MINISTER OF TRANSPORT AFFAIRS:

- (1) and (2) As negotiations regarding the remuneration of S.A. Airways pilots are still proceeding information regarding the survey cannot be divulged at this juncture.

Helderberg air disaster: crew

26. Mr P C MCKENZIE asked the Minister of Transport Affairs:

- (1) Whether, with reference to the Helderberg air disaster near Mauritius on 28 November 1987, he will furnish information on the crew of this aircraft; if not, why not; if so, (a) what were the names of the crew members, (b) how many years of service had each rendered to the South African Airways, (c) what position did each hold at the time and (d) what were their annual salaries in each case;
- (2) whether he will disclose the amounts paid out to dependants of these crew members; if not, why not; if so, (a) what amounts were paid out in each case, (b) what is the breakdown of each of these amounts, (c) what percentage of the pensions pay-out had been contributed by (i) the Airways and (ii) these crew members and (d) in respect of what date is this information furnished?

The MINISTER OF TRANSPORT AFFAIRS:

The MINISTER OF THE BUDGET:

(1) (a) (b) (c)

(i) Total:

Race groups	Years up till and including 30 April 1988				
	1984	1985	1986	1987	1988
Coloured	9 356	11 219	14 011	14 984	15 200
White	477	552	644	682	679
Totals	9 833	11 771	14 655	15 666	15 879

(ii) Category of employment

Category of employment	1984: Classification		1985: Classification		1986: Classification		1987: Classification		1988: Classification	
	Coloured	White	Coloured	White	Coloured	White	Coloured	White	Coloured	White
A- Division	2 315	403	3 191	500	4 379	580	4 967	591	4 970	611
B- Division	1 832	74	2 188	52	3 583	64	3 748	91	3 924	68
Non-Classified	5 209		5 840		6 049		6 269		6 306	
Totals	9 356	477	11 219	552	14 011	644	14 984	682	15 200	679

Own Affairs:

Administration: House of Representatives: staff

12. Mr P A C HENDRICKSE asked the Minister of the Budget:

How many persons classified as (a) Coloured and (b) White were employed by the Administration: House of Representatives in (i) total and (ii) each category of employment (aa) in 1984, 1985, 1986 and 1987, respectively, and (bb) as at the latest specified date in 1988 for which figures are available?

Classification	1984: Classification		1985: Classification		1986: Classification		1987: Classification		1988: Classification	
	Coloured	White	Coloured	White	Coloured	White	Coloured	White	Coloured	White
A- Division	4 970	611	4 379	580	4 379	580	4 967	591	4 970	611
B- Division	3 924	68	3 583	64	3 583	64	3 748	91	3 924	68
Non-Classified	6 306		6 049		6 049		6 269		6 306	
Totals	15 200	679	14 011	644	14 011	644	14 984	682	15 200	679

HOUSE OF REPRESENTATIVES

(iii) INDIAN SOCIAL PENSIONERS

	1977	1982	1987
Old age pensions	14 527	19 561	25 320
War veterans pensions	219	263	246
Blind pensions	193	252	299
Disability grants	12 245	16 915	19 430
Total	27 184	36 991	45 295

(iv) BLACK SOCIAL PENSIONERS (RSA)

	1977	1982	1987
Old age pensions	181 980	219 164	285 853
War veterans pensions	223	779	1 510
Blind pensions	4 785	4 615	4 593
Disability grants	72 562	91 371	134 398
Total	259 550	315 929	426 254

(Amounts paid for the mentioned financial years)

(b) (i) WHITE SOCIAL PENSIONS

	1977 (R)	1982 (R)	1987 (R)
Old age pensions	120 943 000	210 141 000	329 767 000
War veterans pensions	14 430 000	21 125 000	32 522 000
Blind pensions	681 000	1 102 000	1 722 000
Disability grants	20 224 000	38 316 000	79 636 000
Total	156 278 000	270 684 000	443 647 000

(ii) COLOURED SOCIAL PENSIONS

	1977 (R)	1982 (R)	1987 (R)
Old age pensions	33 366 230	77 090 863	165 790 511
War veterans pensions	3 297 555	7 255 743	14 974 956
Blind pensions	708 614	1 336 704	2 343 895
Disability grants	17 095 588	50 576 712	124 343 884
Total	54 467 987	136 260 022	307 453 246

(iii) INDIAN SOCIAL PENSIONS

	1977 (R)	1982 (R)	1987 (R)
Old age pensions	6 043 000	14 919 000	38 769 019
War veterans pensions	109 000	219 000	489 770
Blind pensions	80 000	159 000	453 176
Disability grants	5 092 000	12 893 000	30 547 319
Total	11 324 000	28 190 000	70 259 284

(iv) BLACK SOCIAL PENSIONS

	1977 (R)	1982 (R)	1987 (R)
Old age pensions	34 824 381	99 520 536	288 499 797
War veterans pensions	41 578	372 188	1 701 652
Blind pensions	925 022	2 135 235	4 682 109
Disability grants	13 649 406	41 466 690	135 381 908
Total	49 440 387	143 494 649	430 265 466

Identity documents

1030. Mr C J DERBY-LEWIS asked the Minister of Home Affairs:

Whether any precautions are taken to ensure that orphans of foreign descent are not issued with South African identity documents; if not, why not; if so, what precautions?

The MINISTER OF HOME AFFAIRS:

The hon member is referred to section 4 of the Identification Act, 1986 (Act 72 of 1986), which *inter alia* requires that all persons who are lawfully permanently resident in the Republic, be included in the population register. It is therefore peremptory that the personal particulars of orphans of foreign descent, who are lawfully permanently resident in the RSA, be included in the population register. In terms of section 8 of the aforementioned Act, such persons must apply for identity documents when they reach the age of 16 years.

I have explained in my reply to oral question No 8 of 8 March 1988 that the personal particulars of persons applying for identity documents are carefully scrutinized for authenticity and verified against the Department's records in order to prevent the issuing of identity documents to aliens not entitled thereto.

Boeing 747 aircraft: inspections

1059. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

Whether South African Airways Boeing 747 aircraft are inspected and maintained in strict observance of the service intervals laid down by the manufacturers; if not, (a) why not and (b) what exceptions are made?

The MINISTER OF TRANSPORT AFFAIRS:

Yes, (a) and (b) fall away.

Own Affairs:

Building cost of schools

125. Mr C J DERBY-LEWIS asked the Minister of Education and Culture:

(1) What was the average cost of building a (a) primary and (b) secondary school during the latest specified period of 12 months for which figures are available:

(2) (a) what items are included in the infrastructure provided for each of these types of schools and (b) what was the average cost of providing this infrastructure for each such type of school during the above period?

The MINISTER OF EDUCATION AND CULTURE:

The information is not readily available. Costs differ from one school to another and are influenced by various factors such as the size of the school, tender prices, location etc..

(1) and (2) fall away.

- (b) the National Party,
(c) a youth gathering.
(d) according to my knowledge, Maj. Wynand du Toit and the local MP,
(e) (i) Piketberg,
(ii) 9 April 1988;

- (2) yes, the bus was hired out by the school to an outside party for this purpose in accordance with normal conditions of hire as laid down by the school committee;

- (3) no, since the principal dealt with the matter in terms of the Ordinance, (a) and (b) fall away.

For written reply:

General Affairs:

Overseas visits

563. Mr P G SOAL asked the Minister of National Health and Population Development:

- (1) Whether he or the Deputy Ministers attached to his Department undertook any overseas visits in 1987; if so, (a) which countries were visited and (b) what was the purpose of each visit;

- (2) whether he or these Deputy Ministers were accompanied by any representatives of the media on these visits; if so, (a) what were the names of the journalists involved, (b) which newspapers or radio or television networks did they represent, (c) to which countries did each of these persons accompany him or these Deputy Ministers and (d) why;

- (3) whether any costs were incurred by his Department as a result; if so, what total amount in that year?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) Yes, the Deputy Minister of Population Development has officially visited:

- (a) Hong Kong,
Republic of China.

- (b) Mr Landers MP, received an official invitation from the Republic of China to visit that country. By means of appointments with world authorities in the Population Development field,

he also visited Hong Kong in order to investigate aspects of Population Development.

- (2) No.

- (a) Falls away.
(b) Falls away.
(c) Falls away.
(d) Falls away.

- (3) Falls away.

Christmas cards sent out

602. Mr P G SOAL asked the Minister of Finance:

- (1) Whether (a) he and/or (b) his Department sent out Christmas cards in 1987; if so, (i) what total number of cards was printed, (ii) to whom were they sent, (iii) what was the total cost of producing and distributing these cards, and (iv) who was responsible for printing them, in each case;

- (2) whether postage stamps were used to send out these Christmas cards; if not, how were they distributed?

THE MINISTER OF FINANCE:

- (1) (a) and (b) Yes.

- (i) 3 900.

- (ii) Contacts in the business world and a wide range of other persons and institutions, local and international.

- (iii) R11 634.

- (iv) Government Printer — 2 850
Printaprint — 650
Reprodiens Ltd — 150
Beith Lito — 240
Private purchases — 100

- (2) The official postmark was used for domestic post and stamps to the value of R503 were purchased for foreign post.

Alberton/Hilton toll road project

891. Mr C J DERBY-LEWIS asked the Minister of Transport Affairs:

Whether tenders were invited for the Alberton/Hilton toll road project; if so, (a) when, (b) in what publications, (c) who were the tenders and (d) what was the amount of the tender price in each case; if not, why not?

THE MINISTER OF TRANSPORT AFFAIRS:

No. In terms of section 6(3) of the National Roads Act, 1971 (Act No 54 of 1971) the National Transport Commission may assign any of its functions to any other person on such terms and conditions as may be determined by agreement between the Commission and such other person. This includes the power to undertake work itself or to allocate it on a tender basis or otherwise.

In the case of the Alberton/Hilton toll road project specific organisations in the private sector made the initial approach to the Commission to finance, construct, operate and maintain certain roads as toll roads for a fixed period after which the roads were to be handed over to the Department at no cost. The necessity to call for public tenders in this instance, consequently, fell away. Despite the aforementioned the project was, nevertheless, advertised in the media in order to provide as many persons as possible the opportunity to participate.

Lastly, the attention of the honourable member is drawn to the fact that it is not general business practice to call for public tenders in all cases. Where capital intensive, technical or specialised projects have to be undertaken it is often desirable to negotiate with a group of selected experts rather than to follow the cumbersome and expensive procedure of calling for public tenders.

- (a), (b), (c) and (d) Fall away.

(Calculations as at 31 March of each of the mentioned years)

(a) (i) WHITE SOCIAL PENSIONERS

Old age pensions
War veterans pensions
Blind pensions
Disability grants
Total

1977 1982 1987
134 646 142 298 142 885
14 521 13 057 13 210
804 769 767
23 625 26 532 34 999
173 596 182 656 191 861

(ii) COLOURED SOCIAL PENSIONERS

Old age pensions
War veterans pensions
Blind pensions
Disability grants
Total

1977 1982 1987
78 347 92 243 105 675
6 898 8 031 75 405
1 655 1 593 1 468
40 609 58 963 79 250
127 509 160 830 193 798

Fish quotas

993. Mr C J DERBY-LEWIS asked the Minister of Environment Affairs:

Whether, with reference to his reply to Question No 527 on 21 March 1988, new quotas in respect of (a) fish in general and (b) crayfish in particular are granted on the basis of socio-economic considerations only; if so, (i) what are these socio-economic considerations, (ii) what requirements are an applicant to meet in order to qualify for a quota in terms of these considerations and (iii) (aa) on whose decision and (bb) for what period are these quotas granted?

THE MINISTER OF ENVIRONMENT AFFAIRS:

- (a) and (b) No.

The rest of the question falls away.

Social pensions

1012. Mr C J DERBY-LEWIS asked the Minister of National Health and Population Development:

- (a) How many (i) White, (ii) Coloured, (iii) Indian and (iv) Black social pensioners received pensions as at 31 March 1977, 31 March 1982 and 31 March 1987, respectively, and (b) what were the total amounts paid in respect of each of the above categories?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

Pensions could cost ratepayers millions

17/5/88
DIP 13/18/88
300

Daily Dispatch Reporter
EAST LONDON — The financial implications and workings of a controversial new pension scheme for town and city councillors throughout the country is still not known locally.

It is estimated that the national scheme will cost millions and comes shortly after an investigation of the Public Service Pension Fund revealed it was heading for a massive deficit.

The town clerk here, Mr Les Kumm, said yesterday that until the municipality had been fully briefed by the Cape Province Municipal Association (CPMA) as far as the workings of the scheme was concerned, he was not in a position to establish exactly what the costs would be.

"We are still waiting for the CPMA to furnish us with the regulations regarding the implementation of such a pension fund."

There was a provision for councillors to "buy-back" and as it was not known which councillors here might want to do this.

However, the council had approved the formation of a sub-committee to look at the whole issue of the implementation of the fund.

This committee would become operational once the necessary details had been provided

by the CPMA executive committee in Cape Town.

Known as the National Pension Fund, legislation was passed last year by the President's Council, despite opposition in all three chambers of parliament.

Cape Town's city council estimates the cost of the scheme to be in the region of R200 000 a year; Pietermaritzburg R200 000 initially, with a possible additional R148 000 if the buy-back scheme is started.

The amount of the fund's contributions paid by public representatives themselves will vary from council to council.

The scheme is voluntary for individual councillors, but after June it will be compulsory for all councillors to join, should their councils vote for inclusion in the scheme.

● In GRAHAMSTOWN, most city councillors are against the principle of accepting pensions with a buy-back provision, although none have yet seen the proposed law.

The chairman of the Grahamstown Ratepayers' Association, Dr Beverley Ramstad, thought the whole issue should go to a referendum of ratepayers who fund local authorities.

"Council work is sup-

posed to be voluntary although councillors now receive allowances — this is quite different."

The buy-back provision was out of context and did not fit the situation.

"Personally, I think it is balderdash," the mayor, Mr Dick Attwood, said.

Councillors were not permanent employees. Making provision for pensions was virtually assuming councillors were elected permanently.

Paying pensions to councillors was a banana-republic principle, a former mayor, Mrs Pamela Paton, said.

"It is like talking about career politics."

The principle was absolutely wrong. Council work did not take people away from their businesses as did parliament.

"If the principle is accepted and the ratepayers subsequently decide they don't want you, they will still have to pay for possibly a terrible mistake," she said.

"What worries me is that council will lose out to the proposed pensions fund," the council doyen, Mr Gideon Krige, said.

Provided a pension was reserved for councillors with service of from 15 to 20 years — for good services rendered

— it was not such a bad idea, said another former mayor, Dr Brian la Trobe.

● Councillors are to meet behind closed doors tomorrow to make a decision on the pension fund provisions which could eventually cost ratepayers over R3-million.

All ratepayers throughout the country will be affected by decisions their councils make.

The pension scheme for councillors is similar to the one for members of parliament, according to pensions specialist Dr Andreas Wassenaar.

Councillors have to have served a minimum of eight years to qualify, and then for each year of service they are entitled to one fifteenth of a councillor's total remuneration.

Any councillor with fifteen years or more of service is entitled, at the age of 60, to a pension equivalent to the full monthly income of a councillor at the then current rate.

The rate now is R1 000 a month for a councillor, R3 000 for executive committee members and R4 000 for the mayor.

Former mayors and executive committee members will have their monthly payouts increased proportionally with the number of years they served in those posts. — DDR-DDC

Pensioners claim bribery racket in Duncan Village pension payments

Daily Dispatch Reporter

EAST LONDON — Duncan Village pensioners have accused clerks of the local division of the Department of Home Affairs of conspiring with township "sharks" to force them to pay bribes for pensions.

They said yesterday that anyone who slipped a R2 note into an identity document and handed it to a "collector" before pay day, was called to the front of the queue.

He would then receive his money before those who had been waiting for hours — some from before sunrise.

As a result, many old people who walked up to 10 kilometres to get their money — paid every two months at a central location by a mobile pension team — waited a whole day before being told that the money had run out.

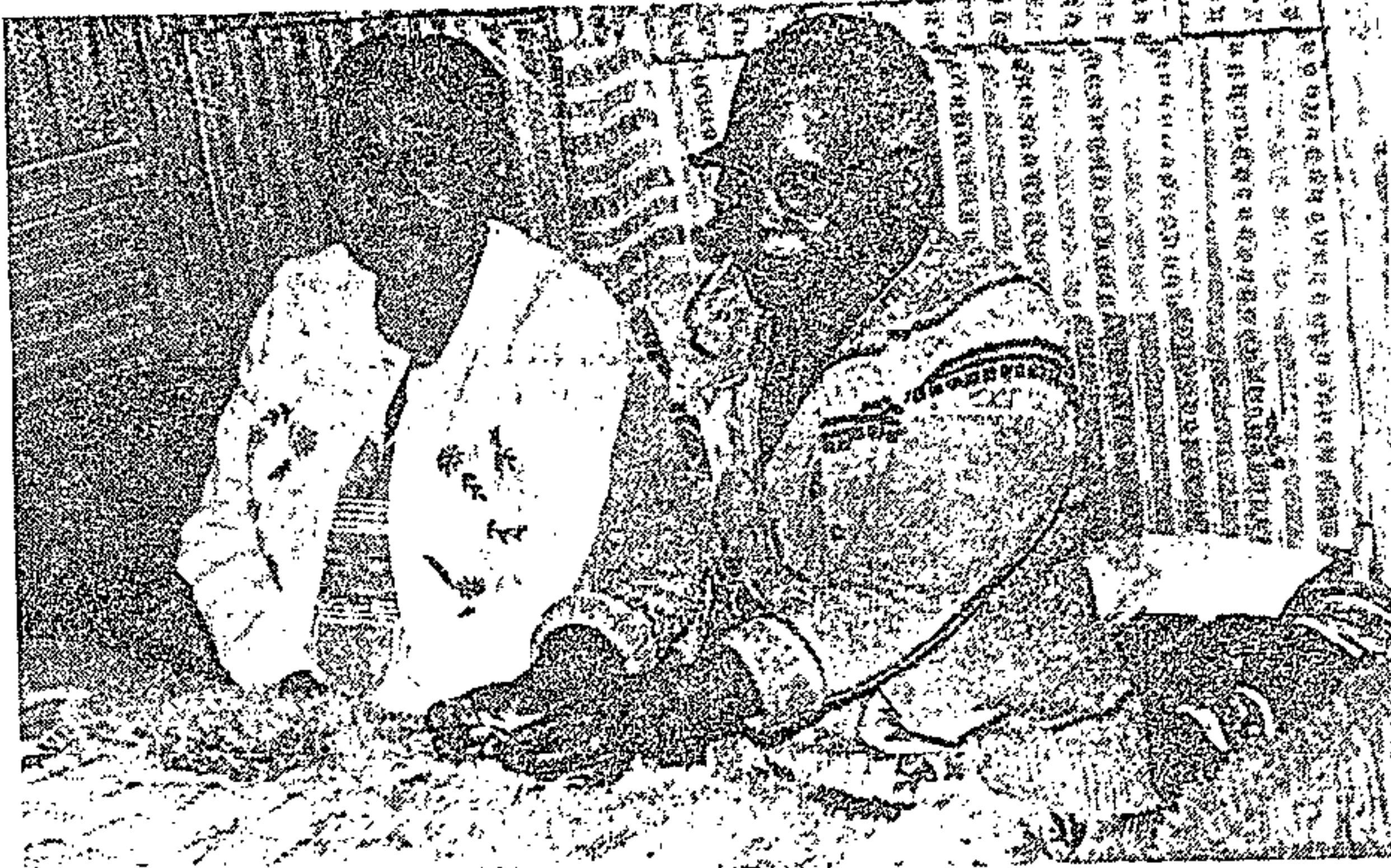
The regional representative of the Department of Home Affairs, Mr G. R. Elliott, declined to comment on the allegations yesterday.

Mrs Sina Nkewana, who is eligible for both an old age pension and a disability grant due to partial paralysis, said she waited in vain for her money at the Methodist Church in Duncan Village extension on March 3 this year.

On March 30 she finally received R220, which was to last her for two months.

She said one pay clerk worked with a contact at each pay point.

The contact mingled with the people in the queue collecting documents and bribe money from those who were



A group leader at the Gompo Welfare Society for the Care of the Aged, Mrs Edith Gxasheka (left), and Mrs Sina Nkewana describe how pensioners are forced to pay bribes in order to get their pensions.

prepared to pay for quicker service.

She said on May 3 she had waited from early in the morning, while people who came much later received their money straight away.

"The clerk has a bag of identity books under his table and he pays these people first as they have already paid him."

She was told to return on May 9 as the team was not able to finish paying those waiting at the pay point.

She waited in the queue from early in the morning on the appointed day — the mobile pay van arrived at 2 pm.

"Then, just before I got to the table, they said we must come back on May 27 because again they had no money left."

"I think the clerks wanted to go off early on

that day because, in the past, when a senior clerk stands in for a junior, the money never runs out.

"The only way I will be able to live until then is if I can borrow more money to buy food."

When asked what had caused the disruptions in pension payments, Mr Elliot said some pensioners joined the queue at pay points outside their areas to receive their money earlier than they would if they waited until the van came round to them.

He said it was impossible for his staff to control the situation because payments were made on the basis of an identity document, which gave no information concerning which pay point was nearest to the home of the pensioner.

Duncan Village pensioners who had not re-

ceived their money could apply to the district office in Hill Street if they wished to be paid before May 27.

This was the first open day that the mobile pay office could return to the area.

A group leader at the Gompo Welfare Society for the Care of the Aged, Mrs Edith Gxasheka, who is herself of pensionable age, said she had heard of "beginners" (pensioners receiving their money for the first time) being forced to pay up to R20 in bribes by the collector in the area.

"These women have no sympathy with old people and do not care how they will live if they do not get their money."

"I do not understand how the Home Affairs official in the van can allow it to continue, because it is obvious what is going on."

She said the alleged bribery had been in operation for at least three years. **DID 17/5/83**

"In 1985 it cost R1 to go to the front of the queue but the price has gone up to R2 now."

"There are more and more people paying every month because they are tired of having to come back and wait all day."

The matter was brought to the attention of the local branch of the Black Sash in March and was reported to the police.

The chairman of the Border region of the Black Sash, Mrs Sue Power, said affidavits had been collected from pensioners who had witnessed the alleged bribery and these had been handed to the pension paymaster and to the fraud squad.

Although she sympathised with the Department of Home Affairs officials as they were under-staffed and could not cope with the number of pensioners eligible for pensions, elderly people were suffering from malnutrition and the matter needed urgent attention, she said.

"In the past the delay in pension payments has been blamed on people pushing and shoving in the queue."

"Little wonder though if some people were given preferential treatment after paying bribes."

Mrs Power said the Black Sash would apply to the local office of Operation Hunger for food parcels for those who had not received pension money for more than two months.

Cintsa opened to vehicles — with conditions

Daily Dispatch Reporter

EAST LONDON — An application by the Border Rock and Surf Club to drive vehicles on the Cintsa beach was approved with conditions by the Divisional Council at their monthly meeting.

The application called for vehicles to be driven on the beach between the Cintsa swimming pool and Rooiwal and from Igoda River Mouth to the Kidd's Beach swimming pool between May 28 and May 31 during the National Junior Angling Tournament.

Ten provincial teams comprising six

council would be unreasonable if they insisted that the number of outings be reduced.

Mr Mark Yazbek added his support to the motion.

Mr Cyril Blumenthal opposed the motion and said that the proposed number of outings and vehicles should be reduced by half.

Mr J. Grobler of Stutterheim supported Councillor Blumenthal's view.

The chairman, Mr Neville Hewson, stated that in order to be consistent with the closing of the beaches on the West

of East London remain Cefani to Rooiwal with access at Cefani only.

It was also recommended that the Border Rock and Surf Club be advised to considerably reduce the number of outings applied for next year and to confine use of vehicles to areas west of East London.

Mr Moodie recorded his dissent against the recommendations to reduce the number of outings, saying angling was an A-grade sport, supported by government and recognised internationally.

Officials accused of using queue 'sharks'

EAST LONDON — Pensioners in Duncan Village have accused clerks employed by the local division of the Department of Home Affairs of conspiring with township "sharks" to force them to pay bribes in order to get their pensions.

They said anyone who slipped a R2 note into an identity document and handed it to "collectors"

before pay day was called to the front of the queue

As a result, many old people, who walked up to 10 km to get their money, waited a whole day before being told that the money had run out.

The regional representative of the Department of Home Affairs, Mr G R Elliott, declined to comment. — Sapa.

'refugees' might be

They fled their Kliptown home this week after squatters threatened them

Mr Sing several ap
Managame

Randburg popular choice for retired people

Randburg was selected as the area for The Board of Executors to build its Transvaal retirement villages because of its popularity.

More than 40 percent of the homes in the R9 million Sunrise Estate, the board's sixth retirement

village, have been snapped up in three months.

The main reason is that it is perceived to be the area with the best growth potential for retirement-inclined people who wish to enjoy their twilight years in peaceful and secure surroundings, says Mr Carl

Scheppening, managing director, The Board of Executors Properties.

"Because Randburg's population is expected to quadruple to 400 000 in the near future, its property values are likely to rise correspondingly."

Star 1715788
300



Savings scheme launched for SA's senior citizens

Mr Dudley Lahner (70), left, was one of many senior South African residents to invest money in the Senior Citizens' Deposit Scheme which was launched yesterday at banks, building societies and post offices countrywide.

In terms of the scheme, which is a sequel to the introduction of "Granny Bonds" last year, residents of the Republic who are 65 or older can earn interest of 15 percent on investments of R500 up to R30 000 which must be deposited for a minimum of 12 months.

The deposit scheme does not apply

to residents of the TBVC countries or Namibia.

Banks and building societies launching the scheme yesterday seemed to be intent on the "personal touch".

While the SA Perm was visiting senior clients at old age homes or at their homes, the First National Bank introduced a hotline service to advise investors.

The hotline operates from 8 am to 6 pm, five days a week and on Saturdays from 8 am to 12 noon.

Cape Times 17/5/88 233
Draft 300

Draft pension scheme opposed

By PETER DENNEHY

A PENSION FUND for town and city councillors has draft rules which allow local authorities to pay pensions to former councillors.

Cape Town's city treasurer, Mr Donald Geyer, confirmed this yesterday, saying the trustees of the Municipal Councillors' Pension Fund would have to approve a recommendation from the council concerned.

The council would also have to pay the "actuarial cost" of "buying back" for pension purposes, years the beneficiary had served on the council, Mr Geyer added.

Mr Arthur Wienburg, a city councillor who strongly opposes the pension scheme, has calculated that if the council opts to allow councillors to "buy back" years, it would be possible in one particular case to pay in R2 000 and then receive, on retirement, a gratuity of R30 000 and a monthly pension of R2 500 for the rest of one's life.

This package of benefits could cost the ratepayer about R300 000, he said, and maintained that the scheme "cannot be justified either morally or economically".

Mr Geyer said the draft rules for the scheme had been drawn up by United Municipal Executive officials and actuaries. The rules apply to all local authorities, including management committees, which opt to join the scheme.

Tomorrow the City Council will decide whether it will allow its own councillors to "buy back" service, or even whether the council will buy it back for them.

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sent. (iii) to which countries did each of these persons accompany him and (iv) why;

- (3) whether any costs were incurred by his Department as a result; if so, what total amount in that year?

THE MINISTER OF EDUCATION AND CULTURE:

- (1) (a) and (b) No.
(i) and (ii) Not applicable.
(2) and (3) Not applicable.

Overseas visits

*2. Mr C R REDCLIFFE asked the Minister of the Budget:

- (1) Whether he undertook any overseas visits in 1987; if so, (a) which countries were visited and (b) what was the purpose of each visit;
(2) whether he was accompanied by any officials on these visits; if so, (a) what are the names of the officials involved, (b) which State Departments did they represent, (c) to which countries did each of these persons accompany him and (d) why;
(3) whether any costs were incurred by his Department as a result; if so, what total amount in that year?

The MINISTER OF THE BUDGET:

- (1) No
(a) and (b) fall away.
(2) Falls away.
(3) Falls away.

Overseas visits

*3. Mr C R REDCLIFFE asked the Minister of Local Government, Housing and Agriculture:

- (1) Whether he undertook any overseas visits in 1987; if so, (a) which countries were visited and (b) what was the purpose of each visit;
(2) whether he was accompanied by any officials on these visits; if so, (a) what are the names of the officials involved, (b) which State Department did they represent, (c) to which countries did each of these persons accompany him and (d) why;
(3) whether any costs were incurred by his Department as a result; if so, what total amount in that year?

The MINISTER OF THE BUDGET (for the Minister of Local Government, Housing and Agriculture):

- (1) Yes
(a) West Germany and Singapore

(b) West Germany: Investigation and evaluation of co-operative system of farming
Singapore: Attendance of the 15th World Housing Congress

- (2) Yes

(a) West Germany: Messrs P D McNery, C O du Preez, J J C Boshoff and J H Loois
(b) Administration: House of Representatives

(c) West Germany: Officials mentioned in paragraph 2(a)
Singapore: Private Secretary — Mr I Adams

(d) Investigation into and evaluation of co-operative farming in West Germany.
Execution of Private Secretarial functions in Singapore.

- (3) Yes
R122 961.42

Uitenhage area: housing projects

*4. Mr P J MÜLLER asked the Minister of Local Government, Housing and Agriculture:†

- (1) Whether any additional housing projects are envisaged by his Department for the Uitenhage area; if not, why not; if so, what are the relevant particulars;
(2) whether any negotiations have taken place in this regard; if not, why not; if so, (a) what negotiations and (b) with whom;
(3) whether any decisions have been taken on the matter; if not, why not; if so, what decisions;
(4) whether he will make a statement on the matter?

The MINISTER OF THE BUDGET (for the Minister of Local Government, Housing and Agriculture):

- (1) No.
The Department does not own land in the area but the local authority plans an extensive housing programme.
(2) Falls away.
(3) Falls away.
(4) No.

*5. Mr P J MÜLLER — Health Services and Welfare. [Reply standing over.]

HOUSE OF DELEGATES

†Indicates translated version.

For written reply:

General Affairs:

Unemployed Indians

53. Mr K CHETTY asked the Minister of Manpower:

- (1) (a) What is the latest estimate of the number of unemployed Indians in the Republic. (b) in respect of what date is this figure furnished and (c) on what basis was this estimate made;

(2) (a) (i) how many of these unemployed persons are regarded as persons who have never been economically active on a regular footing and (ii) what criteria are used in determining this figure and (b) how many of them lost their employment in each of the latest specified three years for which information is available;

(3) (a) how many of the unemployed persons who lost their employment in the above-mentioned three years were covered by the Unemployment Insurance Fund and (b) what amount was paid out in this connection in each of these three years;

(4) (a) what was the amount received by the above-mentioned fund in each of the three years concerned by way of contributions by: (i) members/employers and (ii) the State and (b) what was the level of the assets in the fund at the end of each such year?

The MINISTER OF MANPOWER:

- (1) (a) and (b)

	1985	1986	1987	1988
January	5 501	12 743	12 368	8 801
February	7 353	13 246	12 116	
March	8 584	11 887	11 701	
April	9 157	12 485	11 471	
May	9 537	13 309	11 448	
June	10 901	14 058	11 402	
July	11 605	14 762	11 049	
August	12 139	15 004	10 355	
September	12 449	15 200	9 773	
October	13 498	14 809	9 512	
November	13 861	13 798	9 337	
December	14 208	12 539	9 937	

(c) The figures represent the actual registrations of workseekers with the Department of Manpower or its agents.

- (2) (a) (i), (ii) and (b)

These particulars are not kept.

(3) (a) The Unemployment Insurance Fund does not differentiate between the various population groups and consequently separate figures in respect of individual groups are not kept.

(b) The figures for all population groups are:

	1985	1986	1987
R325 133 883	R386 467 103	R388 274 527	
R189 098 864	R392 173 971	R622 686 728	

(a) (ii)

	1985	1986	1987
R7 000 000	R7 000 000	R7 000 000	

(b)

	1985	1986	1987
R157 046 843	R171 352 894	R309 650 152	

Own Affairs:

Social pensions

95. Mr M RAJAB asked the Minister of Health Services and Welfare:

(a) How many persons in each specified category are in receipt of social pensions from his Department and (b) in respect of what date is this information furnished?

The MINISTER OF HEALTH SERVICES AND WELFARE:

- (a) Old Age: 27 184
Blind: 318
War Veterans: 243
Disability: 20 342
(b) 30 April 1988

Occupational rehabilitation centres

96. Mr M RAJAB asked the Minister of Health Services and Welfare:

Whether his Department has established any

clinic held in Naledi

By Mokgadi Pela

Soweto 18/5/88

HEALTH 2000 conducted another clinic in Soweto at the weekend — this time at the two old age homes in Naledi.

According to the Co-ordinator of Health 2000, Dr Abu Asvat, the clinic followed the one that took place in Mzimhlophe, also in Soweto.

He said: "The homes have six occupants each. Compared to the men's old age home, the ladies' home is a paradise. It is not as overcrowded and they have an added advantage of having electricity, a fridge, an electric stove and a TV set."

He said some inmates were a bit anxious about their future as they were told that their residence would be closed in August when the White City Old Age Home opens.

Suffering

Dr Asvat said: "Medically speaking, the women had relatively less problems compared to their male counterparts. The diseases they were suffering from were related to their socio-economic circumstances."

He further said vitamin deficiency was found in one case and another person had a neurological problem. One patient was very depressed, probably due to loneliness and the desperateness of her situation.

Meals

Dr Asvat added that the inmates did not have crippling disabilities.

He said with the exception of two women, the majority did not like the idea of being in an old age home.

Meals on wheels were provided to them during week days but on weekends they had to serve themselves, he said.

"We would like to call upon the community as a whole to pay particular attention to their plight and provide them with the necessary moral, social and monetary support they so desperately need," Dr Asvat said.

Cart Times 18/5/88 (300)

Pension funds may not suit Third World sector

JOHANNESBURG. — Pension funds are a successful First World concept but cannot always be adapted to a society — like SA's black sector — with different dynamics.

Such a society may inherently reject the First World ethic, states Southern Life in the latest issue of its newsletter "Benefacts".

"Where pension funds can be justifiably criticized is their assumed application in our Third World environment," argues Graham Jefferies, Southern's assistant GM (employee benefits marketing services).

"Employers must now consider structuring benefit packages to meet the changing needs of society."

"Employers who in the past set up pension funds in good faith are today

being criticized. Their actions are seen by a large sector of the workforce as paternalistic and insensitive to the real needs and issues."

Jefferies says there is a growing movement towards provident funds as an alternative for black employees.

"This is particularly true of employees represented by established unions or other elected representatives."

He says there has been a steadily increasing resistance to pension funds, a resistance founded on cultural differences and mistrust, due mainly to poor communication.

"All too often," says Jefferies, "pension funds have been imposed on workers without consultation and it is not surprising that alternatives are sought." — Sapa

1987 pension ³⁰⁹
figures released

HOUSE OF ASSEMBLY

— White social pensioners received R443.6 million in 1987, while black pensioners were paid R430.2 million, the Minister of National Health and Population Development, Dr Willie van Niekerk, said yesterday in a written reply to Mr Clive Derby-Lewis (CP, Nominated). — Sapa.

CAPE TOWN 19/5/88

Councillors vote for bigger pension payouts

300

Municipal Reporter

CAPE TOWN city councillors voted yesterday to allow themselves to "pay in for past service" and thus increase their eventual pension fund payouts.

Mr R M Friedlander, the chairman of the executive committee, revealed yesterday at a pre-budget press briefing that the council had taken this decision a few hours earlier at a meeting behind closed doors.

"Paying in" for past service was not the same as "buying back" unserved years, as was possible on other pension schemes, he said. Councillors would only be able to "pay in" for years they had actually served before the pension scheme was created.

Rules of the Municipal Councillors' Pension Fund would allow the City Council to "pay in" the entire amount for councillors' past service, Mr Friedlander said.

However, councillors had felt they "should pay in something themselves", so those who wished to purchase past service would pay in 10% of

their aggregate allowances.

The council — and ultimately rate-payers — will pay a portion equivalent to 35% of the allowances, according to present guidelines.

Mr Friedlander said the average councillor with 10 years' service would have to "pay in" R3 800 to ensure that his years of service all count for pension purposes. Someone with 15 years would have to pay in R5 500, he estimated.

Mr Louis Kreiner, who is also on the executive committee, said R3.4 million would have to be set aside for the pension fund of both councillors and management committee members, but very little of it would be from this year's budget.

A harsh critic of the scheme, councillor Arthur Wienburg, said earlier this week that he felt it was unfair that councillors should be able to pay in now to purchase — cheaply — past service done in times when allowances were low and money had a very different value.

Councillors vote to 'pay in' to pension

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19/5/88
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Municipal Reporter

CAPE Town city councillors have voted themselves the right "to pay in for past service" to boost their eventual pension payouts.

The council agreed behind closed doors yesterday to extend the benefits available under the Municipal Councillors' Pension Fund. Similar secrecy surrounded the original debate last month on whether or not to join the fund along with cities such as Johannesburg.

Unlike the system in the Public Service, councillors will only be able to "buy back" years they have actually served.

The council has set aside about R3,4-million of its reserves over 10 years to pay for the scheme, which also covers management committee members. This was based on a "worst scenario", said Mr Dick Friedlander, the executive committee chairman. "It assumes that everybody will want to take advantage of this benefit."

DECISION

This latest development comes two months after councillors increased their basic allowances to a maximum of R1 000 a month.

"The decision to extend the benefits was taken in terms of the rules of the fund," said Mr Friedlander.

Present councillors have the option of joining the fund and of buying back completed service ("We prefer to call it paying in," said exco member Mr Louis Kreiner).

Future councillors will be compelled to join the fund. However, it was possible that not all councillors would opt for buying back, Mr Friedlander said.

Other councils might decide not to have this benefit, he added.

ed. All their councillors would thus start from scratch at the inception date of the fund, no matter how long they had served before.

Although the rules allowed a local authority to foot the entire bill for buying back service, Cape Town's councillors will have to chip in. Their contribution will be 10 percent of all their allowances over the years.

AVERAGE

Members will have to be 60 years old and to have served for at least eight years to qualify for pension benefits, which reach the maximum after 15 years.

Payouts will be based on a councillor's "average emoluments" taking into account various positions he may have held during his period of service. The mayor, deputy mayor and chairman and members of the executive committee get up to four times the average councillor's allowance.

An "average" councillor who had served 10 years to date and wished to buy back would have to pay in about R3 600, Mr Friedlander said. Somebody who retired at the end of this year after 15 years on the basic councillor's allowance would have to pay in about R5 000.

City Treasurer Mr Donald Geyer confirmed that the rules allowed somebody who was not even a sitting councillor to qualify for the buy-back.

"However, any application for such benefits would have to be well motivated," Mr Friedlander said. "I imagine it would be a rare occurrence."

If councillors left the council before the eight-year qualifying period their pension contributions would be refunded, probably with nominal interest added, Mr Geyer said. "Buy back" payments would not be refunded.

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

time and expense to gather such information.

No.

Rest of question falls away.

Western Transvaal Development Board: assets/liabilities

1057. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning: Whether the (a) assets and (b) liabilities of the Western Transvaal Development Board were transferred to local authorities; if so, (i) what was the value of this board's assets at the time of transfer, (ii) (aa) to which local authorities and (bb) on what dates were these assets transferred and (iii) what was the value of the assets transferred to each such local authority?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

No.

Rest of question falls away.

SATS: buying-back of pensionable service

1097. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

- (a) On what date did the buying-back of pensionable service come into effect in respect of the South African Transport Services, (b) how many Transport Services employees who bought back pensionable service have retired since that date, (c) what total amount, excluding any interest on the amounts outstanding, did these persons pay to buy back such service, (d) what total amount was received by these persons in increased gratuities in respect of such service, (e) what total additional amount in monthly pensions is paid to them as a result of their having bought back pensionable service and (f) in respect of what date is this information furnished?

The MINISTER OF TRANSPORT AFFAIRS:

- (a) 1 October 1972 in respect of members of the New Superannuation Fund and 16 June 1987 in respect of members of the Pension Fund for non-White employees.
(b), (c), (d), (e) and (f) Particulars are not readily available and it will take much

of such transport, in each province in (i) 1986 and (ii) 1987?

The MINISTER OF EDUCATION AND CULTURE:

	(a)(i)	(ii)	(b)(i)	(ii)
Cape	13 609	13 331	R800 240,41	R792 540,67
Natal	8 722	8 601	R3 958 700,00	R5 276 368,00
OFS	4 058	3 925	R1 341 457,00	R1 297 211,00
Transvaal	56 515	56 774	R18 959 978,00	R19 523 052,00

Schools/institutions for juvenile offenders

131. Mr J B DE R VAN GEND asked the Minister of Education and Culture:

- (1) (a) How many (i) schools of industry, (ii) reform schools and (iii) other institutions for the accommodation of juvenile offenders falling under his Department were there in the Republic, and (b) what number of pupils did each accommodate, as at (aa) the latest specified date for which information is available and (bb) the same date five years previously;

- (2) where is each of these schools or institutions situated?

The MINISTER OF EDUCATION AND CULTURE:

(1)	(a)	(aa)	March 1988	(b)
(i)	16		(i)	2 125
(ii)	2		(ii)	247
(iii)	0		(iii)	0
(b)		(bb)	March 1984	(b)
(i)	18		(i)	2 049
(ii)	2		(ii)	206
(iii)	0		(iii)	0
(2)	(a)	(i)	George (2) Heidelberg (2) Standerfontein (3) Queenstown, King William's Town, Dewetsdorp,	

Rustenburg, Utrecht, Paarl, Bloemfontein, Oudtshoorn, Wolmaranstad, Tokai (2).

Computerization of staff, student and pupil numbers

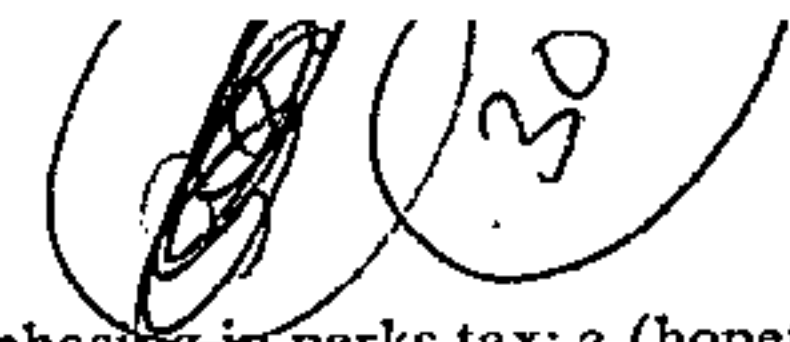
133. Mr R M BURROWS asked the Minister of Education and Culture:

Whether his Department maintains a computer data system for all statistical information on staff, student and pupil numbers; if not, why not; if so, (a) when was this system finalized, (b) what areas of data are maintained in this system and (c) how often is the information updated?

The MINISTER OF EDUCATION AND CULTURE:

- (a) Yes, the Department compiles comprehensive statistics with a view to the management of White education. Some of these statistics have already been computerised and further computerising is currently receiving attention;
(b) statistics regarding pupils and students, manpower and expenditure;
(c) annually.

Pensions in the spotlight



It's official: government is considering taxing pension funds. That will initiate, if nothing else, vociferous public debate. Among the vital questions it will raise is whether yet another attack on savings will be acceptably compensated for by cuts in other tax rates.

According to assurance industry sources, the idea of taxing pension funds was first unofficially aired, fairly recently, by Finance Minister Barend du Plessis. Listening to representations after the Budget — when he upped life office tax by 75% to 35% of gross investment income — he was (correctly) told that about two-thirds of life office income comes from pension funds. A large percentage of SA's 20 000 registered funds are administered by life offices.

Life office spokesmen argued that aggregating their pension fund income with insurance income was one factor that had given rise to the idea that life offices are not paying their "fair share" of tax.

Word went out to Finance Department officials to find as a model a country that taxes pension funds. By the time Deputy Finance Minister Org Marais came to deliver a speech in Johannesburg this week, such a country had been found and studied — New Zealand. This socialist country, in a recent package of tax reform:

- ☐ Introduced fringe benefits tax;
- ☐ Cut personal and corporate tax to a flat 25%;

The Exchequer is being stroked into believing that pension funds should be taxed. What this would mean for future pensioners is only one of the questions that acceptance of the principle would raise. Economic growth and what would happen to the overall tax burden will also need to be carefully probed.

- ☐ Removed tax expenditures (concessions) from the business arena;
- ☐ Introduced a goods and services tax with *no* exemptions; and
- ☐ Introduced a withholding tax on dividends and interest.

Finally, it introduced the taxation of pension funds "up front." Marais was highly impressed by the package. "I must express my admiration for the New Zealand government in introducing tax reform satisfying most of the principles of public finance," he said.

Indeed, tax reforms introduced by New Zealand Finance Minister Roger Douglas have been described as "more Thatcherite than Thatcher." Among sweeping changes since 1984, Douglas has deregulated, abolished fiscal snarls, ended farming subsidies, and privatised. His package rings of changes that have been made, or are on the way, in

SA. We are phasing in perks tax; a (hopefully) no-exemption VAT is to replace GST; and tax expenditures are gradually being wrested away from the business sector.

But the idea of taxing pensions is new; and was not included in the Margo recommendations. The subject is extremely complicated (phasing out of the present pensions system is a minefield in itself). But if taxing pensions is acceptable at all, a prerequisite is a guarantee that lower general tax rates will result.

Taxation of pension funds lends itself to many possibilities. There are as many ways of taxing funds as there are of taxing individuals, who will end up paying these taxes anyway.

Our pensions system has three facets:

- ☐ Contributions (by employee and employer) are partially deductible from income;
- ☐ The pension fund is not taxed; and
- ☐ Receipts from a pension fund are taxed in the hands of the pensioner (or on "early" withdrawal), after a tax-free lump sum.

In other words, the system substantially defers the taxation of pension funds until a taxpayer starts receiving his pension. The Exchequer, which inherited a pension system based on centuries-old British practice, believes it's forgoing a fortune. The shortfall is aggravated by high inflation.

According to figures supplied by the Re-

serve Bank to the Margo Commission, pension funds (including those administered by life offices) earned R6,4bn in investment income in 1985.

Contributions amounted to R10bn, while other income totalled R1,7bn. In all, then, pension fund income was just over R18bn in 1985 — not far short of the R22bn collected by Inland Revenue that year. The *FM* estimates that pension fund income in 1988 will be about R35bn — an enormous, easily accessible tax source.

But that is not the point. What is important is that if pension funds are to be taxed, common ground has to be found between taxpayers and government. Marais stresses that it is important to remember that countries like New Zealand have a largely homogeneous population — lacking in SA. Comparisons could, indeed, even be ludicrous.

"There are many strings that have to be pulled together in SA," he tells the *FM*. Among them:

- ☐ The difficult tax treatment of lump sums, a process which has been politicised;
- ☐ Lack of pensions portability is blatantly unjust, favouring employers;
- ☐ Early withdrawal from a pension fund carries a heavy penalty that does not accord with movements in the modern job market;
- ☐ Only a fraction of employees retire on a full pension, showing that the system is simply not working; and
- ☐ Monthly pension payments are seldom adjusted enough to offset inflation.

Besides, the whole pensions system has become unwieldy. In 1985, according to Inland Revenue, there were, approved and registered: 10 119 pension funds, 5 994 provident funds, 79 retirement annuity funds, and 3 294 benefit funds.

About 2 500 new funds were being registered each year; and 5 000 changes made each year to the rules of existing funds. Four State employees are charged with the job of overseeing all fund work. Clearly, the system needs scouring of duplication and inefficiencies.

These and other problems are under consideration by the Meiring Committee, which

is about to be reconstituted. It will now also turn to the question of taxing pension funds. It will have to consider how to abolish the differentiation between public- and private-sector funds, as recommended by Margo.

For example, if public funds are allowed to invest in the private sector, the impact on the JSE and the capital market will be considerable.

But the overriding question is the flow of savings and where they end up. Says Marais: "There is a heavy concentration of savings in life offices. For that, they must be given a big plus mark. But the question now is simply: is their *investment* the best possible for SA? It tends to go into low-risk areas, which is not what we need most right now." (Though it may, of course, be what potential pensioners prefer.)

In other words, would the taxation of pension funds see investment in new areas which would benefit SA more in the long run? The reforms sweeping through so much of the Western world — cutting taxes, shrinking government, privatising and deregulating — are all changes in favour of greater individual choice.

One consequence is more privity between what the individual does with his (higher) disposable income and his investments. An individual who oversees his investments, rather than making them by debit order each month, is far more likely (so the reasoning goes) to have influence over how that investment performs.

Such investments (for example, a few friends in a takeaway shop) could be just as successful a hedge against old age as monotonous payments into a pension fund — though they might also be more risky. It is generally accepted that individual entrepreneurs rather than corporations do more for wealth creation. Taxing pension funds — though not in isolation — might, if this be correct, encourage more individual entrepreneurship. Or it might not.

Of course, taxing pension funds does not mean they should, or would, fall into disuse. Along with life insurance, there should always be ways to provide against living too long, or dying too soon.

Another argument used to support the taxation of pension funds is that with two-thirds of private-sector funds administered by the life offices, the distinction between life and pensions business is often blurred.

The accusation is that through retirement annuities, in particular, life offices are now conducting deposit-taking activities under the tax umbrella of pension funds. In the words of a government spokesman, if



Marais

life offices are seen as long-term savings institutions, taking deposits is not on.

Statistics, analysed by the UBS's Piet Badenhorst, show a flow of cash away from banks and building societies as a result, he says, of the tax-free status of pension funds. This may be true, but inflation must also be a factor.

If pension funds are to be taxed, it would probably be by taxing their gross investment in-

come, in line with life offices' insurance business. This, some argue, would mean that:

☐ Contributions should be paid out of taxed income; and

☐ Receipts should be tax-free.

This way, proponents of taxing pension funds argue, deferral of pension fund taxation is dispensed with; the Exchequer gathers more; and pensioners are not left to grapple with overcomplicated laws that are unwanted and unnecessary.

The quid pro quo for taxing pension funds is that they will no longer be forced to invest half their assets in prescribed investments, which are low-yielding fixed-interest official securities. According to Marais, prescribed assets would be dispensed with if pension funds are taxed, and retirement annuities would be abolished.

The *FM* supports the principle that all savings institutions should be taxed in the same way, according to the nature of the markets they serve. But the problem is not as simple as we suspect Marais would have us believe.

Those that have planned their retirement under the existing system are entitled to seek reassurance that their tax position will not be altered.

The question of regression will have to be addressed: rich pensioners could benefit more than poor ones.

And remember, ultimately it is not pension funds but actual and potential pensioners who will bear the cost. If the consequence is to make savings via investment funds less rewarding, there is a distinct risk that more old people will become more of a burden on the State, rendering the exercise counter-productive.

Whether it is in the interests of economic growth that savings be taxed at all also needs serious attention. One of the means whereby the Japanese engineered such rapid growth after the war was by abolishing all tax on savings and, in fact, making it more advantageous to invest in a business than in a house.

We suspect, too, government's motives. Is it trying to spread the tax burden (an emotive term which is not always as convincing as it sounds) and so reduce the overall tax load, or is it merely getting its fingers into a larger source of revenue to spend on further interference in our lives? If that be true, then taxing pension funds will just be another way of mugging pensioners, even if the pensions they receive are not taxed. ■



Minister Du Plessis ... testing the waters



Mr Arthur Wienburg



Mr Donald Geyer



Mr Dick Friedlander

What the council tried so hard to conceal ...

FEW subjects can have been debated so thoroughly and so hotly by the Cape Town City Council in recent years as the decision to join the national pension fund for councillors.

This is speculation, of course: the debate took place in secret despite several attempts to have it in the open. Details of the final debate this week were buried in a separate, secret minute book. Not even the voting may be made public.

What was it the council fought so hard to conceal?

The Municipal Councillors' Pension Fund was created in terms of the Draft Rules for the Pension Benefits for Councillors of Local Authorities Act of 1987.

Councils have until July 1 to join the fund. Councillors may still refuse to join now, but after October 26 they will have no choice — as "new" councillors they will be compelled to join.

Members will have to be 60 years old and to have served for at least eight years to qualify for pension benefits, which reach the maximum after 15 years. Members with eight years' or more service who leave before retirement will start being paid at 60.

Payouts will be based on rates of pay ruling at retirement taking into account a councillor's "average emoluments". At various stages he may have been paid up to four times the average councillor's allowance (presently R1 000 a month) if he was mayor, deputy mayor or on the executive committee.

Municipal Reporter

Councillors' contributions to the fund are expected to be 10 percent of their allowances. The Government will have to decide what the council will have to pay (the "employer's portion"), but the City Treasurer, Mr Donald Geyer, has estimated 35 percent.

At present rates this would cost the city about R200 000 a year "or one-eighth of one percent of the rates", said a councillor, Mr Dick Friedlander. However, he added, "the principle is that the fund will be self-funding".

Yet, according to one of the fund's main critics, Rondebosch councillor Mr Arthur Wienburg, 35 percent is more than double what Cape Town puts into pensions for its municipal workers and nearly three times the average contribution nationally. And the rules allow the council to contribute as much as 50 percent, he says.

Cape Town has also accepted the fund's "pay in for past service" provision. Unlike the public service pension fund, this will allow councillors to pay in only for the years they served.

If other councils decide against this benefit — it is not compulsory — their councillors will have no way of gaining compensation for past service.

Although the rules allow a local authority to foot the entire bill for the "pay-in" scheme, Cape Town's councillors will contribute 10 percent of all the allowances paid to them over the years.

The council has set aside about R3,4-million of its reserves over 10 years to pay for the scheme, which covers management committee members, too. This assumes that everybody will want the benefit.

Mr Geyer confirmed that the rules allowed someone who was not even a sitting councillor to qualify for the pay-in scheme, although this would be "rare" and would have to be "well-motivated".

If members left the council before the eight-year qualifying period, their pension contributions would be refunded, probably with nominal interest added, Mr Geyer said. "Pay-in" payments would not be refunded.

According to figures provided by Mr Wienburg, if a councillor who has attained the highest office in the council and served for more than 15 years elected to "pay in" the maximum for past service, he would receive:

- A gratuity of about R30 000 and
- A monthly pension of about R2 500 for the rest of his life and "generous benefits" for his widow.

This package has been calculated to cost the ratepayer about R300 000. For this the councillor would pay a maximum of R2 000.

Mr Friedlander said an "average" councillor who had served 10 years to date would have to pay in about R3 600. Somebody who retired at the end of this year after 15 years and never rising above the basic councillor's allowance would pay in about R5 000.

Originally rejected by the House of Representatives, enabling legislation entitled the Pension Benefits for Councillors of Local Authorities Act (No 105 of 1987) was placed on the statute books after a special session of parliament and with the help of the President's Council (*Government Gazette* No 11144 of February 17).

However, it is understood the rules provide for: a qualifying period of eight years; contributions calculated at 45% of pensionable allowances, 10% of which will be paid by the councillor and 35% by the council; and a pension at 60 to be based on the monthly average pensionable allowances during the 15 "best income years" of the member.

Provision is also made for councillors who have served for 15 years to buy back benefits.

The first is whether it is ethical for councillors to vote themselves such perks, without having taken the issue to the electorate. The second is whether the value arrived at for the

Each council has made a projection of costs but the *FM* has been able to discover only Durban's — R350 000 a year (excluding provisions for buy-backs), for the 69 city councillors and members of Indian and Coloured Local Affairs Committees. ■

Going for gravy

City councillors nationwide are in the process of voting themselves pension fund benefits — details of which remain secret. Officials of the United Municipal Executive (UME), who are preparing the fund's rules, are "under instruction that these should remain confidential," says executive secretary

R100-m ster 24/5782 bonanza for the 300 United

Senior citizens nationwide have deposited more than R100 million with the United Building Society Limited during the first three days of its special scheme.

The R100 million total was reached by close of business on Wednesday afternoon, and it was reported that senior citizens were still making inquiries about the deposits at United branches around the country.

A spokesman for the United said that most of the business had been generated in the Transvaal, with nearly one quarter of the total deposits coming from the Johannesburg area.

"Branches in Natal have been extremely busy and Cape Town reported a lot of interest, with deposits coming in steadily.

"Demand for the bonds was lowest in the Orange Free State but we are happy with our figures there, as the area is vast and mostly of a rural nature," the spokesman said.

For more information telephone: K MacGregor, United Building Society, at (011) 28-2920 or (011) 23-0496.

Legion: veterans lose on war pensions

Daily Dispatch
Correspondent

GRAHAMSTOWN — Black war veterans in the independent states were being short-changed on their war pensions if they received them at all, it emerged at the regional conference of the Eastern Province and Border branches of the South African Legion (SAL) in Port Alfred this weekend.

It was found that:

- Bophuthatswana worked on a means test but did not pay.

- Transkei war veterans got R137 and not the R150 to which they were entitled.

- Kwazulu was not paying according to the new scale.

- Representations to the Lebowa authorities received no response.

"It's like a brick wall," the national secretary of the SAL, Mr Ron McCall-Peat, said.

An effort to rectify the situation was an ongoing exercise although

the department of transport had been informed.

A former provincial chairman from Grahamstown, Mr George O'Neill, said: "These men fought for South Africa in a world war and should be paid by the South African Government".

The lengthy battle to achieve pensions' parity for all war veterans — implemented in 1986 — was seen as a hollow victory if black war veterans received nothing.

The national president of the SAL, Major General Bruce Guildford, said: "I don't think the government can continue to avoid its responsibility. They must pay war veterans in the national states."

SAL had taken a further step to ensure that black war veterans received their pensions.

"Not all of them know they are entitled to pensions. We have travelling agents seeking them out," Gen Guildford said.

One was operating

successfully in Natal. Others were being appointed in the Free State and Transvaal.

Plans were in hand for launching the project's second stage.

"To ensure that war veterans were receiving correct pay-outs we set out to acquire the names and addresses of all military pensions. This we achieved," he said.

Contact was then made with severely disabled pensions. This was completed "after many months".

Stage three of Operation Contact would be directed to the 4 600 war widows who might be entitled to higher pensions after the new dispensation of October, 1986, Mr McCall-Peat said.

The "stand-still" budget speech had been a severe blow to the SAL, he said.

"There were no concessions except the one-off bonus of R60," he said.

This despite repeated pleas that pensions be

coupled to the Consumer Price Index.

"I had hoped the government would reconsider this issue because many military pensions including the severely disabled have no other income," he said.

There was "a small ray of hope", however.

"It is rumoured there may be good news for pensioners in the Own Affairs Budgets," Gen Guildford said.

The "hated" educational clause — where disabled men get differentiated pensions according to their education level for the identical degree of disablement had once more been addressed.

The legion was in a crisis situation regarding dwindling membership, Mr Eric Tordiffe, of Bloemfontein, said.

The legion was most vulnerable at national level as most of the key members of the national executive were in their 70s. No younger men were lined up to take their places.

"Can it be that the present generations are not motivated by what motivated us — the simple satisfaction of helping our less fortunate comrades?" he asked.

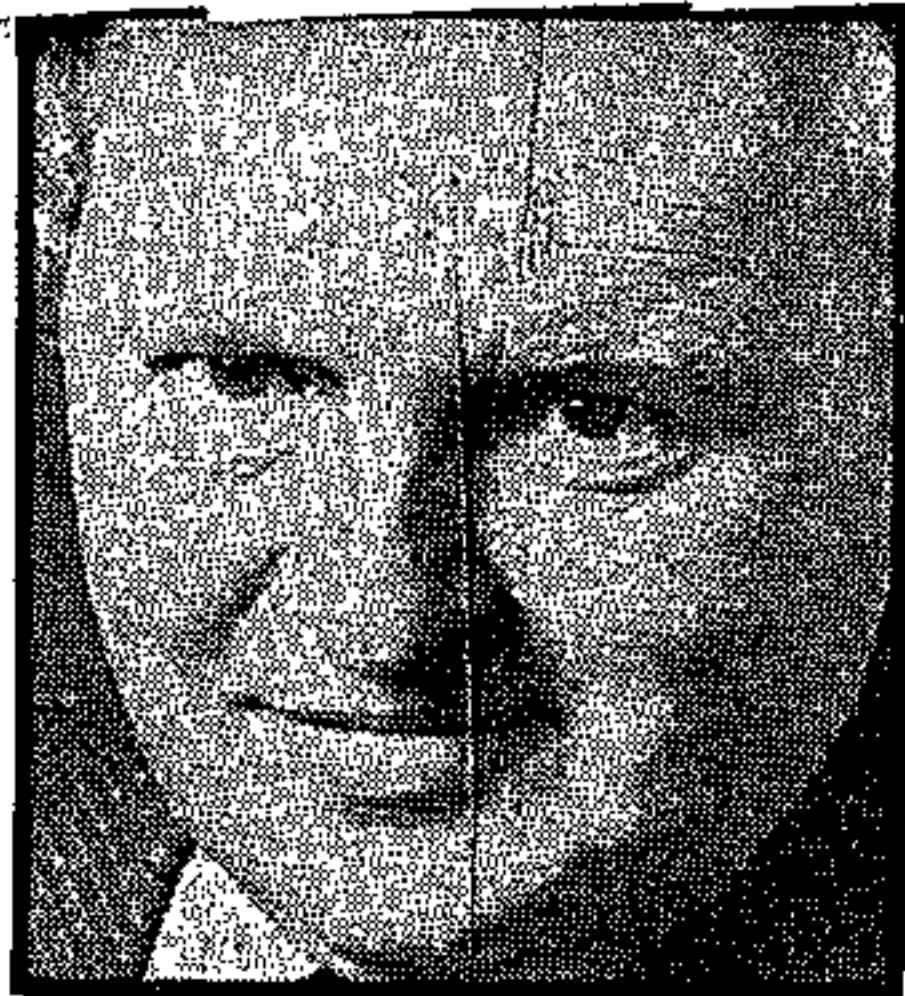
To counter the situation, several steps were suggested by Mr Tordiffe.

"We must rethink our aims bearing in mind that they should be relevant to South Africa today.

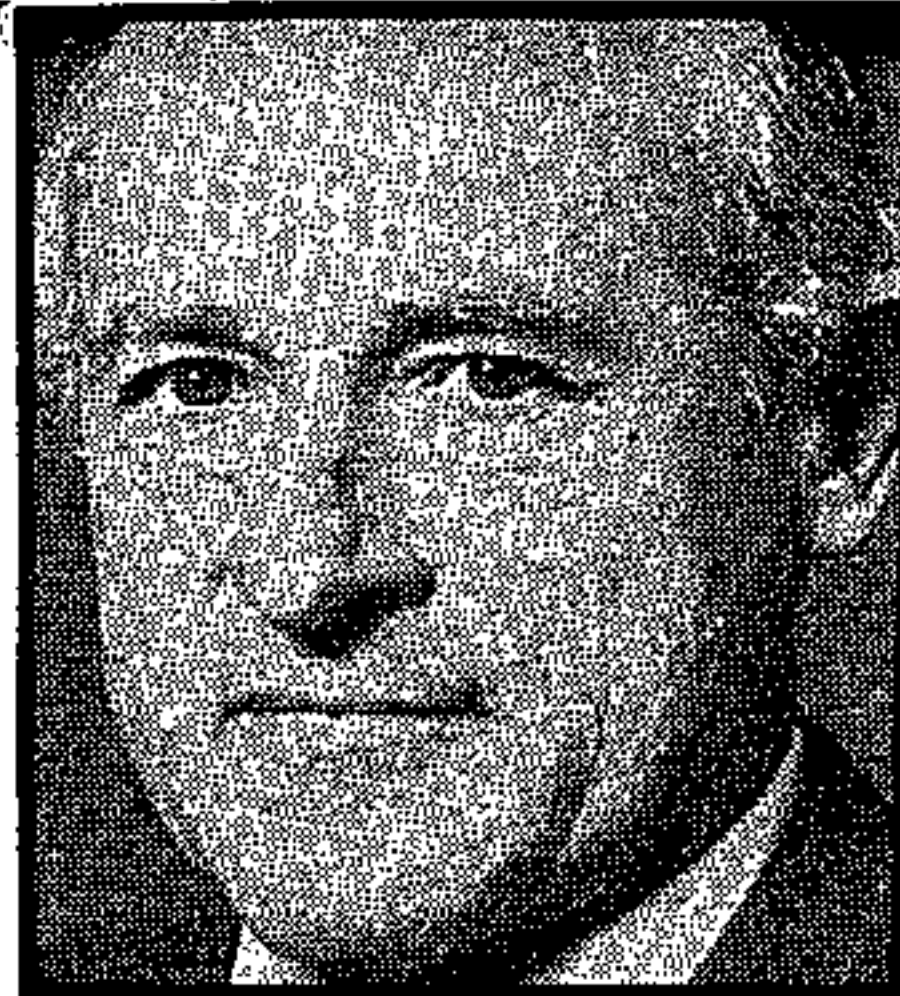
"We are studying the viability of producing video material publicising the work of the legion. This must be done professionally and will cost money. But we must spend money if we want to make it and achieve our end," Mr Tordiffe said.

"We must think young," he urged.

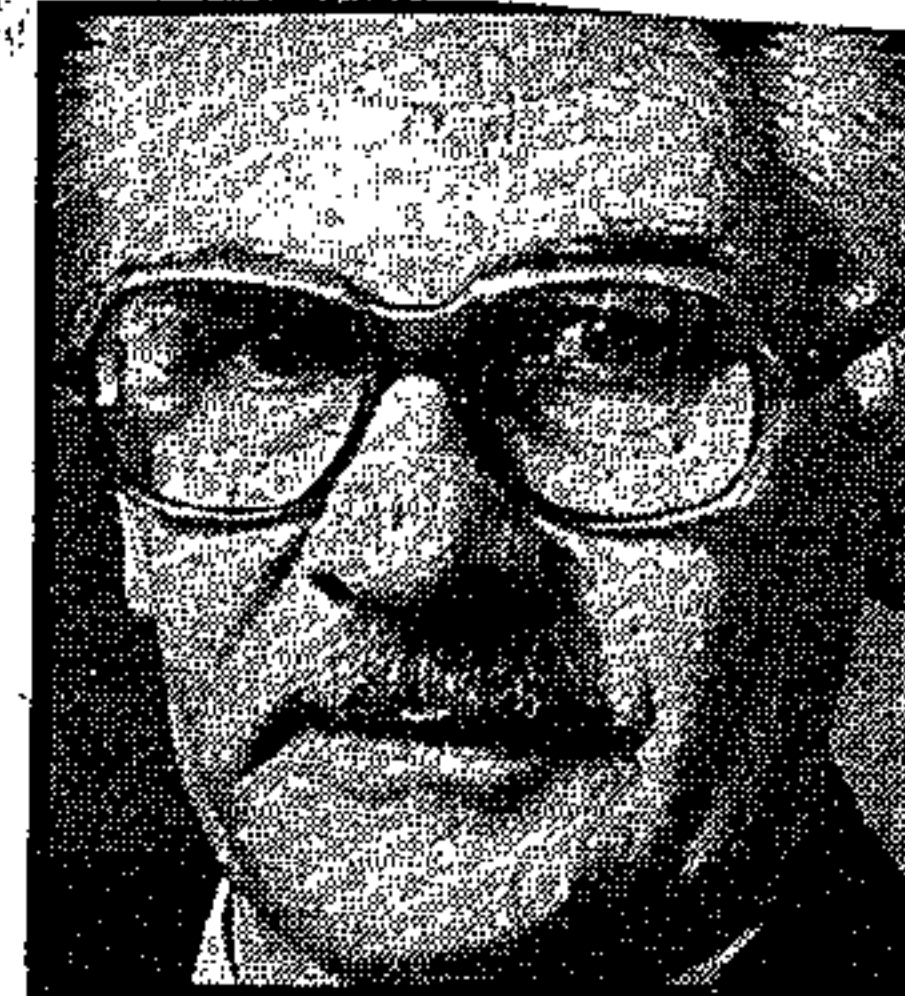
Plans of action should be prepared and ready for presentation at the SAL national congress in November. These should include suggested methods and techniques for implementation.



Mr John Muir



Mr Chris Joubert



Mr Eric Merrington

Are city councillors worth their salt?

By ANTHONY DOMAN, Municipal Reporter

IT has been, financially speaking, not a bad few months for Cape Town's city councillors.

● In January they voted themselves 61 percent increases to R1 000 a month — the maximum allowed by the Provincial Administration.

● By April they had joined a national pension fund offering terms far better than the private sector average.

● This month they accepted the option of "paying in" to the pension fund for past service — again at bargain rates.

Today, senior office-bearers such as the mayor and the chairman of the executive committee are paid as much as R4 000 a month.

Management committee members now get up to R800. The Athlone chairman's allowance more than quadrupled from R560 to R2 400.

Are they worth it?

Being a councillor can mean hard work. A typical schedule could involve fielding telephone calls and letters daily. Occasionally, on-site inspections are necessary. Add several hours more for ward work.

"Forward planning" and research are time consuming. "A 10-minute speech could take up to three hours to prepare," one councillor said.

On average a councillor could attend at least two committee meetings and a full council meeting every month — a total of about 11 hours. Preparation for meet-

ings would take another seven or eight hours.

Direct costs could include secretarial services, stationery, stamps, transport and telephone calls.

Most councillors hold down jobs or run businesses of their own. On present allowances, many say they end up out of pocket.

If it is such a grind, why do they do it?

The predictable answer would be "to serve the community". Yet, without being unduly cynical, there is no denying that this "service" has a certain allure. Consider the perks: allowance and pension, political clout, business contacts and the cocktail circuit.

Earlier this year, when the Cape Town City Council increased its allowances, a handful of protesting councillors were drowned out by the majority chorus.

Even those who opposed the increase agreed that expenses for certain "full-time" office-bearers such as the mayor and chairman of the executive committee warranted increases.

However, Mr John Muir warned councillors against "being bought" and becoming part of a "grave train".

However, Mr Leon Markovitz hit back sharply, saying that some people spent "a tremendous amount of time" being councillors. A councillor also had a duty "whether he earns R600 or R1 000 a month to give a percentage of that money — and a large per-

centage — to charitable organisations".

Mr Arthur Wienburg was against drawing councillors from the ranks of "fat cats". Paying appropriate fees would also result in a more professional approach, he said. "People here are governing a city with a budget of R1-billion."

Mr Eric Merrington said his job prospects and pension could have been harmed because he had had to take time off for council business.

"I unashamedly need that R1 000, but I believe I deserve it," said Mr Merrington, a pensioner. "A person who puts in my amount of work should be paid the salary of an MP."

Mr Chris Joubert said: "We are not prepared to do community service and to be out of pocket — and I don't believe my ratepayers expect that."

What do ratepayers say?

An executive member of an Athlone civic association said services in the management committee area did not warrant increased allowances. "I think most people are indifferent to the committees," he added. "But in a way we shouldn't be — it's our money, after all."

Naturally, he who pays the piper calls the tune.

City ratepayers' association chairman Mr William Combrink summed it up. "If capable and hard-working city councillors do their job diligently, R1 000 could be considered fair. Otherwise, the electorate have the solution."

300

Uncertainty over granny bond rates

PARTICIPATION mortgage bond managers seem confused about how to view the revamped "granny bonds" in a climate of rising interest rates.

Some are considering advising eligible clients not to move funds into the Senior Citizen Deposit Scheme introduced last week for fear that interest rates on participation mortgage bonds (partbonds) will exceed the 15% return on the deposit scheme, where funds are committed for a year.

Others interpret their position differently, believing their over-65 clients should take advantage of a 15% return while they can and that if the current 14,5% rate on partbonds moves above 15%, they will be free to benefit from these higher returns too.

The latter interpretation seems to be the correct one, if one goes along with Bloemfontein Board of Executors MD Colin Hickling, who is also on the executive of the Association of Participation Mortgage Bond Managers and was closely involved in negotiations with Finance Director-General Chris Stals on partbond managers' participation in the scheme.

Partbond managers were not initially included in those financial institutions allowed to offer the scheme, but their lobby was successful.

They were granted permission to participate on the basis that the scheme be offered only to those clients who had had money invested for at least five years.

As Hickling understands, no funds will

HELENA PATTEN

actually be moved from a partbond. Instead, government will just subsidise partbond holders to the extent of the shortfall of existing partbond rates from 15%. Should partbond rates reach or exceed 15%, the subsidy will simply fall away.

However, J H Isaacs Natal MD Trevor Warman, who has a different understanding, said the company was considering discouraging clients from moving their money into the new scheme, because current indications were that interest on participation mortgages would exceed 15% before the year was out.

Since the announcement of the scheme, returns on a participation mortgage bond had already climbed 1,5% to 14,5%, just 0,5% below the 15% Senior Citizen Deposit scheme.

He feared if interest rates continued to rise, granny bond investors who had moved their funds from a partbond investment could find themselves with their money committed for a year at a less-than-optimal return.

Finance Department indications are that an increase in the 15% return on the new scheme is unlikely. The purpose of the granny bonds is not to give senior citizens preferential rates of return, but to ensure a real interest rate after inflation. A rise in market rates would therefore not necessarily trigger off an increase in the granny bond rate.

Clean-up for pensioners

300

THE We Care for the Aged and Disabled project in Zone 9, Meadowlands, Soweto, will today embark on a clean-up campaign at the homes of the disabled and aged in the area.

Armed with brooms, mops and water buckets,

SOWETAN
Reporter

the residents will clean the homes of pensioners and disabled people from early in the morning until later in the afternoon.

Last week, the residents raised more than R500 from a charity

football match and used the money to buy blankets for the twilight people. Sowetan

Those who need further information could telephone Mr Victor Letsoalo at 1346 or 1849 Zone 9, Meadowlands.

MP calls for equality in pensions (302)

Daily Dispatch ^{DID}
Correspondent ^{24/5/68}

CAPE TOWN — It was high time that discrimination against blacks with regard to old age pensions be stopped, Mr Ken Andrew, (PFP, Gardens), said yesterday.

Mr Andrew said during the debate of the parliamentary commit-

tee on Cape Provincial affairs, that discrimination against black social pensioners took a variety of forms:

- pensions were only 54 per cent of those for whites;

- pensions were only paid bi-monthly;

- pensions could not be paid directly into

bank or building society accounts, and;

- tens of thousands of eligible black people were not presently receiving pensions.

Mr Andrew said the Minister of Constitutional Development and Planning, Mr Chris Heunis, had indicated in August last year that

monthly payments were "on the way".

However, this was still not the case.

He appealed to banks and building societies — particularly at a time when they were "competing vigorously" for the savings of senior citizens — to do something to assist "the poorest pensioners of all".

466 25/5/80

Referendum call over councillors' pensions

By ANTHONY DOMAN
Municipal Reporter

ANGRY ratepayers are demanding a referendum to test the legality of the Cape Town City Council's membership of the councillors' pension fund under a "pay in for past service" scheme which could cost the city millions.

The chairman of the Southfield/Naruna Rent and Ratepayers' Association, Mr Dennis Phillips, said today members "unanimously" backed a referendum proposal at a meeting this week.

"We will be writing a letter to the Town Clerk, with copies to ratepayers' associations in the other 16 wards," he said.

"We do not want to pay extra

rates just to support this pension benefit. Councillors should be doing their work as a service — not for what they can get out of it."

SECRET DEBATE

After a secret debate the council last week voted, also in secret, to allow councillors to "pay in" for past service.

It is expected that the council, as the "employer", will contribute R3,50 for every rand councillors pay to the fund.

The City Treasurer has estimated this will cost the city more than R200 000 a year at present rates.

In addition R3,4-million has been set aside for councillors who want to "pay in" for their past service.

Benefactor pays pensioner's rent

by DAVE MARRS

EAST LONDON — A retired businessman here has donated over R1 000 to pay the rent arrears of an evicted Duncan Village pensioner after reading of his plight in the Daily Dispatch.

Mr Mzizi Sobolo, 65, heard about the generous act when he returned to his shack in the back yard of his former home in Sandile Street, the day after a report on his situation was published.

He found that the Gomo municipal police had unlocked the doors and allowed his family to move back in, saying only that the rent had been paid by an anonymous benefactor.

Further inquiries at the town committee offices revealed the name of a retired 68-year-old businessman in the city, who read of Mr Sobolo's plight and went to pay the outstanding amount the next day.

When contacted yesterday, he agreed to speak to the Daily Dispatch on condition that his name was not revealed.

"I felt sorry for the man. The poor guy had nowhere to go with his family and, as a practising Christian, I felt it was my duty to help him if I could afford it."

He said he was an active member of the St Alban's Anglican Church and had run a manufacturer's agency before his retirement.

"I am getting on in years myself and I know how the man must feel not to have a place to stay at his age."

Mr Sobolo and his seven dependants, including four unemployed adults and three children, moved into the shack after they were evicted from the house four months ago because they had not paid R33,79 in rent for the month.

The Gomo Town



Mr Sobolo ... evicted from his home.

Committee claimed a rent arrear of R1 046, but Mr Sobolo said he could not afford to pay as he was surviving on a pension of only R20 a month, supplemented by food handouts from charity organisations.

Now his delight at the unexpected windfall has been tempered by the nagging problem that caused his eviction in the first place — he does not know how he will be able to pay his rent this month.

1587

THURSDAY, 26 MAY 1988

1588

†THE MINISTER OF LAW AND ORDER:

- (1) Yes.
- (a) 22 April 1988.
- (b) It is not in the interests of the public or the country to furnish these reasons.
- (c) Regulation 3(3) of the Safety Regulations promulgated in terms of the Public Safety Act, 1953 (Act 3 of 1953) by Proclamation R.96 of 11 June 1987.
- (d) Pollsmoor Prison.
- (e) WILLIAM ANDREW HOFMEYER.
- (2) (a) and (b) Investigation into the activities of this person is continuing. An indication cannot be given at this stage when and for which crimes the detainee will be charged.

SADF: cruelty to animals

*14. Mr D J DALLING asked the Minister of Defence:

- (1) What is the policy of the South African Defence Force regarding cruelty to animals;
- (2) what steps are taken by the Defence Force to (a) monitor and (b) prevent acts of cruelty to animals?

The DEPUTY MINISTER OF DEFENCE:

- (1) Members of the SA Defence Force are also subjected to the Animals Protection Act No 71 of 1962, as amended, and no provision is therefore made for a separate policy.
- (2) (a) and (b) Military veterinarians and nature conservation personnel are continuously on the look-out for possible cases of cruelty to animals. They also regularly deliver awareness lectures at bases with reference to the treatment of pets, as will be done during the National Pet Week from 28 May to 4 June 1988.

Military pensions: Black persons

*15. Mr D J DALLING asked the Minister of Constitutional Development and Planning:

- (1) What is the policy of his Department or

HOUSE OF ASSEMBLY

Haward

the provincial governments regarding military pensions for Black persons;

- (2) whether, with reference to information furnished to the Minister's Department for the purpose of his reply, any persons who applied for military pensions have not received them; if so, (a) how many such applications have been delayed, (b) why and (c) in respect of what date is this information furnished;
- (3) what steps are being taken by his Department or the provincial governments (a) to ensure that those persons eligible for military pensions receive them and (b) to facilitate the process of application and payment of military pensions to prevent undue delay;
- (4) whether his Department or the provincial governments will take action regarding the applications for military pensions by certain persons, whose names have also been furnished to his Department; if not, why not; if so, (a) when and (b) what are the names of these persons?

†The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Neither my Department nor the Provincial Governments have any policy regarding military pensions for Black persons as no responsibility in respect of military pensions for Black persons was placed on them. If the hon member refers to war veterans pensions the reply is as follows:

- (1) The policy of the Provincial Governments regarding war veterans pensions is laid down in the War Veterans Pensions Act, 1968 (Act 25 of 1968).
- (2) No.
- (3) (a) The Provincial Governments have no duty to ensure that persons, who are entitled to war veterans pensions, receive those pensions, as the onus to apply for a war veterans pension rests on the person who is entitled to such a pension in terms of section 3 of the Act referred to above. As soon as such a person has applied and his application is approved officials of the Provincial Governments see to it that the pension is paid out to him at a pre-determined place and time.

1589

THURSDAY, 26 MAY 1988

1590

300

Haward

- (b) The Provincial Governments are at present actively implementing measures in Black towns throughout the Province to make it easier for all categories of pensioners to draw their pension monies and for applicants to apply for a pension.
- (4) Yes, on condition that such persons are entitled to a war veterans pension and comply with all the requirements laid down by the Act.
- (a) Immediately on receipt thereof.
- (b) Mr J Choou and Mr Mothibe.

Mr P G SOAL: Mr Chairman, arising out of the reply of the hon the Minister, would he advise us who supplied him with this information?

†The MINISTER: Mr Chairman, in respect of the provisions of the Act, it was I myself. I want to suggest that the hon member reads the Act. In respect of what the province does in order to facilitate the payment of pensions, the information was supplied by the provincial government itself.

†Mr J VAN ECK: Mr Chairman, further arising from the reply of the hon the Minister, may I ask what he means by the provincial government, in the light of the fact that the provincial administration is not autonomous.

†The MINISTER: Mr Chairman, I want to suggest that the hon member reads the relevant legislation on provincial government, then he will know what I mean by that.

Cruelty to animals

*16. Mr D J DALLING asked the Minister of Defence:

Whether, with reference to information furnished to the South African Defence Force for the purpose of the Minister's reply, any steps are being taken by the Defence Force against certain persons who allegedly committed acts of cruelty to animals; if not, why not; if so, (a) what steps, (b) when and (c) what are the names of the persons involved?

The DEPUTY MINISTER OF DEFENCE:

No, the investigation into the matter has not been completed.

Cruelty to animals

*17. Mr M J ELLIS asked the Minister of Defence:

- (1) Whether any complaints regarding alleged cruelty to animals by members of the South African Defence Force were received by a certain person, whose name and rank have been furnished to the Defence Force for the purpose of the Minister's reply; if so, (a) when, (b) from whom and (c) (i) what was the response of this person thereto and (ii) what is his name;
- (2) whether any further complaints regarding alleged cruelty to animals have been received from any other members of the Defence Force; if so, (a) when, (b) from whom and (c) what was the response thereto;
- (3) whether the Defence Force intends holding an inquiry into such allegations; if not, why not; if so, when is it expected that the results of such an inquiry will be available?

†The DEPUTY MINISTER OF DEFENCE:

(1), (2) and (3) The matter is still being investigated and it is at present not possible to reply to the questions.

Special constable: offences

*18. Mr J VAN ECK asked the Minister of Justice:

- (1) Whether a certain special constable from Aberdeen, whose name has been furnished to the Minister's Department for the purpose of his reply, was found guilty of an offence in the Grahamstown Supreme Court towards the end of March 1988; if so, (a) of what offence was he found guilty, (b) on what date was he sentenced, (c) what was the sentence imposed, (d) on what date did he start serving this sentence and (e) what is the name of this person;
- (2) whether, between the date of this person's being sentenced and the date on which he started serving his sentence, he was allowed to perform his duties as a special constable; if so, (a) to what extent and (b) why?

The MINISTER OF JUSTICE:

- (1) The information asked for in the preamble as well as opposite (a), (b), (c) and (e) is obtainable from the court record which is a public document. The date asked for opposite (d) is 2 May 1988.

HOUSE OF ASSEMBLY

Veteran Choeu still fights for his pension



OLD SOLDIER ... John Choeu with his Second World War medals

WAR VETERAN John Choeu proudly takes out a pile of documents, an array of war medals and a painful look comes over his face as he says: "We were young men fighting for a country we loved — but now we live in this poverty amidst all the wealth."

The 70-year-old Second World War veteran has been shuttling between the SA and Bophuthatswana governments, fighting his and other war veterans' case for a pension and war gratuity they were promised on leaving the army more than 40 years ago.

His, and the plight of many others, was exposed by Business Day Editor Ken Owen in his column of May 9 head-

THEO RAWANA

lined: "Old soldiers never die — they starve".

"On discharge from the army in 1946, I was told I would be entitled to a war veteran's pension and gratuity on completion of Forms DD 863D, BA 305 and DSO 305, but I have never seen the forms since I left the war."

He cannot explain what each form is for.

Choeu, a father of nine, lives in a Bophuthatswana settlement called Madibogo in the Northern Cape and ekes out a living in the Mafikeng area

mending pots, washing basins and pressure stoves.

Pursuing his case for a war veteran's pension and a gratuity, he has

handed his and other veterans' Certificates of Service to the Wits Law Clinic.

Other veterans, also without pensions, regard Choeu as the champion of their rights. Those gathered in the small mud-daub structure he calls home included Daniel Sijamoholo, 84; Goetsemotimo Moribe, 74; Samuel Modise, 74; and 84-year-old Mathimba Molefo.

A nostalgic look comes over the former troop-carrier driver's face as he produces a picture he took as a private in what he calls Beirut (Syria) in 1942.

"It was a proud moment for us when German tanks fell into trenches General Dan Pienaar had dug under heavy fire. The Australians in our company saw it as tit-for-tat, since a section of our men had been captured not long before."

He also recalled when he was captured and kept in a camp in Tobruk for four months. "As starving POWs we worked on the docks, loading bombs on to ships. The worst moment was when US forces came and bombarded the place. The Germans forced us back into the firing line when we ran for cover. Many of our men died in that bombardment."

The Wits Law Clinic has been taking up the veterans' case with the different SA and Bophuthatswana government departments and the SA Legion and, after a promise from General Smuts more than 40 years ago that "SA was going to be a new country for black ex-soldiers", Choeu is still battling to get a pension.

But the present campaign on his behalf has given him renewed hope.



YOUNG SOLDIER ... Private Choeu somewhere in North Africa

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THE GOLD INVESTMENT CORPORATION

Bread and butter issues dominate

Parliamentary Staff

Bread-and-butter issues characterised the debate on Local Government, Housing and Works while the usual ideological sparks flew between Conservative Party "whites only" thinking, National Party claims to power-sharing and everyone else's rejection of all racial classification.

Speaking in the House of Assembly yesterday, Mr Pikkie Coetzee (CP) called on the Government to absolve pensioners from paying rates and taxes, and Mr Ken Andrew (PFP) said the Government should ensure that protected tenants were protected in practice from opportunist landlords.

Essential repairs were often a landlord's excuse

CP suggests pensioners pay no taxes

to drive protected tenants from their homes.

The Minister for this portfolio, Mr Amie Venter, also took up bread-and-butter issues, announcing that first-time home buyers who were transferred and forced to move would continue to receive the State subsidy for which they qualified.

On a more political note, Mr Peter Gastrow (NDM) warned that own

affairs local government should not be forced down the throats of the people of Natal.

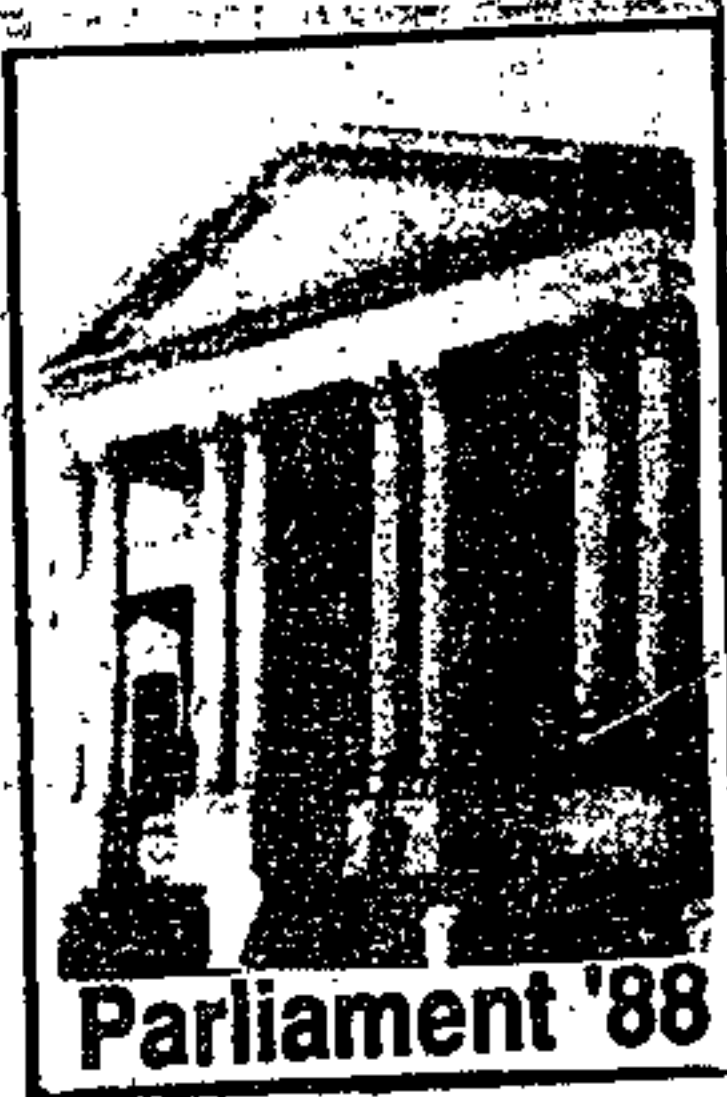
The National Party represented a small section of the Natal community while the Indaba represented a broad cross-section, he said.

The Indaba wanted a form of local government to be worked out by the residents themselves which the Government should respect.

"Don't create tensions and conflicts where they don't exist," he said.

Mr Jasper Walsh (PFP) said the own affairs policy contributed to the deterioration of race relations as this policy promoted competition between races for scarce resources.

He said the PFP rejected own affairs not only on political and ideological grounds but because the policy was impractical and divisive.



Anxiety over lump pension payments

Star 26/5/88
300

There was cause for concern at the amount of lump payments from pension funds in 1986, the Registrar of Pension Funds, Mr T van Wyk, said in his report for the year, tabled yesterday.

During the year, official or State-controlled funds paid out benefits of R1 693 million, and funds to which the Pensions Funds Act applied, R2 693 million.

Of the total of R4 386 million, R1 838 million was in the form of annuities, R1 413 million in lump sums on retirement or death, R885-million as a result of resignations or withdrawals, and R250 million in respect of other benefits.

The report pointed out that in February 1987 the Joint Committee on Pension Benefits had recommended encouraging voluntary and negotiated preservation of pensions, whether by transfer or otherwise. Sapa.

Councillor bids to stop pensions

By CHRIS STEYN

CITY councillor Mr Arthur Wienburg has threatened the executive committee of the City Council with an interdict unless it suspends its controversial decision to join the Municipal Councillors' Pension Fund, and agrees to debate the issue in public.

In a letter to Mr Dick Friedlander, chairman of the Exco, Mr Wienburg said he had obtained legal advice to the effect that the council's decision to debate the joining of the pension scheme in closed session was "invalid".

Mr Wienburg sought an assurance from Exco that it would not act upon the "ultra vires" decisions taken regarding the pension fund, and that the matter would be brought before council in open session.

"Should I not receive your assurance that decisions to join the fund and to contribute ratepayers' funds in respect of the past service benefits will not be acted upon, you will leave me with no alternative other than to seek an interdict from the Supreme Court preventing you on embarking on such a course of action," wrote Mr Wienburg.

Legal opinion obtained by Mr Wienburg was that the council had "misdirected" itself by excluding the public from the pension fund debate.

Mr Friedlander confirmed last night that he had received Mr Wienburg's letter but was not in a position to comment as he had not had an opportunity to study the legal opinion.

Pensions row: Council to act 'urgently'

By ANTHONY DOMAN
Municipal Reporter

Against were Mr Friedlander, Mr Jack Frost, Mr Jack Joffe, Admiral James Johnson, Mrs Joan Kantey, Mr Louis Kreiner, Mr Sol Kreiner, Mr Eric Merrington, Mr Peter Parkin, Mr Tony Powell, Mr Joe Rabinowitz, Mr Emil Riese, Dr John Sonnenberg, Mrs Eulalie Stott, Mr Llewellyn van Wyk and Mr Kosie van Zyl.

On leave were Mr David Bloomberg, Mr Rupert Hurly and Mr Norman Osburn. Mrs Esmé Chait and Mrs Bronnie Harding were absent.

The council eventually voted 24-6 in favour of joining the scheme. Mr Iversen and Mr Wienburg asked for their votes to be recorded against.

However, subsequent investigations have revealed that at least 10 of the councillors are strongly opposed to the principle of a pension fund.

THE City Council is to take urgent action on the row over its secret decision to spend millions on a councillors' pension fund.

The move follows calls for a ratepayers' referendum and a threat of legal action.

Executive Committee chairman Mr Dick Friedlander told the council at its monthly meeting yesterday that he had not had time to consider the latest developments in the pensions controversy. However, the executive would treat the issue as a "matter of exigency".

Ratepayers' organisations criticised the pension plan during a public "budget briefing" yesterday.

"Under consideration"

One speaker referred to it as "a shocking state of affairs" and demanded to know why it had been kept secret.

Mr Friedlander told another speaker, Mr John Kilian of the Ward 16 Ratepayers' Association, that he could not say what effect the fund would have on rates.

"It is still very much under consideration," he said.

City councillor Mr Arthur Wienburg and the Southfield/Naruna Rent and Ratepayers' Association have demanded a referendum to test ratepayers' opinion on the issue.

Mr Wienburg has also threatened to take the council to the Supreme Court after obtaining legal opinion suggesting that it exceeded its powers in debating the fund in secret.

The fund will cost the city more than R200 000 a year. An extra R3.4-million of city reserves, over 10 years, has been put aside to cover an additional benefit allowing councillors to "buy back" past service.

Meanwhile the veil of secrecy over the decision has been partially lifted with the release of previously confidential minutes showing that the council voted 24-6 to join the fund. All debates on the pension fund have been held in secret.

A bid to have the decisive debate on April 28 held in public was defeated when Mr Leon Markovitz's motion, seconded by Mr Frank van der Velde, lost by 15 votes to 14. After a division the count changed to 16-13 against.

Voted against

Voting for an open session were Mr Sam Gross, Mr Ian Iversen, Mr Chris Joubert, Mr Clive Keegan, Mr Markovitz, Mr John Muir, Mr Peter Muller, Mr Gordon Oliver, Mr Kenneth Penkin, Mr Neil Ross, Mr Frank van der Velde, Mr Jan van Eck and Mr Wienburg.

35/1 day 27/5/88

Political Staff

CAPE TOWN — Government will take action over the military pension of Second World War veteran John Choeu provided he was entitled to a war veteran's pension and complied with the requirements of the law, Constitutional Development and Planning Minister Chris Heunis said yesterday.

The pension would be paid immediately after his application was received and approved, Mr Heunis said in reply to Dave Dalling (PFP Sandton).

Choeu, 70, has been shuttling between the SA and Bophuthatswana governments in attempts

Govt promises pension action

to get his military pension and gratuity which he was promised when he left the army more than 40 years ago.

Choeu has also been fighting the cases of other war veterans.

Yesterday, Heunis said the provincial governments had no duty to ensure that anyone entitled to a war veteran's pension received it, as the onus to apply rested on the person who was entitled to it.

Pensions: How the councillors voted

By PETER DENNEHY

DETAILS have emerged of how Cape Town city councillors voted during the controversial debate behind closed doors on whether to join a pension fund that will cost ratepayers about R3,4 million over the next 10 years.

Previously unobtainable documents revealed to the Cape Times yesterday showed that a former mayor, Mr Leon Markovitz, proposed that the debate should be held in open session.

Mr Frank van der Velde seconded this, but the motion was defeated by 14 votes to 15. A division was called, with the following, slightly different, result:

Thirteen voted for an open session. They were councillors Sam Gross, Ian Iversen, Chris Joubert, Clive Keegan, Leon Markovitz, John Muir, Peter Muller, Gordon Oliver, Kenneth Penkin, Neil Ross, Frank van der Velde, Jan van Eck and Arthur Wienburg.

The 16 who voted against it were councillors Dick Friedlander, Hugh Frost, Jack Joffe, James Johnson, Joan Kantey, Louis Kreiner, Sol Kreiner, Eric Merrington, Peter Parkin, Alan Powell, Joe Rabinowitz, Emil Riese, John Sonnenberg, Eulalie Stott, Llewellyn van Wyk, and Kosie van Zyl.

Five councillors were absent: David Bloomberg, Rupert Hurly and Norman Osburn were on leave. Mrs Esmé Chait and Mrs Bronnie Harding were also not present.

After much argument, the motion

was put that the council should join the Municipal Councillors' Pension Fund and make its contribution towards the scheme.

Twenty-four councillors voted in favour, and six against. Their names do not appear on the minutes of the meeting, but councillors Ian Iversen and Arthur Wienburg asked that their votes be recorded against the decision to join.

The details came to light because the council uses a system of dark and light green paper coding for minuting sensitive matter at its meetings.

Items on light green paper — such as the voting in the pensions debate — can be released to the public after the council has made its decisions. Items on dark green paper remain secret.

● Some further facts about the fund emerged yesterday. One is that councillors who turn 60 and are eligible for the full pension will also get a lump sum "equal to final pensionable remuneration" for a year.

If a councillor/pensioner dies within five years of starting to receive a pension, his or her spouse continues to receive full pension for the balance of the five years, and thereafter receives 75% of the pension.

● Mr Arthur Wienburg has threatened court action over the decision to hold the debate behind closed doors and has insisted the Council hold a public referendum on the desirability of the pension fund.

Action on war veteran's pensions

CHT Times 27/5/88
380

By BARRY STREEK

THE government will take action over the military pension of World War II veteran. Mr John Choou provided he was entitled to a war veterans pension and complied with the requirements of the law, the Minister of Constitutional Development and Planning, Mr Chris Heunis, said yesterday.

The pension would be paid immediately after his application was received and approved, Mr Heunis said in reply to a question from Mr

David Dalting (PEP, Sandton).

Mr Choou, 70, has been shuttling between the South African and Bophuthatswana governments in attempt to get his military pension and gratuity which he was promised when he left the army more than 40 years ago.

Mr Choou has also been fighting the case of other war veterans who still have not received their pensions.

The plight of these war veterans was exposed in a column by the editor of Business Day,

Mr Ken Owen.

Yesterday, Mr Heunis said the policy of the provincial governments regarding war veterans' pensions was laid down in the War Veterans Pensions Act of 1968.

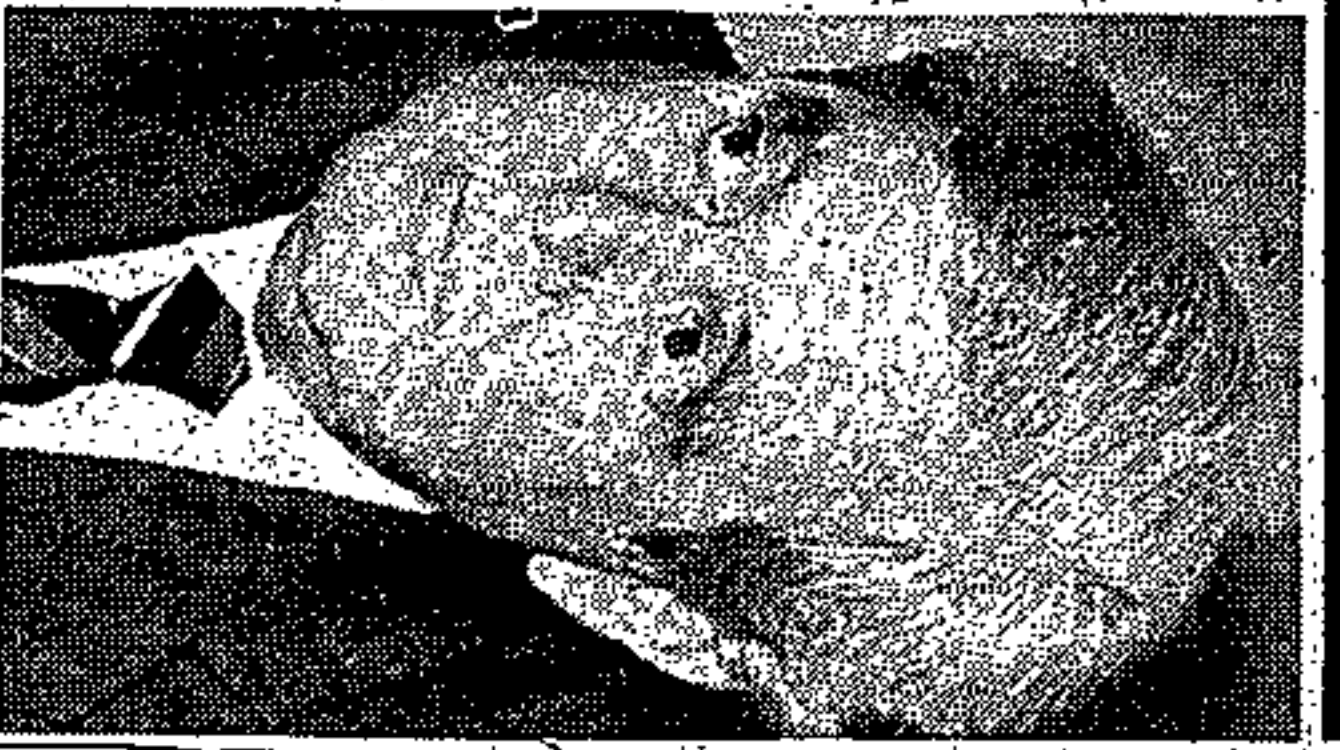
The provincial governments had no duty to ensure that persons, who were entitled to war veterans' pensions, received those pensions, as the onus to apply for war veterans' pensions rested on the person who was entitled to it.

"As soon as such a person has applied and his applica-

tion is approved, officials in the provincial governments see to it that the pension is paid out to him at a pre-determined place and time."

No people who had applied for military pensions and were entitled to them, had not received the pensions.

Mr Choou and a Mr Mothibe would be paid their pensions "immediately" on condition that they were "entitled to a war veterans pension and comply with all the requirements of the Act," Mr Heunis said.



Mr Chris Heunis

Pensioners are being 'robbed'

Political Staff

The shortfall between the one-off R60 bonus for pensioners and the effect of a 15 percent inflation rate was the equivalent to someone breaking into a pensioner's flat and stealing a loaf of bread and two large eggs every day of the year, PFP MP Mr Ken Andrew said yesterday.

"That is the National Party's 40th anniversary contribution to the social old age pensioners of this country," Mr Andrew said in the House of Assembly during debate on the "own affairs" health services and welfare budget vote.

"Does this Government not care whether social old age pensioners suffer

acute discomfort or not?" he asked.

The pension sum in 1980 had been a modest R109 a month. Today, pensions were exactly double but if they had kept pace with inflation they would be triple the 1980 sum.

The steady decline in the real value of pensions had had disastrous consequences for tens of thousands of pensioners, said Mr Andrew.

The National Party should be ashamed to tell these people, who had served the country and paid taxes all their lives, to tighten their belts.

Minister of Health Services and Welfare Piet Badenhorst said the Government was not unsympathetic to pensioners. He said of the R560-million set aside for care of the aged in his budget, R415,2-million was for pensions.

Refusal of pensions hike is a sore point

Members would not forget the refusal by Minister of Finance Barend du Plessis to approve a pension increase for coloured people, Minister of Health Services and Welfare Chris April said in the House of Representatives yesterday.

Speaking in debate on his R756 million budget vote, he said his department had provided for a R12-a-month increase in its draft budget for 1988/89 as part of the programme to achieve parity with whites.

Mr du Plessis had not approved it because of a purely technical point.

But Mr April claimed that the real reason was because of by-elections and the threat posed there by the Conservative Party. — Sapa.

Pensions: NP 'should be ashamed'

news
27/5/88

300

By DALE LAUTENBACH, Parliamentary Staff

THE shortfall between the one-off R60 bonus for pensioners and the effect of a 15-percent inflation rate was equivalent to someone breaking into a pensioner's flat and stealing a loaf of bread and two large eggs every day of the year, said Progressive Federal Party MP Mr Ken Andrew.

"That is the National Party's 40th anniversary contribution to the social old age pensioners of this country," Mr Andrew told the Assembly yesterday during debate on the own affairs health services and welfare budget vote.

Official Opposition MP Dr Willie Snyman took a similarly hard-hitting line on pensions, challenging the Minister of this portfolio, Mr Piet Badenhorst, to buy a trolley of groceries for a month on the R218 monthly pension the aged now receive.

"Doesn't it care?"

Mr Andrew had a challenge too: that Mr Badenhorst present a pro forma budget which would show how a social old age pensioner in Cape Town could maintain a healthy and reasonable standard of modest living on the monthly R218.

"Call in Lapa Munnik," interjected fellow PFP MP Mr Roger Burrows.

"Does this Government not care whether social old age pensioners suffer acute discomfort or not?" Mr Andrew asked.

In 1980 pensions had been a modest R109 a month. Today they were exactly double. But had they kept pace with inflation they would be triple the 1980 sum — about R327 a month.

The steady decline in the real value of pensions had had disastrous consequences for tens of thousands of pensioners, Mr Andrew said. For some it had meant constant hunger and cold in the winter.

Should be ashamed

The National Party should be ashamed to tell these people who had served the country and paid taxes all their lives to tighten their belts.

If the R5 a month which the one-off R60 bonus represented was set against the R33 a month by which pensions should have increased to keep pace with the cost of living, the shortfall was R28.

"What does this mean to the hard-pressed pensioner?" Mr Andrew asked. "It is equivalent to someone breaking into the pensioner's flat and stealing a loaf of bread and two large eggs every single day of the year."

The Government's attitude was "I'm all right, Jack, why are the pensioners complaining?". This showed Government arrogance and its contempt for the needs and rights of ordinary South Africans.

PERSONAL FINANCE



WATCH YOUR STEP! Granny bonds are drawing hefty amounts of money, but are they always the appropriate choice?

Monitoring granny-bond flood is poser for institutions

Funds continues to flow into the new "granny bonds", but the effect on the gearing of participating institutions is unknown as managers are unable to say how much is "new money".

Brian Short, NBS public affairs and communications general manager, says R50.7 million was placed on the 15 percent Senior Citizens' Deposit with the building society in the first six days of the new scheme last week.

"That's quite a big chunk of money, but we have not been able to split the new money

from transfers from other deposit and savings schemes within the NBS," he says. *Star 28*

It should be possible to do so soon, giving a clearer indication of the effect of the deposit scheme on lending rates. *5/8*

Meanwhile, participation mortgage bond managers are in two minds whether to advise clients to invest in granny bonds or take their chances on interest rates rising and keep funds in part bonds at 14.5 percent. *8*

The understanding among some is that over-65s cannot lose; the Government, they insist, will pay the granny bond subsidy on the investments of senior citizens in part bonds, dropping it when or if part bond rates move to 15 percent or more. *300*

Others believe this not to be the case, in many cases telling clients interest rates are on the climb and that their prospects are better sticking with part bonds.

War veteran gets service pension at last

300

CP Correspondent

PATIENCE has brought relief to a Duncan Village World War II veteran who has finally won his pension after a long struggle.

Albert Thamsanqa Cakata, 79, a part-time gardener received pension back-payments of R1 398, and an additional R233 monthly veteran's grant.

He previously owned a bicycle which he received from the government as part of his payment after the war.

"I am happy now that I have been finally granted the pension which I applied for years back," he said.

Cakata said he was not refunded for money

deducted while at war.

"We were paid R3 for each month and were told the rest was sent to our families. On my return I discovered that my two sisters had died while I was away, and that is why I expected my money to be returned," he said.

Cakata held a feast after receiving his grant - to thank his ancestors for being on his side during the war.

He voiced his greatest thanks to the Black Sash, saying "I do not have the words to thank them. They helped me when I was destitute having no one to help me.

"With my pension grant I will buy myself

29/5/88 CP Press
warm clothes for this coming winter."

Cakata lives with his nephew, but wants a house of his own where he hopes to live with a wife he is still seeking. His first wife and twin children died in a car accident.

He said he intended to make an application to get a house, but did not know whether he would get one. He would seek advice from the Black Sash on this.

Cakata told *City Press* he was confused by the annual commemorations held for war veterans as he had never been invited to attend one, although he had fought in the war. - Elnews.

Cape Times 30/8/88

Council pension debate: More moves this week

100000
Municipal Reporter

MORE revelations are going to emerge about the way Cape Town city councillors voted behind closed doors during various debates about their pensions.

On Thursday, councillors discussed the increasingly sensitive pensions issue again, also behind closed doors, but this time they decided to review and rescind last Wednesday's decision to "minute the debate separately".

Mr Ted Doman, the council's public relations officer, confirmed this on Friday.

Placing last Wednesday's debate about buying back pensions in a separate minute book meant that it would remain secret.

Details of a debate late last month on whether or not to join the pension fund in the first place have already been published by the Cape Times.

This debate was not separately minuted, so eventually the decision and voting had to be released to the press.

In the same way, some details of the buy-back debate should emerge this week.

Meanwhile, there has been a great deal of speculation over the identities of the six councillors who voted against the pension scheme from the first.

Two are Mr Arthur Wienburg and Mr Ian Iversen who had their votes against the scheme recorded.

The other four may not reveal who they are, as the debate was not open to the public. However, it is known that Messrs Sam Gross, Peter Parkin, Hugh Frost and Gordon Oliver have also opposed joining the pension scheme.

Others, like Mr Frank van der Velde, were not opposed to a pension scheme as such but did object to the "pay in or buy back" provisions and the amount the council would have to contribute.

Interim relief for homeland war veterans

THEO RAWANA

THE SA Legion is to ensure Second World War veterans who are homeland citizens receive interim relief while the issue of their pensions is worked out.

The plight of the veterans came to light recently when Business Day highlighted the case of John Choeu, who has never received a pension, his case complicated by his becoming a Bophuthatswana citizen.

The Wits Law Clinic, which is handling Choeu's case, has had assurances from the SA Legion that Choeu and other similarly affected veterans will get relief from the National War Fund while their case is being thrashed out.

Constitutional Development and Planning Minister Chris Heunis said last week the onus to apply for war veterans' pensions rested with the people who were entitled to them. Provincial governments had no duty to ensure they received pensions.

SA Legion to fight pensions issue

CPK-Temp 30/5/88

Relief for homelands veterans

Own Correspondent

JOHANNESBURG. — The South African Legion is to see that World War II veterans who are citizens of the independent homelands get interim relief while the issue of their pensions is being worked out.

The plight of the veterans came to light recently when the case of Mr John Choeu was highlighted in the Cape Times by columnist Ken Owen.

Mr Choeu, who has never received a pension, had his case complicated by becoming a Bophuthatswana citizen.

The Wits Law Clinic, which is handling Mr Choeu's case, has had assurances from the South African Legion that Mr Choeu and other similarly-affected veterans would get relief from the National War

Fund while their cases were being thrashed out.

The South African Legion is to hand forms to the Wits Law Clinic today for completion by the veterans.

The Minister of Constitutional Development and Planning, Mr Chris Heunis, said last Thursday that the onus to apply for war veterans pensions rested with the people who were entitled to them and provincial governments had no duty to ensure that anyone entitled to such pension received it.

He said nobody who was entitled to a pension, who had applied, had not received it.

A Wits Law Clinic spokesman said on Friday that a letter had been written to the Minister of Foreign Affairs, Mr Pik Botha, asking for clarification on how South Africa and Bophuthatswana were to handle the payment of pensions to these veterans.

Pension scheme put under the microscope

AKG 45 30/5/81
Tygerberg Bureau

CITY and town councils in the Tygerberg are investigating the proposed pension scheme for councillors.

Some of the councils have accepted the scheme in principle but are waiting for more information from the United Municipal Executive before taking the matter further.

Durbanville's town council had taken a preliminary decision on the matter, but had provided funds so that it was not caught unawares, said town clerk Mr Dennis Smit.

Brackenfell had accepted the proposal in principle and would be discussing it again tonight, Mr Wessel Visser, the town clerk, said.

Bellville had accepted the

concept in principle, but the council management and financial departments were investigating the matter further, said public relations chief Mr Steve Gouws. The council was waiting for additional information.

POSTPONED

The Goodwood Town Council had discussed the matter and postponed a decision until its meeting in two weeks' time, said town clerk Mr Friedel Conradie.

He said: "As officials we have made provision for the fund, but this must not be seen as acceptance. It will depend on what the council decides."

Mr Johnny Barnard, town clerk for Parow, said his council would discuss the matter at its meeting tonight.

— City councillors' — views on pensions

By ANTHONY DOMAN, Municipal Reporter

THE Cape Town City Councillors' pension row has taken a new turn with the council agreeing to lift the lid on its decision to spend millions on "past service" benefits.

The veil of secrecy over the pension debate — held entirely "in committee" — has led to calls from ratepayers for a referendum.

What the councillors said:

Mr Peter Muller, Mayor: Generally speaking, with the disappearance of the Provincial Council, local government is the only stepping-stone for somebody who is an aspirant politician. On balance, a pension fund for councillors who have served a certain minimum number of years is a good thing. I am a firm believer that councillors must also contribute. As for the buy-back scheme, it is something individuals will have to look at carefully.

Mr Dick Friedlander: I support it. I don't intend taking the full past service option, but there are councillors who may benefit by it.

Mr Frank van der Velde: I am disgusted with the way this thing was handled. The council should at all times be accountable to the electorate. In principle I accept some form of recompense provided it is reasonably related to service. I will not be buying back service.

Mr Rupert Hurly: Unfortunately I was away on leave for five weeks, so I missed the debates. However, I had no intention of going into the fund unless I was sure there was a fair deal for the ratepayers.

Mr Arthur Wienburg: I don't believe we should have a fund but I am prepared to accept the concept of a fund in line with standard pensions. If councillors want to buy back service they should pay the full amount — not just 10 percent. Finally, I believe that it ill behoves councillors of the Mother City to crawl behind closed doors to enrich themselves at ratepayers' expense.

Mr Neil Ross: I resent the fact that it was discussed in committee. I will not be buying back service.

Mr Gordon Oliver, deputy Mayor: I am against the whole thing in principle. I don't believe I can accept that ratepayers should take care of me in my old age.

Mr David Bloomberg: If a pension scheme has been introduced for municipalities countrywide I see no reason why Cape Town should not be part of it. Times have changed — when I came into the council 20 years ago we did not receive an allowance.

Mr Sam Gross: I am very definitely against the pension. Councillors are already well compensated. Being a councillor is extended community service in an honorary capacity for no reward.

Mrs Bronnie Harding: The main debate took place in committee and I was not there. I really would not like to comment for publication.

Dr Jack Joffe: A majority of the council accepted the principle of joining a national fund

and I don't want to express any views.

Mr Hugh Frost: I am not in favour of it whatsoever. I feel that a councillor is elected not for any financial gain.

Mr Sol Kreiner: A democratic decision was taken to have the vote in committee. Basically I abide by that decision. I would prefer not to comment.

Mr Chris Joubert: I am very happy with the idea. If this was only for Cape Town I would be against it but it is countrywide. In any case, after having been part of this decision I must still stand up and be counted before my ratepayers.

Mr Ian Iversen: In principle it is wrong and it was outrageous to discuss this in secret. I am not going to take up ratepayers' money in addition to the allowance I get.

Mr Eric Merrington: It is quite a good thing.

Mr Kenny Penkin: There is a move, led by the Government that remuneration should be paid to elected representatives. I have no problem with that. In regard to payment for past service, the city has an obligation to compensate councillors for the tremendous amount of time they have put into their work in the past.

Dr Joe Rabinowitz: Ten years ago I might have given you a completely different answer. I opposed all increases in allowances. But today nobody does anything for anyone else without payment. I am the only silly ass who thinks differently.

Norman Osburn: I don't have any objections in principle, provided the fund is dealt with in a proper way according to certain parameters. I have no personal interest in the fund. I believe that every matter of major public importance should be debated in the open.

Mr Peter Parkin: I have always been opposed to a council pension scheme which includes a buy-back option. The matter should have been discussed in open council.

Mr Joan Kantey: The fund was not initiated by Cape Town and as far as we know the other big cities are going in. I don't think it is a bad thing. The volume of work has increased enormously.

Mr Llewellyn van Wyk: In principle I am not in favour of a pension fund, but having had it approved by Parliament it does not make much sense that Cape Town should not take part.

Mr John Muir: I am against it. I believe it is a perk being offered as a result of the tricameral Parliament system.

Mr Kosie van Zyl: I would prefer not to comment.

Vice-Admiral James Johnson: It is a reasonable thing if you consider the amount of work a councillor has to do. It should be emphasised that this is a national fund.

Mr Clive Keegan: If you are going to attract the right sort of people in a city which has a budget of more than R1-billion, and if you want competent young people to take an interest in the running of the city you are going to have to make it financially rewarding for them.

from the Florida Branch of the South African Legion.

(c) Mr M J Choou

(d) (i) Each of the above-mentioned representations were referred to the then Department of Constitutional Development and Planning with a request that the case be accorded attention.

(ii) Because that Department was at that stage responsible for war veterans' pensions for Blacks.

(2) Yes.

(a) (i) 14 January 1941.

(ii) 16 January 1946.

(b) Demobilisation.

(c) Private.

(d) 1939/45 Star; Africa Star; British War Medal; 1939/45 War Medal; Africa Service Medal.

(3) Pensions

The SA Defence Force is not responsible for military and war veterans' pensions and therefore has no separate policy in this regard.

War Gratuities

There is at present no need for such a policy as the present dispensation of compulsory military service makes war gratuities unnecessary.

Caledon: traffic accident

*3. Mr W J DIETRICH asked the Minister of Law and Order:

(1) Whether the South African Police Force are conducting an investigation into a traffic accident near Caledon on or about 6 May 1988, particulars of which have been furnished to the Police for the purpose of the Minister's reply and in which a woman from Port Elizabeth was killed; if so, (a) what progress has been made in this investigation, (b) what were the circumstances surrounding the accident and (c) what was the name of the person concerned;

(2) whether during the 12-month period preceding the above-mentioned accident, the

Police investigated any other traffic accidents that occurred on this section of road; if so, what were the (a) particulars of these accidents and (b) findings in each case?

†The DEPUTY MINISTER OF LAW AND ORDER:

(1) Yes.

(a) It is anticipated that the investigation will be completed shortly.

(b) The circumstances which caused the collision is the subject of a judicial process. The required information is therefore not furnished, because it may anticipate the judicial process.

(c) The name which was furnished by the honourable member.

(2) Yes.

(a) and (b) Only one other collision was reported. A cyclist collided with a motor car. Damage was negligible and nobody was injured. No prosecution was instituted.

Caledon: traffic accident

*4. Mr W J DIETRICH asked the Minister of Transport Affairs:

(1) Whether his Department has been advised of a traffic accident near Caledon on or about 6 May 1988, particulars of which have been furnished to the Minister's Department for the purpose of his reply and in which a woman from Port Elizabeth was killed; if not, why not; if so,

(2) whether any similar accidents occurred on this section of road during the 12-month period preceding the above-mentioned accident; if so, (a) how many and (b) what were the causes in each case;

(3) whether any steps have been or are to be taken to prevent recurrences of such accidents; if not, why not; if so, (a) what steps, (b) when and (c) by whom?

†The DEPUTY MINISTER OF TRANSPORT AFFAIRS:

(1) No. Motorists and authorities are not compelled by law to inform the Department of Transport of traffic collisions.

(2) and (3) Fall away.

Own Affairs:

Question standing over from Wednesday, 18 May 1988:

Uitenhage: new old-age homes

*5. Mr P J MÜLLER asked the Minister of Health Services and Welfare:†

(1) Whether any new old-age homes are envisaged by his Department for Uitenhage; if not, why not; if so, (a) when is it anticipated that building operations will (i) commence and (ii) be completed and (b) what is the total amount allocated for this purpose;

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

†The MINISTER OF THE BUDGET (for the Minister of Health Services and Welfare):

(1) No, because it is the policy of my Department not to establish old-age homes. This is left to the initiative of welfare organisations while the Department contributes in the form of subsidies.

(a) (i) Falls away.

(ii) Falls away.

(b) Falls away.

(2) No.

Question standing over from Wednesday, 25 May 1988:

Overseas visits

*1. Mr C R REDCLIFFE asked the Minister of Health Services and Welfare:

(1) Whether he undertook any overseas visits in 1987; if so, (a) which countries were visited and (b) what was the purpose of each visit;

(2) whether he was accompanied by any officials on these visits; if so, (a) what are the names of the officials involved, (b) which State Departments did they represent, (c) to which countries did each of these persons accompany him and (d) why;

(3) whether any costs were incurred by his Department as a result; if so, what total amount in that year?

†The MINISTER OF THE BUDGET (for the Minister of Health Services and Welfare):

(1) Yes, for the period 31 January to 4 February 1987.

(a) USA.

(b) To attend the National Religious Broadcasting 44th Annual Convention and Exposition.

(2) Yes.

(a) Mr J F N Majavie,

(b) Department of Health Services and Welfare,

(c) USA,

(d) As representative of the Department of Health Services and Welfare,

(3) Yes; R5 987,70.

*2. Mr C R REDCLIFFE — Education and Culture. [Question standing over.]

are planned in any of these constituencies; if so, what are the details of such plans?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This information was furnished by the Cape Provincial Government:

(i) Yes.	(ii)(aa)
Name of Black township	Population in 1987
(a) Zwelithle	1 350
(b) Nduli	1 850
(c) Mfuleni	3 450
(d) None	
(e) Gugulethu	151 000
Khayelitsha	135 800
Nyanga	93 500
Ou Kruispad	35 000
(f) Msobomzu	5 280
Tyolotha	8 000
(g) Lwandle	1 850
(h) None	
(i) Kwanongqaba	4 064
(j) Mbekweni	14 000
(k) None	
(l) Zolani	2 380
(m) Langa	72 500
(n) None	
(o) Nqubela	1 120
Zelemba	9 100
(ii) (bb)	Population figures for 1982 are not available.

(2) Yes, expansion of Old Crossroads in the False Bay constituency and expansion of Kwanongqaba in the Mossel Bay constituency. Details of proposed development cannot be given at this stage because planning is still being done.

Transfer of money to foreign country

1035. Mr C J DERBY-LEWIS asked the Minister of Foreign Affairs:

Whether, with reference to information furnished to the Minister's Department for the purpose of his reply, his Department has at any time rendered assistance to a certain organization in connection with the transfer of money from South Africa to a foreign country; if so, what is the (a) nature of this assistance and (b)

name of the (i) organization and (ii) foreign country involved?

THE MINISTER OF FOREIGN AFFAIRS:

No.

(a) and (b) fall away.

KwaNdebele: casino

1063. Mr J H VAN DER MERWE asked the Minister of Constitutional Development and Planning:†

(1) Whether his Department is or was involved in an investigation into the possible erection of a casino in KwaNdebele; if so, (a) what is the nature of this involvement, (b) who carried out the investigation and (c) what was the cost involved in each item of the investigation;

(2) whether any overseas journeys were undertaken in this connection; if so, what are the relevant particulars;

(3) whether a decision has been taken on the erection of this casino; if not, when can a decision in this connection be expected; if so, what decision?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

(1) No.

Rest of question falls away.

Agriculture: expenditure

1092. Mr A GERBER asked the Minister of Agriculture:†

What percentage of the total State budget was spent on agriculture since the 1980-81 financial year in each specified financial year for which figures are available?

THE MINISTER OF AGRICULTURE:

1980 81	3.80 per cent
1981 82	3.39 per cent
1982 83	3.75 per cent
1983 84	4.36 per cent
1984 85	3.04 per cent
1985 86	2.30 per cent
1986 87	2.71 per cent

Other expenditure in respect of agriculture, eg. from statutory levy funds, is not included in these percentages. Similarly the cost of arrangements such as the lower fuel prices for agriculture and special rail tariffs for certain agricultural products are not included in the above-mentioned percentages.

HOUSE OF REPRESENTATIVES

†Indicates translated version.

For oral reply:

General Affairs:

Questions standing over from Wednesday, 25 May 1988:

Black war veteran: military pension

*1. Mr T ABRAHAM asked the Minister of Constitutional Development and Planning:

(1) Whether his Department or any provincial administration has received any applications for (a) military pension and/or (b) war gratuity from a certain Black war veteran, particulars of whom have been furnished to the Minister's Department for the purpose of his reply; if so, (i)(aa) by what authority and (bb) on what dates was each such application received, (ii) what are the circumstances surrounding these applications and (iii) what is the name of the applicant;

(2) whether this person has been granted a military pension or a war gratuity; if not, why not; if so, (a) when and (b) what is the amount of the (i) monthly pension being paid to him and/or (ii) gratuity granted;

(3) whether his Department or the provincial administrations keep records of all Black war veterans in receipt of military pensions; if not, why not?

†THE DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Neither my Department nor the Provincial Governments administer military pensions for Black persons and therefore no responsibility in respect of military pensions for Black persons was placed on them. If the honourable member refers to war veterans' pensions, the reply is as follows:

(1) (a) No. No formal application but requests for the allocation of a war veterans' pension were received. The applicant is resident in Bophuthatswana and does not qualify for any pension benefits in the RSA. The applicant was repeatedly advised to

apply in Bophuthatswana. As a matter of fact, the name of a contact person in the Bophuthatswana Department of Internal Affairs in Mma-batho, was given to him.

According to information, the Department of Internal Affairs of Bophuthatswana indicated on 2 April 1987 that his application was in hand and being attended to.

(b) No.

Rest of no (1) falls away.

(2) Falls away.

(3) Yes.

Black war veteran: military pension

*2. Mr T ABRAHAM asked the Minister of Defence:

(1) Whether the South African Defence Force has received any representations concerning a military pension for a certain Black war veteran, particulars of whom have been furnished to the Defence Force for the purpose of the Minister's reply; if so, (a) when, (b) from whom, (c) what is the name of this veteran and (d)(i) what was the response to these representations and (ii) what were the reasons for this response;

(2) whether the Defence Force has records of Black soldiers who served in the Force during the Second World War; if not, why not; if so, (a) on what date (i) did this person volunteer for service and (ii) was he discharged, (b) what was the nature of his discharge, (c) what position did he hold at the time of his discharge and (d) what decorations did he receive during his period of service;

(3) what is the policy of the Defence Force in regard to parity in respect of military pensions and war gratuities for members of all race groups?

†THE DEPUTY MINISTER OF DEFENCE:

(1) Yes, not for a military pension but for a war veterans' pension.

(a) and (b) On 8 July 1985 and 12, 13 and 16 December 1985 from the person himself and during September 1986

Councillors ask Mayor for public meeting on pensions

Cape Times 1/6/88
(27/3) 328

By PETER DENNEH

ELEVEN Cape Town City Councillors — roughly a third of the total — have signed a letter petitioning the Mayor, Mr Peter Muller, to convene a public meeting in the City Hall to discuss pensions for councillors.

Mr Arthur Wienburg, who opposes the pensions, said yesterday that section 204 of the Municipal Ordinance, number 20 of 1974, laid down that a third of the councillors may petition the mayor to convene a meeting on any matter of public interest.

Mr Wienburg, who wrote the letter and collected the signatures, added

that the mayor was not obliged to call the meeting.

The councillors who signed the request are Mr Wienburg, Mr Peter Par-kin, Mr John Muir, Mr Llewellyn van Wyk, Mr Hugh Frost, Mr Kenneth Pen-kin, Mr Gordon Oliver, Mr Jan van Eck, Mr Rupert Hurly, Mr Ian Iversen and Mr Chris Joubert.

Mr Muller confirmed last night that he had received the petition.

"I will peruse the relevant ordi-nance and consult with the acting town clerk. In the light of those con-sultations, I will make a decision re-garding this request later (today)," Mr Muller said.

New advice centre opens doors

By Sue Valentine (300)

People confused about pension benefit claims, hire-purchase agreements or the drawing up of affidavits can obtain free advice from a new advice centre in Moletsane, Soweto. *Star 1/6/88*

The centre behind St Phillip's Roman Catholic Church, opened on May 2 and is a member of the South African Council of Churches' Advice Centres Association.

Committee advisor Mr Tsepo Tsotetsi said the centre would provide consumer protection and offer advice on

labour cases and housing problems.

"We can advise people how to apply for social pensions, who qualifies, how to apply for a disability grant and what pensioners can do if their applications are turned down.

"We also offer help with UIF benefits, late registration of births, family disputes and the drafting of affidavits."

The Moletsane advice centre aims to serve mainly the residents of Jabulani Flats, Naledi, Tladi, central and western Jabavu and parts of Molapo.

It will be open from 8.30 am to 3 pm and the phone number is 932-4838.

Cap 71215 2/6/88
300

Mayor refuses call for pension meeting

Municipal Reporter

THE Mayor of Cape Town, Mr Peter Muller, yesterday refused to call a public meeting on the controversial pension scheme for councillors — in spite of a request from 11 councillors that he should do so.

He confirmed that he had received the request to call a meeting, but said the petition did not comply with the provisions of section 204 of the Municipal Ordinance.

"I am therefore not obliged to call a public meeting," he said.

The City Administrator, Mr Gys Hofmeyr, said the ordinance required that a third of the councillors sign it.

"There are in fact 34 councillors, not 33, so 11 of them do not constitute a third," he said.

Mr Muller pointed out that a special council meeting had been called at 12.30 today "specifically to adopt the minutes of a council meeting held on May 18 in order that they should be made public".

Councillors made several decisions regarding pensions at that meeting.

Pensioners' long wait for pay

Sowetan 21/6/88
300

HUNDREDS of pensioners from Soweto were not paid their bi-monthly pension last month and are queueing daily at the offices of the Department of Home Affairs in Johannesburg to receive their pay.

The delay in payment was caused by a change of departments handling pensioners. On April 1 this year, the Transvaal Provincial Administration (TPA) took over control of pensions from the Department of Home Affairs, a spokesman said yesterday.

Since last Friday, pensioners — most of them sickly — have had to travel to Johannesburg and stand in long queues before receiving their pay. Some were turned back because of the long queues.

By ALI MPHAKI

This added misery to the pensioners, some of whom had to borrow money to be able to get transport to reach home.

Mrs Winnie Makhafola of Orlando West, said: "I was told to go home on Friday because the queue was too long. When I came back on Monday the story was the same. That is why today I woke up very early to be here at Albert Street."

A spokesman for the TPA said the delay would not happen again.

"From July we will make sure that pensioners receive their pay during the first 10 days of the month," the spokesman said.

Pensioners' long wait for pay

Sowetan 2/6/88
302

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By ALI MPHAKI

This added misery to the pensioners, some of whom had to borrow money to be able to get transport to reach home.

Mrs Winnie Makhafola of Orlando West, said: "I was told to go home on Friday because the queue was too long. When I came back on Monday the story was the same. That is why today I woke up very early to be here at Albert Street."

A spokesman for the TPA said the delay would not happen again.

"From July we will make sure that pensioners receive their pay during the first 10 days of the month," the spokesman said.



Mrs ANNA Nkutha . . . no pension. *Sowetan 3/6/83*

A SNUB FOR WIDOW 300

AN ELDERLY Soweto widow, Mrs Anna Nkutha, faces a bleak future after her application to receive pension money was turned down because her son owes rent.

Mrs Nkutha (70), originally from Alexandra, came to Soweto this year after the death of her husband and is staying with relatives in Rockville.

By ALI MPHAKI

Repeated attempts to include her in the house permit of Mr Lot Simelane, drew a blank as officials at the White City council offices demanded that the outstanding rent be paid first.

The Soweto Council housing director, Miss Estelle Bester, yesterday

THE Congress of South African Trade Unions yesterday failed to reach agreement with major employers over what form "peaceful protests" planned for next week should take.

The two parties differed sharply over — among other issues — their perceptions and analysis of the amendments to the Labour Relations Act.

Cosatu, led by Mr Elijah Barayi, reiterated its stand that the Bill — if enacted — would "roll back" gains made by workers over the past years.

On the other hand, employers — represented by the South African Employer's Consultative Committee on Labour Affairs (Saccola) — said there had been no evidence of "union-

By LEN MASEKO

bashing or anti-Wiehahn elements" in the proposed legislation. The employers' analysis had shown positive aspects in the Bill.

At separate Press conferences convened by Cosatu and Saccola after their meeting, it emerged that:

- The employers did not perceive the amendments resulting in the deterioration of industrial relations in the country;
- Saccola could not guarantee that there would be no dismissals in

To Page 2

said she did not know of Mrs Nkutha's case, but anybody who wanted to have any dealings with the council concerning permits should first make acceptable arrangements to pay his rent.

"We can only negotiate after acceptable arrangements concerning the payment of rent have been made," she said.

An angry Mr Simelane told the *Sowetan* that the council was "inconsiderate" because Mrs Nkutha came from Alexandra.

"If I am in arrears with my rent I do not see how that affects her when she did not stay with me all these years," he said.

The move is likely to affect hundreds of other people due to earn pension money.

Open-to-all quiz on city pensions row

By DICK USHER, Staff Reporter
PENSIONS for councillors will come under public scrutiny at a meeting on June 14.

The Mayor of Cape Town, Mr Peter Muller, said that as there was considerable public interest in the proposed pension fund and "much confusion and uncertainty," he had called the meeting to give people an opportunity to understand fully its implications and to ask questions.

Councillors made their opinions on the issue public yesterday at a special council meeting called to open minutes, previously secret, of a May 18 council meeting at which the controversial buy-back aspect of the national scheme was adopted.

The chairman of the Executive Committee, Mr Dick Friedlander, read a statement which said the matter had been discussed in committee because it was felt a more objective debate was likely and details of the scheme had not been fully adopted.

"However, there appears to be an impression in some quarters that the council dealt with the matter in committee in an endeavour to conceal its intentions.

"This has adversely affected the credibility of the council and may have led to the integrity of councillors, many of whom have served the city with loyalty and devotion over a considerable period of time, being questioned."

Dr John Sonnenberg said the matter needed quiet and dispassionate debate. Rebukes and innuendoes in the media did not make him feel ashamed.

Mr Ian Iversen said that by voting in secret the council had achieved the opposite of what it had been trying to achieve.

"Plea in mitigation"

Mr Sam Gross said Mr Friedlander's statement was like a plea in mitigation.

"We're now in the dock with the public accusing us of doing wrong things. The consequences should have been foreseen."

Mrs Eulalie Stott and Mr Emil Riese pointed out the time councillors spent on civic matters.

● According to the minutes, councillors who voted for the buy-back scheme were Mr David Bloomberg, Mr Friedlander, Mrs Bronnie Harding, Dr Jack Joffe, Admiral James Johnson, Mr Chris Joubert, Mrs Joan Kantey,

Mr Louis Kreiner, Mr Sol Kreiner, Mr Leon Markovitz, Mr Eric Merrington, Mr Muller, Mr Norman Osburn, Mr Kenneth Penkin, Mr Tony Powell, Mr Joe Rabinowitz, Mr Riese, Dr Sonnenberg, Mrs Stott, Mr Llewelyn van Wyk and Mr Kosie van Zyl.

Against were Mr Jack Frost, Mr Gross, Mr Iversen, Mr John Muir, Mr Gordon Oliver, Mr Peter Parkin, Mr Neil Ross, Mr Frank van der Velde, Mr Jan van Eck and Mr Arthur Wienburg.

Mrs Esmé Chait and Mr Clive Keegan were absent and Mr Rupert Hurly was on leave.

Mr Bloomberg, Mr Friedlander, Mrs Harding, Dr Joffe, Admiral Johnson, Mrs Kantey, Mr Louis Kreiner, Mr Sol Kreiner, Mr Markovitz, Mr Merrington, Mr Parkin, Mr Penkin, Mr Powell, Mr Rabinowitz, Mr Riese and Dr Sonnenberg voted for the minutes to be kept separate.

Mr Gross, Mr Iversen, Mr Joubert, Mr Muir, Mr Muller, Mr Oliver, Mr Osburn, Mr Ross, Mrs Stott, Mr van der Velde, Mr van Wyk and Mr Wienburg voted against.

Mrs Chait, Mr Frost, Mr Keegan, Mr van Eck and Mr van Zyl were absent. Mr Hurly was on leave.

Mayor does about-face on public pension talks

By PETER DENNEHY

THE Mayor of Cape Town, Mr Peter Muller, has decided to call a public meeting to discuss pensions for councillors after all — but not in the City Hall.

Arch-opponent of the pension scheme Mr Arthur Wienburg, together with 10 other councillors, asked the Mayor earlier this week to call a meeting in the City Hall.

On Wednesday, Mr Muller refused. He said the petition did not comply with the provisions of section 204 of the municipal ordinance.

However, he issued another statement yesterday in which he said he had made arrangements for a special information meeting "of councillors and the public" at 6pm on June 14 in the lecture theatre of the Civic Centre.

"I trust that this event will afford any interested parties an opportunity of fully understanding the implications of the proposed pension fund and asking any questions they may have," Mr Muller said.

In another about-face yesterday, the full City Council held a special meeting to adopt the minutes of a previous meeting on the "buy-back" issue, held in committee on May 18 and separately minuted, in order to make those minutes public.

Mr Richard Friedlander, chairman of the executive committee, said there appeared to be an impression "in some quarters" that the council had initially dealt with the matter behind closed doors "in an endeavour to conceal its intentions".

There were two main reasons why the matter had been discussed in committee, he said.

"It was considered at the time more likely that an objective debate based on the merits of the proposed scheme would take place if the matter were considered in committee," he said.

"Secondly, the details of the scheme had at that stage not been finally adopted."

Previously confidential minutes showed that Mr Leon Markovitz had proposed the separate minuting. Those who voted against it were Mr Sam Gross, Mr Ian Iversen, Mr Chris Joubert, Mr John Muir, Mr Peter Muller, Mr Gordon Oliver, Mr Norman Osburn, Mr Neil Ross, Mrs Eulalie Stott, Mr Frank van der Velde, Mr Llewellyn van Wyk and Mr Arthur Wienburg. Five councillors — Mrs Esmé Chiat, Mr Hugh Frost, Mr Clive Keegan, Mr Jan van Eck and Mr Kosie van Zyl — had been absent, and Mr Rupert Hurly had been on leave.

Time has come to solve problem of preserving pension rights

Star 4/6/88

300

**PAUL CLIPSHAM, President of the Institute
of Life and Pension Advisers**

The subject of preservation and transferability of pension rights has been a thorny issue for far too long. It is time to come out into the open and find a satisfactory solution to the benefit of both the employers and employees and to put it into practice.

A massive campaign to encourage the voluntary preservation of pensions when employees changed jobs would be the ultimate solution. The underlying principle being that if a member voluntarily preserves his own withdrawn benefits, then he is granted some or all of the full actuarial reserve values.

Many cynics believe that this will not work but how many people would opt for cash of say R2 000 if they could preserve perhaps double that amount? I believe they would be in the minority.

Unfortunately the issue of preservation of pension is a highly contentious one closely associated with other issues such as:

- The size of the benefit provided on withdrawal.

- Income needs during employment.
- The needs during unemployment.
- The need for retirement counselling
- How employees' pension interests should be preserved.
- The question of freedom of choice of the individual and whether or not preservation should be compulsory.
- Who is ultimately responsible for an employee's needs.
- Employees' perceptions of pension funds.

Considering these factors, it should come as no surprise that often the only unanimity about preservation is that it is "a good thing".

The government has battled with the issue over the years since the Celliers Commission inquiry in 1966 to the parliamentary select (Meiring Commission) in 1987. The latter recommended that, inter alia, vol-

untary and negotiated preservation be encouraged "so that the way can be prepared for the subsequent introduction of the compulsory preservation of a prescribed minimum."

As matters stand at the moment, the onus rests on the private sector to encourage preservation.

Experience has shown that we need to deal with essentially three issues:

- Communication.
- Perceptions.
- Incentives.

The role and purpose of pension funds should be communicated. Employers also need communications from employees to understand how they feel about their pension funds.

Perceptions need to be dealt with and understood and are closely associated with the need for communication. Some employees see immediate needs,

such as during unemployment, as far more urgent.

Incentives such as providing a share of the employer's contributions if the amount is preserved, or designing pension funds in such a way that preservation is compulsory for benefits in excess of certain amounts, can be used.

Providing incentives for employees to preserve their pension interests may cost a little extra now, but by assisting in this important area, we may all be fortunate enough to find these costs will be more than made up by tax savings in the future.

As a pragmatist, I do not believe that the State can afford a national pension fund that will provide adequately for everyone. Even the present system places an enormous burden on the exchequer.

If the expense of financing senior citizens is not slowly removed from the government's shoulders, we can all look forward to the guaranteed prospect of higher tax rates.

Investment is 'slower but steadier' this year

Granny bond cash nearing R800m

300 8/20/88 7/6/88

FLOWS into the second-era "granny bonds" introduced last month appear to be fast approaching the R800m intake of last year's scheme, which was cancelled after an uproar by financial institutions excluded from taking part.

Spokesmen for banks and building societies, now allowed to offer the scheme, said yesterday money was flowing into the

HELENA PATTEN

new, government-subsidised scheme at a "slower, but steady pace", after an initial rush by over-65s to invest funds at a preferential 15%.

NBS MD John Gafney said total inflows into the scheme were a good achievement, especially as the new deposit scheme's upper limit was just R30 000, compared with a limit last year of R200 000.

Gafney said NBS had taken R57m by the end of May, although the pace had slowed a lot.

The United spokesman said its marketing efforts had paid off with the total inflow to date being "safely over R150m".

A Perm spokesman said the most up-to-date figures were up until the end of May, when more than R100m had been deposited in the scheme. The flow was lower, but steady.

Allied group MD Kevin de Villiers said more than 7 000 of its customers had deposited around R95m to date in the scheme.

A Post Office spokesman said it had processed R50m worth of deposits by the end of May.

First National Bank and Trust Bank were not prepared to give figures for marketing reasons, but spokesmen said a lot of money was being channelled into the scheme.

Warning on interest burden

PRETORIA — Further interest rate hikes will intensify the debt crisis in a large section of the SA agricultural industry, particularly the maize producing sector, authorities warned.

SA agricultural union economist Koos du Toit says the SAAU expects the rates to be increased

substantially in the next few months.

Farmers' enormous debt burden — it will exceed R14bn by the end of the year — is damaging sections of the industry and threatening to inhibit food production.

poll conducted at Kirstenbosch was based on the contents of a previous professional opinion poll. It was not deemed necessary to have that professional service rendered again because we had all the information we wanted.

Mr K M ANDREW: Mr Speaker, further arising out of the hon the Minister's reply, may I ask him whether he intends to undertake any investigation into the erection of the gates and fences that is taking place at Kirstenbosch?

The MINISTER: Mr Speaker, I have already conducted a personal investigation and I am quite satisfied that what has been done there was necessary, and that there is nothing suspicious or anything which is not in the public interest.

Development boards in Cape/Natal/Orange Free State: allowances for members

*21. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

Whether any members of any development boards in (a) the Cape, (b) Natal and (c) the Orange Free State were paid any allowances after the boards of which they were members had been abolished; if so, (i) which members, (ii) of which boards were they members, (iii) what action has been taken as a result and (iv) what total amount is involved?

THE DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the different Provincial Governments and they furnished the following information:

(a), (b) and (c) No.

Rest of question falls away.

Umgenti: police action against persons queuing for pensions

*22. Mr M J ELLIS asked the Minister of Law and Order:

(1) Whether, with reference to information furnished to the South African Police for the purpose of the Minister's reply, any police action was taken against persons queuing for pensions in Umgenti, Durban, on or about 20 May 1988; if so, (a) what form did this action take, (b) (i) why and (ii) on whose instructions was it taken and

(c) how many (i) policemen and (ii) members of the public were involved;

(2) whether any (a) policemen and/or (b) members of the public were injured in the incident; if so, (i) who, (ii) what was the nature of the injuries so sustained and (iii) what action was taken by the Police as a result;

(3) whether any inquiry is to be held into the incident; if not, why not; if so, (a) what will be the terms of reference of the body conducting this inquiry and (b) when is it anticipated that the results of the inquiry will be available;

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

THE DEPUTY MINISTER OF LAW AND ORDER:

(1) to (4)

On 20 May 1988 an official of the Natal Provincial Administration paid social pensions to approximately 600 Blacks of different ages and both sexes. For reasons of security only five persons were allowed into the hall at a time, while the remainder of the persons queued outside the hall to await their turn.

The persons started to push forward in order to gain access to the hall as quickly as possible. In this process they became riotous and the possibility arose that they would have overrun the hall and in so doing endangered the life of the official and the safety of the R40 000 in cash. The Police were called in to assist.

Four policemen arrived at the hall and made an attempt to bring the crowd under control. Several of these persons scuffled with one of these members. The member squirted three spurts with an aerosol tearsmoke canister in the direction of these persons. Only the persons in the immediate vicinity of the member were slightly affected. However, the crowd immediately calmed down and at the request of the Police, awaited their turn to be paid in an orderly manner. The pay-out was continued under the supervision of the Police and was completed at 15h10. Nobody was injured during the incident.

The Police action not only ensured the safety of the official and the cash, but also prevented the rioting from spreading further as a result of

which persons could have been injured and the hall could have been damaged.

No complaints were received and further investigation into the matter is not being instituted.

Mr P G SOAL: Mr Speaker, arising from the hon the Deputy Minister's reply, may I ask him whether he will confirm that these were old-age pensions that were being paid out on that day?

Pakkes area, East Griqualand: recommendations of Commission for Co-operation and Development

*23. Mr R W HARDINGHAM asked the Minister of Education and Development Aid:

(1) Whether the Commission for Co-operation and Development has made any recommendations regarding the allocation of funds for the upgrading of the Pakkes area in East Griqualand; if so,

(2) whether any funds have been allocated for this purpose; if so, (a) what amount and (b) when, if not, when is it proposed that funds will be allocated?

THE MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) The Commission for Co-operation and Development recommended that the Pakkes area (the farm Waterval 294 and the remaining portion of the Melkspruit 293) be upgraded, but no specific recommendations on the allocation of funds for the upgrading of the areas were made.

(2) Yes.

(a) R190 000,00

(b) 1988/89 Bookyear

Stellenbosch Commando: arms carried in Kaya Mandi Township

*24. Mr J VAN ECK asked the Minister of Defence:

(1) With reference to his reply to Question No 24 on 17 May 1988, what arms did the members of the Stellenbosch Commando have with them during the operation on 26 March 1988 in the Kaya Mandi Township in Stellenbosch;

(2) whether members of this commando arrested any persons who were present in

and around the hostels at the time of the operation; if so,

(3) whether any members of this commando entered the hostels at any time during the operation; if so, (a) how many members, (b) for what reasons and (c) for how long?

THE DEPUTY MINISTER OF LAW AND ORDER (for the Minister of Defence):

(1) Personal weapons.

(2) No.

(3) No.

Kaya Mandi: raid

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

(1) Whether, with reference to the reply of the Minister of Defence to Question No 24 on 17 May 1988, persons other than members of the South African Police made representations to the Police to carry out a raid on the hostels at Kaya Mandi, Stellenbosch, on 26 March 1988; if so,

(2) whether he will make known the names of these persons; if not, why not; if so, who?

THE DEPUTY MINISTER OF LAW AND ORDER:

(1) I refer the hon member to the hon the Minister's press statement of 26 April 1988 which I table.

(2) No, because the identity of all complainants is regarded as confidential.

Restrictions imposed on certain person

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

(1) Whether any restrictions have been imposed on a certain person, particulars of whom have been furnished to the South African Police for the purpose of the Minister's reply; if so, (a) on what date, (b) what restrictions and (c) what is the name of the person concerned;

(2) whether any representations have been received for these restrictions to be relaxed; if so, (a) from whom, (b) on what dates and (c) what was the purport of the representations;

(3) whether the Police have replied to these

Teargas used to stop pensioners rioting

HOUSE OF ASSEMBLY
— Police were called and teargas was used to prevent about 600 pensioners, impatient to collect their pensions, from rioting in Umgeni, Durban on May 20 this year, the Minister of Law and Order, Mr Adriaan Vlok, said yesterday.

In reply to a question from Mr Mike Ellis (PFP

300 Stv 8/6/88
Durban North), Mr Vlok said an officer of the Natal Provincial Administration had allowed only five people into the hall at a time for security reasons.

The crowd became riotous.

Four policemen squirted teargas after scuffles broke out, but the crowd calmed down. — Sapa.

Protection for the aged

STRICTER application of norms and standards will face developers with the introduction of new legislation controlling the retirement centre industry.

The Housing Development Schemes for Retired Persons Bill, now before Parliament, is aimed at curbing malpractices and providing protection of the interests of individual buyers into retirement centres.

Local Government and Housing Minister Amie Venter, speaking at last week's SA Property Owners' Association (Sapoa) conference of property executives at Kwa-Maritane in Bophuthatswana, revealed details of a committee's findings on housing and facilities for the aged.

The committee was appointed by the Minister, under the chairmanship of Boet van Straten, as a result of the growing interest being shown by the private sector in the field of housing for the retired.

Venter commented on the tremendous backlog of accommodation for the aged, saying that of the more than 30 000 whites in need of housing assistance, more than 70% were at least 60 years old.

The committee, whose first report culminated in the new Bill, concentrated on retirement villages in view of the large number of complaints received regarding

the exploitation of the aged.

It was found that participation of the private sector in this sector was positive and ought to be encouraged. On the other hand, there were malpractices, and it was felt that steps ought to be taken to protect the interests of retired persons going into such schemes.

There should be full disclosure of the details of a project, and potential buyers should be fully informed of what was being offered. Their capital should not be at risk, and developers ought to be required to provide performance guarantees. The committee therefore recommended legislation to regulate these aspects.

In the second and third reports, it was noted that the aged white population of SA would continue to increase, stabilising only by the year 2035.

One of the most important comments to come out of these later reports — which are still being evaluated — was that the concept of service centres be promoted and extended. Funds should be made available for the provision of these centres, but in view of the high cost of running these facilities the community should be more involved, contributing time and expertise in order to produce savings on personnel.

Pension for councillors: Can the city afford it?

From C B HUGO (Newlands):

COULD you please inform your readers of the hours and duties of an ordinary city councillor? It is very difficult for an ordinary citizen to find out.

How many meetings do they attend per month? How many hours of work? I was under the impression that it was a part time temporary occupation, with councillors voted in for four years at a time.

I also thought that they were not paid salaries but, to reimburse themselves for travelling expenses, entertaining expenses, and so on, given an allowance for the period of their stay in office.

How is it possible that someone who does not receive a salary is awarded a pension? I understand that his pension is awarded after eight years of service.

Thus, a person could be elected to the council when they were 28 and receive a pension from the council when they were 36. This seems very possible.

I think we must think very carefully before we adopt the policy of treating city councillors as though they were paid officials of the government who are therefore eligible for a government pension.

Previously, in provincial service, if one was on the temporary staff, one was not eligible for a pension or other benefits.

No temporary teacher, for example, could be eligible for a pension or pay into a pension fund.

How much is this going to cost the city? Particularly now, with the pay-back amount in the region of R4 m.

There is a lot else that we can do with that R4 m. And in the future? Is every councillor that has ever served on the council for eight years, that is two terms, eligible for a pension?

Surely this is going to cost the city a great deal of money?

The argument goes that if we do not give pensions then only wealthy people, or wives whose husbands are the bread-winners, will be able to serve on the council.

I would say this is the sort of person

we require. A man who has made money and therefore doesn't need a pension for life will know how to master the city's finances.

A senior person has valuable experience and prudence and could serve the city well.

Also, he has a pension so doesn't need to be given another. He therefore can remain independent of the government. Is the pension scheme not tied to government policy?

The Municipal Reporter writes: City councillors are indeed not paid salaries. They are granted allowances which are intended to reimburse them for their expenses and perhaps also remunerate them for time spent on council business. Several of the 34 city councillors are in "full-time" employment, outside of the council.

Yet apart from the once-a-month day-long council meetings, they are each expected to serve on a standing committee and attend its meetings.

How much time is devoted to council matters depends on the individual councillor.

The record of meeting attendances is available to the public on application to the council.

Demands on the time of the executive committee members are so great that they cannot hold conventional jobs as well.

Mr Emil Riese, for example, said he had attended 153 meetings in a year, plus three ratepayers meetings a month. He was also required to go out on inspections every few days and to see many members of the public who sought interviews with him.

City councillors will only get their pensions when they reach the age of 60, although they become eligible after a minimum of eight years of service.

The cost of the pension scheme, according to the council, is that R3,2 m will have to be placed in the financial reserves over a period of 10 years.

The pension scheme is not tied to government policy.

Yet the government did initiate the scheme, and the council chose to join it. (Editor, Cape Times)

Khayelitsha: police stations

963. Mr K M ANDREW asked the Minister of Law and Order:

- (1) Whether there are any police stations in Khayelitsha; if so, (a) how many and (b) (i) in what buildings and (ii) where are they situated; if not, why not;
- (2) whether any police stations are being planned for Khayelitsha; if so, (a) how many, (b) where will they be situated, (c) when will building operations (i) commence and (ii) be completed in each case and (d) what is the estimated cost of each;
- (3) whether these police stations will be housed in buildings specially designed for that purpose; if not, why not?

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) One temporary police station.

(b) (i) and (ii) At the housing office of the Western Cape Community Service of the Provincial Administration, Site C, Khayelitsha.

(2) Yes.

(a) to (d) Several police stations are being planned for this area. A temporary police station at an estimated cost of R540 000 is presently under construction on site K46 and is expected to be completed shortly.

It is anticipated that tenders for the first permanent police station near the town centre will be obtained during September 1988. This project, at an estimated cost of R7,8 million and with a construction period of 25 months, is expected to commence prior to January 1989. However, this planning is subject to change.

The planning of further police stations will take place taking in consideration the development of the area and the availability of funds. However, particulars of these projects cannot be furnished at this early stage.

(3) Yes.

HOUSE OF ASSEMBLY

Document RP 2-1987/RP 2-1988: cost

1001. Mr C J DERBY-LEWIS asked the Minister of Finance:

- (a) What was the total cost incurred in connection with the document (i) RP 2-1987 (First Print) and (ii) RP 2-1988 (First Print), (b) by what percentage did this cost increase or decrease and (c) what are the reasons for this increase or decrease?

The MINISTER OF FINANCE:

(a) (i) RP 2-1987 R75 441,82

(ii) RP 2-1988 R71 997,11

(b) Decrease of 4,57%

(c) Fewer copies were printed with fewer pages per book.

Security force personnel: behaviour on passenger trains

1175. Mr C J DERBY-LEWIS asked the Minister of Transport Affairs:

Whether, over the past five years, he received any complaints regarding the behaviour of security force personnel using the passenger train services; if so, (a) what complaints, (b) when and (c) what action was taken in respect of these complaints?

The MINISTER OF TRANSPORT AFFAIRS:

Yes.

(a) Misconduct.

(b) From time to time.

(c) A system was instituted whereby complaints are reported immediately to the S.A. Defence Force Headquarters. The Defence Force authorities take stringent action in terms of their disciplinary code against transgressors and complaints of misconduct have since declined drastically.

SATS: safety of personnel

1176. Mr C J DERBY-LEWIS asked the Minister of Transport Affairs:

What precautions are taken to ensure the safety of South African Transport Services personnel on suburban and inter-city trains?

The MINISTER OF TRANSPORT AFFAIRS:

The honourable member may rest assured that

the South African Transport Services places a high priority on the safety of its employees. With this in mind a standing committee has been appointed to identify unsafe situations and thereafter implement safety measures.

The following measures are already being applied:

Provision of two-way radios to train personnel on commuter trains;

a driver is employed at the front and rear end of commuter trains whereby preventing drivers from changing ends on reaching their destination;

members of the South African Police who are in uniform travel free on commuter trains;

private security guards are placed at strategic points;

the arming of drivers cabins;

the training of personnel to identify explosive devices, and

the provision of security fencing.

Own Affairs:

War veterans' pensions: application of means test

151. Mr R M BURROWS asked the Minister of Health Services and Welfare:

(1) Whether the payment of war veterans' pensions falls under his Department; if so, (a) how many such pensions are being paid at present, (b) to how many persons are they being paid in respect of each

specified war period and (c) in respect of what date is this information furnished;

(2) whether a means test is applied to all persons who performed full-time war service; if so, (a) at what stage is it applied and (b) how many applications were refused in each of the latest specified five years for which information is available, by reason of the income of the war veterans concerned exceeding the means test limit; if not, (c)(i) to what categories of persons is a means test not applied and (ii) how many persons fall into each of these categories?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) Yes, for white persons.

(a) 13 006 cases

(b) Anglo-Boer war — 9 cases

First World War 1914/18 — 567 cases

Second World War 1939/45 — 12 410 cases

Protesting Burghers 1914 — 20 cases

(c) 1 June 1988

(2) No

(a) and (b) fall away

(c) (i) Anglo-Boer War

First World War

Protesting Burghers

(ii) Anglo-Boer War — 9 cases

First World War — 567 cases

Protesting Burghers — 20 cases.

HOUSE OF ASSEMBLY

Move to start pension register

CAPE TOWN — A committee of senior officials had been appointed to urgently investigate the establishment of a central register for black pensioners, a joint statement by three Government Cabinet ministers said yesterday.

The statement was issued by the Minister of Constitutional Development and Planning, Mr Chris Heunis, the Minister of Education and Development, Aid. Dr Gerrit Viljoen and the Minister of Home Affairs and Communications, Mr Stoffel Botha.

It said applications and payment for black pensions were handled by various authorities, depending on where the pensioners lived.

The register will eliminate overlapping and double payments. — Sapa.

Protection for pensioners

Stev
14/6/88

Municipal Reporter (300)

Senior citizens who draw their pensions at the Jeppestown Post Office are to have police protection in future to ensure they are not mugged after drawing money.

Another perk which pensioners can look forward to is free tea and sandwiches at the Fairhaven Old Age Home in Main Street opposite the post office.

The home already offers pensioners a chiropodist, a library, games and hairdressing at nominal fees, as well as luncheons at R1,50 every day of the week.

The new service is being offered jointly by the Daphne Pitts Service Centre at Fairhaven Home and Mr Mike Levin, chairman of the Jeppestown National Party.

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Register for black pensioners

CAPE TOWN — Government is urgently investigating the establishment of a central register to streamline payments to all black pensioners.

At the moment, applications for pensions by black people and the payment of pensions are dealt with by various authorities, depending on where pensioners or beneficiaries live.

A joint statement yesterday by Constitutional Development and Planning Minister Chris Heunis, Education and Development Aid Minister Gerrit Viljoen and Home Affairs and Communication Minister Stoffel Botha said the creation of a central register was considered "in order".

The register would aim to co-ordinate the system of black pensions and help to eliminate

Political Staff

overlapping as well as possible double payments.

The ministers said a committee of senior officials of the authorities concerned had been appointed to investigate the matter urgently. ☐ Government was paying 13 006 war veterans' pensions, which included nine from the South African war and 20 from the Protesting Burghers of 1914, Health Services and Welfare Minister Piet Badenhorst said in the House of Assembly.

In written reply to a question from Roger Burrows (PFP Pinetown), Badenhorst said the remaining cases constituted 567 cases from the First World War and 12 410 cases from the Second World War. — Sapa.

Ratepayers slate council pension fund

CAL TIPS 14/6/88 283/300

By CHRIS STEYN

THREE Cape Town ratepayers' associations yesterday added their voice to growing public opposition to the city council's decision to join the Municipal Councillors' Pension Fund.

The Clifton-on-Sea and District Bungalow Owners' Association, the Ward 17 (Muizenberg) Ratepayers' and Civic Development Association and the Mitchells Plain Ratepayers' Association called on the council to rescind its decision.

Their call came on the eve of a public meeting to discuss pensions for councillors. The Mayor, Mr Peter Muller, reluctantly agreed to call a special meeting for 6 tonight at the lecture theatre of the Civic Centre after 11 councillors urged him to do so. He initially refused.

In another about-face following widespread opposition to the pension scheme, the full city council recently held a special meeting on the "buy-back" issue, convened in committee last month and separately minuted, in order to make those minutes public.

The Clifton-on-Sea and District Bungalow Owners' Association, which comprises Clifton, Glen Beach and Bakoven, said in a letter to the Town Clerk, Dr Stanley Evans, that the association objected to the "undemocratic and clandestine way" in which the matter was dealt with in "secret" meetings.

It also objected to an amount of R3,2 million — 17% of the city's reserves — "being raided and used for the self-enrichment of a few councillors at the expense of the ratepayers".

The Mitchells Plain Ratepayers' Association called on the council to call a referendum.

In a letter to Dr Evans, the association stated: "Council is forever complaining that there is no money for the improvement of amenities but now they vote themselves a pension."

The same sentiments were echoed in a letter sent to Dr Evans by the Ward 17 Ratepayers' and Civic Development Association.

It "deplored the decision taken by certain city councillors to debate and vote in secret on a pension fund scheme for themselves that would be financed by ratepayers' money".

Granny bond progress satisfactory

By Martin Wells

300 weeks since the Granny Bonds became available on May 16: The United Building Society has so far accepted or transferred R198 million; the Post Office R80,6 million; the Standard Bank over R70 million and the Natal Building Society in excess of R57 million.

Banks, building societies and the Post Office nevertheless appear satisfied with the progress made to date.

Substantial amounts of money have been invested in the three

Investors can transfer money from other deposit and savings schemes.

Managers are still not able to pinpoint exactly how much of the money deposited is new money.

Spokesmen for most of the institutions referred to suggested that 20 percent was a probable estimate.

However, a Post Office spokesman subsequently estimated that about half of the investments were in new money.

CAPE TOWN 15/6/88

Pensions referendum call ruled out of order

By PETER DENNEHY

A CALL for a referendum on the controversial issue of pensions for councillors was ruled out of order at a lively meeting attended by about 150 people in the Civic Centre last night.

While several speakers from the floor supported this call, the mayor, Mr Peter Muller, said he had "made it quite clear from the beginning that this is an information meeting".

He told the proposer of the motion, councillor Mr Arthur Wienburg, that the proper forum to move such a motion was the council chamber.

Most of the speakers were opposed to the pension scheme, though some, including former Chamber of Commerce president Mr Phillip Krawitz, spoke in favour of it.

An Observatory resident said the 37% council contribution to the fund compared poorly with the "mere 17%"

it contributed in respect of its own employees' pension fund.

"It's an absolute disgrace," he said. "It only serves to line the pockets of the city council."

City advocate Mr Essa Moosa asked whether the meeting could "give the council a mandate", but Mr Muller said that only a meeting held in terms of section 204 of the Municipal Ordinance was empowered to do this.

"This meeting can only guide us," Mr Muller said, adding at the end of the two-hour meeting: "We will certainly take cognizance of your feelings."

Mr Krawitz, paraphrasing Winston Churchill, said: "Never in the history of Cape Town has so much been done by so few for so few rewards."

Another speaker from the floor disagreed: "Never has so much been taken by so few from so many," he said.

Pension fund cost estimate to be revised

By ANTHONY DOMAN
Municipal Reporter

EARLY estimates of the cost to the city of the municipal councillors' pension fund — expected to run into millions — will have to be revised, says Mr Dick Friedlander, chairman of the City Council's executive committee.

Mr Friedlander was speaking at a public meeting to explain the fund at the Civic Centre last night. The meeting was called after an outcry over the decision to join the fund with an additional "past service" benefit after a secret debate.

Mayor Mr Peter Muller, who chaired last night's meeting, refused a call by councillor Mr Arthur Wienburg and advocate Mr Essa Moosa for a referendum.

The meeting was not empowered to take any decision or to mandate the Council, he said. It was merely for information.

Mr Friedlander suggested that the audience of 150, including officials of several ratepayers' associations, was not representative of all ratepayers.

"Part of a trend"

The fund was established in terms of an Act of Parliament passed in February, Mr Friedlander told the meeting. The country's 600 local authorities had until August to decide to join or not. They could not decide to form their own fund.

The fund was "part of a trend" which had come about because of a "tremendous increase in commitment" by councillors.

Deputy city treasurer Mr Roy Tyler said councillors would now pay 13 percent of their allowances (previously 10 percent) into the fund and the lo-

cal authority 32,5 percent (previously 35 percent).

The estimated annual cost to the city for all 34 councillors and 36 management committee members was R301 000, he said.

Compared with the council's total wage bill of R337-million in the 1988/89 budget, this was a "comparatively small amount".

Self-funding in time

The past service "buy-back" option would allow councillors to pay in only for service they had actually rendered, he said. Contributions would not be based on actual amounts received over the years, as announced earlier, but would be assessed individually.

For past service councillors will pay the minimum of 12,5 percent of the actuarially assessed contribution, with the city paying the rest.

The scheme should become self-funding in time, actuary Mr Jacques Malan said.

Former Chamber of Commerce president Mr Philip Krawitz said some councillors and mayors had sacrificed their businesses in the service of the city. The sum asked for was not excessive.

A Mr MacManus of Observatory said that the 32,5 percent paid by the council was "excessive" compared with the national pension average of 12,95 percent.

Mr Malan replied that the level of contributions was high because of the benefits.

Mr Ron Sherlock of the Camps Bay Civic Association said: "Whatever you say, it is self-enrichment at the cost of the ratepayers who are already paying excessive rates."

CITY/INTERNATIONAL



IN THE FIRING LINE: Councillors and council officials at last night's meeting.



Pictures: ANDREW INGRAM

PENSION MEETING: Part of the crowd of about 150 who attended last night's public meeting at the Civic Centre to hear the controversial municipal councillors' pension fund explained.

1863

FRIDAY, 17 JUNE 1988

1864

Public servants: pensions

1194. Mr D J N MALCOMESS asked the Minister of National Health and Population Development:

- (1) Whether, with reference to the formula for calculating the pensionable service of public servants, such servants are granted a bonus year depending on the length of their pensionable service; if so, how is this calculated;

- (2) whether the public servants concerned are required to pay in a certain amount in order to receive such a bonus year; if so, on what basis is this amount calculated;

- (3) whether this bonus year increases the (a) annual pensions and (b) retirement annuities of the public servants concerned; if so, to what extent in each case?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (1) No.
(2) and (3) Fall away.

Deportations to TBVC countries

1220. Mr K M ANDREW asked the Minister of Home Affairs:

- (a) How many citizens of (i) Ciskei, (ii) Transkei, (iii) Venda and (iv) Bophuthatswana were deported from the Republic in 1987 and (b) in terms of what statutory provisions were they deported in each case?

THE MINISTER OF HOME AFFAIRS:

- (a) (i) Ciskei 7
(ii) Transkei 73
(iii) Venda 2
(iv) Bophuthatswana 5
(b) In terms of section 43 of the Admission of Persons to the Republic Regulation Act, 1972 (Act 59 of 1972).

Prices: gold/silver/platinum

1243. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

- What was the average price realized in rand terms over the latest specified period of 12 months for which figures are available for (a) gold, (b) silver and (c) platinum?

THE MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

	Year 1987
Gold	R/ozt
Silver	903,84
Platinum	11,84
(Based on London prices)	1 070,30

Gold/silver/platinum

1250. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

- How many fine ounces of (a) gold, (b) silver and (c) platinum were (i) mined and (ii) marketed in 1986?

THE MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

	Mined	Marketed
Gold	20 513 680	Classified information
Silver	7 145 316	Classified information
Platinum	7 629 780	Classified information

Own Affairs:

English-medium schools: non-White pupils

153. 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 1988?

THE MINISTER OF EDUCATION AND CULTURE:

- Yes
(a) 173 (b) 45

Schools: medium of instruction

154. 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)

1865

FRIDAY, 17 JUNE 1988

1866

English as a (aa) first and (bb) second language;
(3) in respect of what date are these statistics furnished?

THE MINISTER OF EDUCATION AND CULTURE:

	Cape*	Natal	OFS	TVI	(3)
(1) (a) (i)	197	93	104	507	In the Cape certain single medium schools offer both languages at first language level. There are also schools which have been classified as parallel medium schools, but which as a result of the mother tongue of the pupils enrolled at present, use only one of the languages as medium of instruction.
(i) (ii)	96	192	22	267	
(b) (i)	114	36	90	180	
(ii) (ii)	52	85	25	108	
(2) (a) (i) (aa)	201	93	104	507	
(bb)	101	192	22	267	
(b) (i) (aa)					102
(bb)					192
(ii) (aa)					201
(bb)					93
(ii) (aa)					146
(bb)					36
(ii) (aa)					61
(bb)					85
(ii) (aa)					91
(bb)					85
(ii) (aa)					25
(bb)					25
(ii) (aa)					108
(bb)					108
(ii) (aa)					119
(bb)					36
(ii) (aa)					90
(bb)					90
(ii) (aa)					180
(bb)					180
(ii) (aa)					180
(bb)					180

* In the Cape certain single medium schools offer both languages at first language level. There are also schools which have been classified as parallel medium schools, but which as a result of the mother tongue of the pupils enrolled at present, use only one of the languages as medium of instruction.

Breakthrough in pensions battle

8 Jan 20/6/88

300

By Janet Heard

A breakthrough has been made in the battle by about 40 black World War 2 veterans for military pensions.

The Wits Law Clinic has been dealing with the veterans' case since Private John Choeu (70), described by the ex-servicemen as the "champion of their cause", wrote to the centre in 1985.

The ex-servicemen were made Bophuthatswana citizens 10 years ago. They were born in South Africa and fought in the South African Army during the war.

Certificates of military service issued by the SADF, as well as other certificates, must be submitted before they can receive temporary relief.

Mrs Z Graff, supervisor of the Wits Law Clinic, said progress had been made at last and the application forms had been sent off to their clients at Madibogo Station.

The Department of Foreign Affairs told the clinic the matter was receiving urgent attention.

However, according to the South African Legion, when their pensions go through the Bophuthatswana veterans will get only R64 a month compared with R112 paid in South Africa.

The legion said black ex-servicemen were first recognised as war veterans in 1974. After the legion's persistence, the amount paid was made equal to that of whites in 1987.

There are 450 former black servicemen living in Bophuthatswana.

Copy time 20/6/88

Call for debate on pension ~~623~~ scheme ³⁸⁰

Staff Reporter

THE Rondebosch Ratepayers' Association (RRA) has come out strongly against Cape Town City Council's proposed pension scheme for councillors.

The RRA said in a statement yesterday that a resolution was adopted at their annual general meeting to call on the City Council and its Executive Committee to halt the implementation of the plan.

The residents also resolved that the council provide full information regarding the aims, operation and cost of the proposed scheme to the people of Cape Town, and to reopen the matter to public council debate, after councillors have had reasonable time to ascertain the views of their ratepayers.

RRA said they supported the principle of reasonable recompense for the time and expertise of city councillors in carrying out their duties.

"But we are seriously concerned at the apparent secrecy and haste with which the proposed pension scheme for councillors has been dealt with."

Veteran's pension reviewed

CH-TM 21/6/88

Own Correspondent

224/300

JOHANNESBURG. — World War II veteran Mr John Choeu's plight is receiving the Bophuthatswana government's attention at last.

Bophuthatswana Foreign Affairs Information Director Mr I J Reid said yesterday that a representative of his department had visited Mr Choeu at his home in Madibogo Village, Northern Cape, and they would investigate his case.

Mr Choeu, 70, has been fighting for some years to get a military pension he was promised when he left the army in 1946. His and other Bophuthatswana veterans' cases had been complicated by their being citizens of an independent national state.

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Cheap meals ³⁰⁰ for aged

Sowetan 21/6/85
A POPULAR restaurant in Johannesburg has launched a discount scheme for senior citizens of all races.

A spokesman for the restaurant said it introduced the scheme as it was very concerned at the plight of senior citizens. She said pensioners who possessed the restaurant's discount cards were entitled to a 10 percent discount.

Anyone wishing to take advantage of this offer can contact the manager of the restaurant for a discount card. The restaurant, BJ's pantry, is at the Eloff Street branch of OK Bazaars.

8/21/08 3:21/08
200

Fedsure's new names

The two main operating companies in the Fedsure group today adopted new, distinctive names designed to clarify their different activities.

The life and pensions company, Federated Life, is now Fedlife, and the short-term company, Federated Insurance, has become Fedgen. In addition, the investment company, Federated Investments, has changed to Fedbel.

The group holding company adopted the name Fedsure when it was listed on the JSE last October.

Fedsure also announced that Arnold Basserabie is to become group chief executive from July 1, taking over from JN Hamman, who has resigned "to pursue his own personal interests."

CATe Times (300)

23/6/88

263

Meeting on councillors' pension vote

Staff Reporter

A SPECIAL public meeting will be held in the Muizenberg Pavilion tonight at 8pm to discuss, among other things, the decision of city councillors to vote themselves pensions.

The meeting has been organized by the Ward 17 Ratepayers' Association, whose executive has already issued a statement deploring council secrecy in the matter. Among those expected to attend is the MP for Simon's Town, Mr Harry Dilley.

There will also be discussion on the Mardi Gras, proposed new road developments, and the proposed building of a township east of Prince George's Drive.

MARK GLEESON

MUNICIPAL councillors nationwide have been voting themselves generous pensions which, when implemented, could cost ratepayers millions.

Pension benefits for councillors were first announced last year, but the real effects on the ratepayers have only now become clear as the rules for the Municipal Councillors' Pension Fund were gazetted yesterday.

All the country's major centres have voted, or are in the process of voting, to participate in the fund — some without the decision coming out in the open.

Under the fund rules, councillors who have served eight or more years will be eligible at age 60 for a lifetime pension equal to their present monthly council allowances.

They also have the option to buy back a further seven years of service — all of which may be paid on their behalf by their councils.

Objections

A councillor will pay in effect 12,8 percent of his allowance to the fund.

At least 16 sitting Johannesburg councillors are eligible, whether or not they are re-elected in the October elections. The list includes management committee chairman Mr Francois Oberholzer, who would retire on R48 000 a year, and four fellow committee members who qualify for pensions of R36 000 annually.

In Cape Town, about R3,4 million has been set aside for pension contributions, in spite of heated objections from some councillors and ratepayers' associations, while it is expected to cost Durban about R300 000 annually. Smaller councils, including Sandton, face average costs of around R100 000.

Funding for the pensions is expected to come from an increase in rates, or according to Mrs Flo Bird of the Parktown Ratepayers' Association, in service charges for electricity and water.

Dr Andreas Wassenaar, a former chairman of Sanlam and long-time critic of Government pension policy, has hit out at the scheme, which he describes as a "moral outrage".

"For anybody to earn a 100 percent pension after eight years is a disgraceful misunderstanding of what pensions are supposed to mean. What the councillors are doing cannot be defended. Pensions are not intended for part-time service."

Cape Town councillor Mr Arthur Wienburg argues that it is morally wrong for councillors to be given a

Councillors will get life-long benefits after only 8 years

pension when they are not working full-time.

"I believe that the pension fund legislation was passed to give a hand-out to those councillors who have served Government in the platteland. Like a carrot to stop National Party councillors going over to the Conservative Party."

"The contribution to the councillors' pensions is more than double what we contribute to our workers' fund. Now, when the city negotiates with its employees, what are they going to say when workers want a rise in benefits?"

Durban city councillor Mr Crispin Henson said he had no problem with councillors getting pensions on the same basis as parliamentarians, but there were two reasons for objecting.

"One is the timing. The general standard of living is declining and people are under financial pressure. I feel it's an inappropriate time for councillors to be put in such a comfortable position."

Loyalty

"Secondly, I question why this is being done at all. I'm certain the Government has embarked on a strategy to create loyal representatives at council level."

Arguments in favour of the implementation of the fund were detailed in a memorandum accompanying the Pension Benefits for Councillors of Local Authorities Act passed by Parliament last August.

The memorandum said: "Because of the time and energy councillors devote to the council and related matters, many have lagged behind their colleagues with whom they have to compete in their private occupations."

Sandton management committee chairman Mr Ricky Valente suggested that South Africa was rapidly approaching a situation where the time had come to think of directly elected mayors and city managers, as in the United States.

Pensions, a moral

outrage

SA 25/6/16

READERS QUERIES

LA HUNTER OF JEPPE writes: I am 44 years old, divorced and have no children to support, and I am a medical pensioner getting R320 a month with increases of approximately 10% annually when my former workmates receive increases in their salary.

I have paid a lump sum of R20 000 into an endowment policy with Old Mutual Anchor Growth Plan which matures in 10 years time.

I have R20 000 in a participation bond scheme which matures in December this year, plus R10 000 in a 32-day notice account.

Please advise me how to get the best returns from this money. I have a grown up son and daughter who are prepared to give me free accommodation.

ANSWER: At the current 13 percent inflation rate (which is bound to increase) the real value of your pension will halve in about five years. On the other hand, you say that this pension will be increasing in line with the general remuneration at the firm you worked for.

The interest you receive from your participation bonds will supplement your monthly income. At the current rate of about 15 percent which participation bonds are paying, you should be receiving about R3 000 a year, or about R250 a month. This pushes your current monthly income up to about R570, without taking into account the interest earned by your short-term deposit. Living sparingly, you could well get by on this amount.

My advice to you is to keep your current portfolio unchanged as it has a sound mix of capital growth and income elements. Unit trusts have a good long-term record.

The stock market is still too volatile at present for you to invest there now. Rather wait for a clearer upward trend to develop. — Magnus Heystek.

FA CRAWSHAW of Randburg writes: I was interested in Mrs Magnus' experience (The Star June 11) with Old Mutual Unit Trusts, as I had a somewhat similar case about the same time.

On May 4 my wife and I both gave notice to withdraw fairly substantial amounts in order to invest in senior citizens bonds.

Although both cheques received were dated the 18th, the envelopes were post-marked 26th, which meant that the cheques had been lying around in Head Office for eight days before being posted.

I reported this to the local manager, who promised to take it up with Cape Town. I pointed out that the delay cost us the loss of interest of at least R80.

ANSWER: Money Matters referred the complaint to Old Mutual in Cape Town. Mr MJ Harper manager of the SA Mutual Trust Management Co, replied as follows:

"I enclose a copy of our reply to Mrs Magnus, dated June 9, in which a detailed explanation was given. In order to compen-

sate for the delay in processing the repurchase transaction, a cheque to the value of R11,01 will be posted to Mrs Magnus.

As mentioned in Mr Crawshaw's letter, the matter was referred to us via our office in Randburg. The matter has been dealt with and a cheque for R13,83, being compound interest for the delay, has been sent.

I am glad to say that we have made tremendous progress with our programme to improve the quality of service offered to our investors. Whenever we come across a case where we have not conformed to the requirements of our investors, the necessary corrective actions are taken and systems are implemented to prevent similar problems in future.

I would like to give you the assurance that the Management Company is setting itself a high standard of service and will make every effort in future to ensure that enquiries or instructions from clients are dealt with promptly.

● Readers are once again reminded that queries on personal financial matters should be addressed to **MONEY MATTERS, PO BOX 1014, JOHANNESBURG, 2000.**

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The MINISTER OF DEFENCE:

	(a)		(b)	
	Full-time	Part-time	Full-time	Part-time
Assembly of God	0	1		
Apostolic Faith Mission of South Africa	13	37		
Baptist Union of Southern Africa	4	15		
Church of the Province of Southern Africa (Anglican)	4	24		
United Congregational Church of Southern Africa	1	0		
Church of England in Southern Africa	1	5		
German Lutheran Church	0	1		
Evangelies Gereformeerde Kerk in Afrika	0	1		
Evangelical Lutheran Ovambo Church	0	1		
Die Gereformeerde Kerke in Suid-Afrika	15	68		
Hindu	0	1		
Jewish Orthodox	1	7		
Methodist Church of Southern Africa	9	28		
Moslem	0	1		
Nederduitse Gereformeerde Kerk	224	623		
Nederduitse Hervormde Kerk van Afrika	30	98		
Nederduitse Gereformeerde Kerk in Afrika	3	6		
Nederduitse Gereformeerde Sendingkerk	3	7		
Old Apostolic Church	0	8		
-Pinkster Protestantse Kerk	1	2		
Presbyterian Church of Southern Africa	7	14		
Rhenish Church	0	1		
Roman Catholic Church	2	17		
Seventh Day Adventists	1	0		
Full Gospel Church of God	10	14		
Wesleyan Church — Southern Africa District	0	1		
TOTAL	329	981		

Pensionable service

36b

1099. Mr D J N MALCOMES asked the Minister of National Health and Population Development:

How many public servants who were still in service as at 31 March 1988, had bought back pensionable service?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

48 241 since 1955.

Members of SADF killed in operational area 1104. Mr J H VAN DER MERWE asked the Minister of Defence:

How many (a) White, (b) Coloured, (c) Indian and (d) Black members of the South African Defence Force were killed in the operational

The MINISTER OF THE BUDGET AND WORKS:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

70. Mr C J DERBY-LEWIS asked the Minister of Health Services:

(a) What are the salary scales attached to each of the five most junior posts in his Department, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

71. Mr C J DERBY-LEWIS asked the Minister of Education and Culture:

(a) What are the salary scales attached to each of the five most junior posts in his Department, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

The MINISTER OF EDUCATION AND CULTURE:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

72. Mr C J DERBY-LEWIS asked the Minister of Local Government, Housing and Works:

(a) What are the salary scales attached to each of the five most junior posts in his Department, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

The MINISTER OF LOCAL GOVERNMENT AND HOUSING:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

73. Mr C J DERBY-LEWIS asked the Minister of Agriculture and Water Supply:

(a) What are the salary scales attached to each of the five most junior posts in his Department, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

The MINISTER OF AGRICULTURE AND WATER SUPPLY:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

80. Mr C J DERBY-LEWIS asked the Minister of the Budget and Welfare:

(a) What are the salary scales attached to each of the five most junior posts in the Department of Welfare, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

1615

THURSDAY, 26 MAY 1988

1616

Five most junior posts: salary scales

705. Mr C J DERBY-LEWIS asked the Minister of Public Works and Land Affairs:

- (a) What are the salary scales attached to each of the five most junior posts in his Department, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

THE MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

706. Mr C J DERBY-LEWIS asked the Minister of Justice:

- (a) What are the salary scales attached to each of the five most junior posts in the Prisons Service, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

THE MINISTER OF JUSTICE:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

707. Mr C J DERBY-LEWIS asked the Minister of Economic Affairs and Technology:

- (a) What are the salary scales attached to each of the five most junior posts in the Department of Mineral and Energy Affairs, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

THE MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

710. Mr C J DERBY-LEWIS asked the Minister of Water Affairs:

- (a) What are the salary scales attached to each of the five most junior posts in his Department.

HOUSE OF ASSEMBLY

- (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

THE MINISTER OF WATER AFFAIRS:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

711. Mr C J DERBY-LEWIS asked the Minister of Law and Order:

- (a) What are the salary scales attached to each of the five most junior posts in the South African Police, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

THE MINISTER OF LAW AND ORDER:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Five most junior posts: salary scales

712. Mr C J DERBY-LEWIS asked the Minister of Defence:

- (a) What are the salary scales attached to each of the five most junior posts in the South African Defence Force, (b) how many of these posts are filled by Whites, Coloureds, Indians and Blacks, respectively, and (c) in respect of what date is this information furnished?

THE MINISTER OF DEFENCE:

(See reply to Question No 688 on Thursday, 26 May 1988 in column 1601.)

Consumer Council: privatisation

995. Mr C J DERBY-LEWIS asked the Minister for Administration and Privatisation:

- Whether it is the intention to privatise the South African Co-ordinating Consumer Council, if not, why not?

THE MINISTER FOR ADMINISTRATION AND PRIVATISATION:

No. The South African Co-ordinating Consumer Council is an institution not for gain and the privatisation thereof is not at present being considered.

1617

THURSDAY, 26 MAY 1988

1618

Competition Board: cartels

1006. Mr C J DERBY-LEWIS asked the Minister for Administration and Privatisation:

- (1) Whether it is the policy of the Competition Board to (a) discourage and/or (b) prohibit cartels;
(2) whether an exemption was granted to the cement industry in this regard, if so, (a) why, (b) when and (c) in terms of what statutory provisions and/or regulations;
(3) whether a further exemption of this nature has been granted to this industry; if so, (a) why, (b) when and (c) in terms of what statutory provisions and/or regulation?

THE MINISTER FOR ADMINISTRATION AND PRIVATISATION:

- (1) (a) Yes, see (b).
(b) Yes; a prohibition on collusion on prices and conditions, market sharing and tender practices was published in Notice No 801 of 2 May 1986.
(2) Yes, a temporary exemption was granted.
(a) To enable the Competition Board to conduct an in depth investigation into the application for exemption of the cement industry and to make a recommendation to me.
(b) Until 2 May 1988.
(c) In terms of section 14(5) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979).

(3) Yes.

- (a) To enable the Board to complete its investigation (see (2)(a) above) and to make a recommendation to me.
(b) Until 30 September 1988.
(c) In terms of section 14(5) of the Maintenance and Promotion of Competition Act, 1979 (Act 96 of 1979).

Pensionable service: buying back

1096. Mr D J N MALCOMES asked the Minister of National Health and Population Development:

- (a) On what date did the buying back of

pensionable service come into effect, (b) how many public servants who bought back pensionable service have retired since that date, (c) what total amount, excluding any interest on the amounts outstanding, did these persons pay to buy back such service, (d) what total amount was received by these persons in increased gratuities in respect of such service, (e) what total additional amount in monthly pensions is paid to them as a result of their having bought back pensionable service and (f) in respect of what date is this information furnished?

THE MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

- (a) 22 June 1955 — to the age of 25 years, 26 August 1966 — to the age of 18 years, 5 December 1980 to 20 September 1987 — to the age of 16 years.
(b) to (e) The information is not readily available.
(f) Falls away.

SADF: amounts spent on ammunition

1045. Mr C J DERBY-LEWIS asked the Minister of Defence:

- Whether he will furnish information on the amounts spent on ammunition by the South African Defence Force in the latest specified three financial years for which information is available; if not, why not; if so, what amount was spent in each of these financial years on ammunition (a) for training and demonstration purposes and (b) in actual combat?

THE MINISTER OF DEFENCE:

(a)	(b)
1985/86 RM163.289	RM72.548
1986/87 RM298.914	RM136.827
1987/88 RM228.389	RM328.742

SADF: chaplains

1076. Mr W J D VAN WYK asked the Minister of Defence:

- (a) Which denominations are represented by chaplains in the service of the South African Defence Force and (b) how many chaplains represent each denomination?

HOUSE OF ASSEMBLY



RECEIVING keys to the Soweto old age home is Mr Mbabane (second from left). The other people in the picture are Mr Jimmy Rasekoala, chairman of the Transvaal Care of the Aged, Mrs Flora Nthlane, executive member of the Soweto Care of the Aged and Mr Carmelo Pino of the Pinado construction company which built the home. Mr Pino gives Mr Mbabane the keys.

A DREAM COMES TRUE

THE chairman of the Soweto Care of the Aged, Reverend Tom Mbabane received the keys to the newly-built Soweto old age home last week.

But it will not be until about September when the home will open its doors to house about 120 residents and cater for about 300 in its service centre.

Mr Mbabane said the handing over of the keys was to mark the

**SOWETAN
Reporter**

completion of the builder's contract although they had to do finishing touches "here and there."

The home still needed furniture and it was hoped that in the next few months it would be properly equipped.

Mrs Kenke Mtshali has been appointed the first matron of the home and social workers and a nurse to assist her are due to take up their posts.

The idea of building an old age home in Soweto, according to Mr Mba-

bane, was first conceived more than 10 years ago but due to red-tape it was not until last year that the plans finally took shape.

"This home is a realisation of our dream and we are happy to say that that dream is becoming true," said Mr Mbabane.

Apart from housing

the homeless aged, it will also be a centre for communal activities.

Old people from many parts of Soweto will come to the centre for various activities.

The residences are split into units which will house 16 people at a time. Two people share a room in each unit, said Mr Mbabane.



Mrs KENKE Mtshali ... the first matron of the Soweto old age home

Pensioners

no longer have
to queue in
the open veld

Sowetan 28/1/88



PENSIONERS queueing for their payouts.

NEW DEAL

THE Transvaal Provincial Administration announced yesterday that black pensioners will no longer have to queue in the open for their pay. They will now draw their pension money at designated pay centres in municipal offices.

The new pay-out system, which will start operating from next month, will enable pensioners to be paid over 10 days and will put an end to long queues at pay points, said Mr John Mavuso, member of the executive council responsible for housing, pensions and welfare in the TPA.

"Pension queues are a thing of the past," said Mr Mavuso from his Pretoria office. He said the scheme will operate in the Pretoria-Witwatersrand - Vaal complex at places where his department has secured offices from municipalities but will spread to other areas of the Transvaal by next year.

Corruption

Mr Mavuso told the *Sowetan*, which has been campaigning for the past two years for a better deal for black pensioners, that the scheme may also curtail widespread corruption that is prevalent at open veld paypoints.

"Our people will take charge of paying out the pensions. No local authority will be involved. This will also remove the suspicion that municipalities will want to grab money from those pensioners who are involved in rent boycotts," Mr Mavuso said.

Pensioners in various centres have been informed of the new scheme but those who, out of habit, will go to the

By LANGA
SKOSANA

open veld "centres" will be assisted by TPA officials who will take them to their respective pay points, said Mr Mavuso.

Many Government attempts to devise ways of overcoming the black pensioner's pay-out problems have been criticised because they were founded on racism.

Critics say the post office, which pays out pensions to white, coloured and Indian pensioners, refused to pay out blacks because of the colour of their skin.

Financial institutions

• To Page 2



A HAPPY Mrs Georgina Phoka of Orlando East, Soweto, yesterday welcomed news that pensioners will no longer have to queue for their money.

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Mr. J.P. Brummer, Principal, Damelin Correspondence College



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Anger over cream ruling

Sowetan 28/1/88

By NTHABI
MOREOSELE

THE Black Consumer Union is angry that the ban on skin lightening creams has been postponed to January 1991.

The ban was supposed to be effective from Friday, July 1.

Researchers argue that the ingredient hydroquinone present in skin lighteners causes severe and irreversible skin damage. At present the law limits the quantity of hydroquinone to two percent.

The Minister of National Health and Population Development

ment, Dr Willie van Niekerk, released a statement saying that the reprieve was due to legal, economic and health implications.

"The somersault" by the Department of Health and Population Development, in granting a further 2½ years to the manufacturers of skin lighteners after it had been gazetted that these products are no longer to be marketed, is disgusting to say the

least," a spokesman for the Black Consumer Union said.

"By this gesture, we are convinced that the Government is insensitive to the welfare of consumers, particularly black consumers as these products directly affect us."

"Two weeks ago we wrote a strong and urgent letter to the Minister, Dr van Niekerk, requesting a meeting with him to know the reason for granting the manufac-

• To Page 2

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GREY-PHILLIPS, BUNTO

New scheme to end pension suffering

CAPE TIMES 28/6/88
Own Correspondent

300

PRETORIA. — A new streamlined and simplified pension pay-out system for the province's 220 000 black pensioners is to be launched next month by the Provincial Administration.

The system aims to eliminate the long-standing dissatisfaction among black pensioners who complain they have to wait hours for their pay-outs.

The provincial MEC, Mr J S A Mavusa, said at a press conference yesterday that the new system would end the suffering which had resulted from a lack of proper facilities for payments.

The Commission for Administration had approved the transfer of social pensions for blacks from the Department of Home Affairs to the provinces.

Private pensions for domestics

Growing demand for provident funds forecast

MORE provident fund retirement schemes are likely to be offered to weekly-paid workers by employers in 1988 in response to the objections to pension funds expressed in recent years by black employees and their trade unions.

Foreseeing an increasing demand for this type of retirement funding, Ginsburg Life & Pension Advisors have developed an administration system called SimpliFund to help employers run provident funds for their employees.

Ginsburgs, an independent brokerage operating throughout South Africa and SWA/Namibia, are consultants to numerous pension and provident funds with assets exceeding R800-million, among them the National Industrial Council for the Textile Manufacturing Industry which has over 6 000 members.

Provident Funds that Ginsburgs have recently installed have been designed to satisfy the demands made by weekly-paid employees and their unions.

According to Stanley Ginsburg, one of the strong points of their new system is its capacity to produce required

data instantly. The system is able to produce a benefit statement or "share certificate" for the members, setting out their benefits, shares and entitlements in a clear format which is easy to understand.

"We see these statements as particularly valuable communication tools. They can be produced, either on demand or at regular intervals, in respect of individuals, branches or groups," said Mr Ginsburg.

SimpliFund can be operated as a totally free-standing administration system, but it can also be directly linked to a payroll system to obtain membership and contribution details on a regular basis.

"It is also important that investment balances in provident funds of this type do not fluctuate to any great extent and that they reflect relatively high rates of interest or bonuses which can be easily communicated on a regular basis to the members. In order to cope with these needs, we have devised special investment arrangements with certain large insurers to suit this group of employees," he said.

DOMESTIC workers lose needed benefits if employers shy away from private pension funds in favour of a waiting period to attain the State pension, says Lulu Lipworth, senior consultant for Redlife Assurance's Domestic Pension Fund.

An annual bonus of 16% was declared for 1987 by the Domestic Pension Fund.

Ms Lipworth said that, a further plus was that on enrolment members of the fund qualify for a death and disability benefit of R3 000 for a minimum monthly premium of R15 00.

Family benefits

The immediate family of members can now benefit by a facility of R3 a month for funeral costs which offers R1 000 for a spouse and each child from age 14 to 21 years. Funeral costs of R500 are paid for each child between age 6 and 14 years, and R250 for each child up to six-years-old.

Retirement on the Domestic Pension Fund is from age 55 years for both men and women.

Not so to attain the State pension. State time is not on the side of the domestic.

Women may get a pension from age 60 years but men have to wait until 65 years.

However, to add to the Domestic Pension Retirement benefits the pension is guaranteed for 10 years.

Should the pensioner die during that prescribed time, nomi-

nated beneficiaries inherit the monthly pension for the balance of the 10-year period.

Otherwise the pension is paid regularly each month until the natural death of the pensioner, be it 100 years.

The State pension dies with the pensioner. There are no benefits for the family, even if penury is the follow up.

Ms Lipworth says: "Employers don't know how hazardous is the route for domestics to attain the State pension."

"Nor can they imagine, or perhaps are unaware of the indignities suffered by ageing applicants."

"And in spite of the agony of waiting there is also the possibility that a State pension will not be granted. There is also a Means Test which is applied."

To ensure that inflation does not erode future pensions, the Domestic Pension Fund offers a facility of a 12 percent annual increase. Thus, however, is a voluntary but rather essential tool.

For instance a woman enrolling at age 30 for a premium of R30 per month with 12 per-

cent annual escalation, at retirement age of 55 years should receive a monthly full pension of R1 434.49.

Should she prefer a one-third lump sum, she could draw R44 975 and a reduced two-thirds monthly pension of R956.33 per month.

Without the 12 percent escalation, the same member at age 30 years for a monthly premium of R30 per month will be entitled to a full monthly pension of R471.48, or a lump sum of R14 782 and a reduced monthly pension of R314.32.

The difference is telling. Inflation is formidable and cannot be ignored.

In 1986, the central Statistic Services quoted a work force of 800 000 domestics. Undoubtedly the second largest force in the Republic. The figure is probably nearer a million pairs of hands.

Supposedly, two out of three households employ full or part-time help. Every man and woman domestically employed should be entitled to a pension. Relatively few qualify.

Province structures easier payment system

Black pensions relief

PRETORIA — A new, streamlined and simplified pension payout system for Transvaal's 220 000 black pensioners is to be launched next month by the Provincial Administration, said MEC J S A Mavusa at a Press conference.

The Commission for Administration has approved the transfer of social pensions for blacks from the Department of Home Affairs to the

GERALD REILLY

provinces.

The aim is to eliminate long-standing dissatisfaction among black pensioners who complain they have to wait for hours in all weather conditions for payouts.

Mavusa said the payment of pensioners had not received the attention it merited.

The plan is to complete the takeover by the end of the year.

The new system, Mavusa said,

would finally end the hardship and suffering which had resulted from a lack of proper facilities for payments.

Another aim was to pay the pensions monthly and on dates nominated by the pensioner, avoiding confusion over payout dates for those who travel long distances and creating staggered payment days.

Only 8 000 applications had been received to have pensions paid into bank or building society savings accounts.

In the Johannesburg area 12 payout points for 54 000 black pensioners are to be established, 15 points for Vanderbijlpark's 18 000, 25 points on the West Rand, 18 for the East Rand's 32 000 and 19 points for the Pretoria area's 16 000 pensioners.

Falling rand boosts interest in SA property

The fall of the rand against most European currencies and in particular the pound, has created an unprecedented level of interest in South African residential property.

Commenting on foreign investment in the local property scene — there are many inquiries from retired people — Mrs Aida Geffen, managing director of real estate group, Aida Holdings, says: "We are actively marketing retirement units in South Africa to English families.

"The price of property in Britain has rocketed and £40 000 today goes nowhere.

"In South Africa, however, that £40 000 could provide a buyer with a delightful retirement unit near Durban's beachfront, for instance and at the same time, keep the bulk of his capital amount intact so as to live off income."

Aida Holdings is marketing Park View, one of Durban's landmark hotels, where £6 000 will secure a retirement unit.

The newly named Park View has been trans-

formed into the retirement living concept, with security, service, restaurant and nursing services all in the package deal.

"The balance of £34 000 invested in Britain at 8 percent would yield, at current exchange rates, about the equivalent of R11 500 which, together with a pension payment would create a lifestyle which folk could never hope to achieve in Britain," says Mrs Geffen.

In her review accompanying the first financial results of Aida Holdings since it was listed, she says the group had achieved profits before tax of R1,3 million — an improvement of 15 percent over projections at the time of last year's stock exchange listing, giving shareholders 5,9c a share.

"Total value of property sold by the group and franchisees was R537,4 million.

"Our entry into the retirement village market and the selling of large developments off-plan, should contribute to bolstering the group's turnover," she says.

No levy deal not a 'con', says developer

A property developer has hit back strongly at suggestions that low levies or no levies in retirement villages should be viewed with caution and that marketing in that direction is often only a lure for the buyer.

Mr Don Goodey, managing director of LTA Building Projects, which along with Stanbond developed the Merrow Down Country Club at Sandton, is reported as saying recently that such a levy drawcard is "a con — for you can't get something for nothing".

Replying to this comment is Mr Shady Wood, the developer of the R8.5 million Shady Woods retirement village in Randburg, who says: "Such a sweeping statement cannot go unanswered."

Defending the no levy concept which he has built into the contract of the Shady Woods purchaser, Mr Wood says: "A major source of anxiety for senior citizens is their financial ability to cope with inflation in later years."

"For instance, a monthly levy of R200 at present will, in five

Retirement village seminar

years at an inflation rate of 15 percent, have doubled to R402.

Mr Wood makes the point that such a situation could well result in retirement village buyers have to downgrade to more affordable accommodation and that it would be a "sad reflection on the inability of the retirement village industry to meet the very real requirements of the senior citizens whom they set out to serve".

He has no doubt that he has found a way to overcome any fears the elderly at Shady Woods might have about the eroding effects of inflation.

"As developer, I have foregone a percentage of profits on market-related sales prices which are used to establish the initial levy fund which is currently projected at R1.1 million," says Mr Wood.

The fund is replenished on an on-going basis on the resale of units by the village members to

new owners and this replenishment is made at a rate of 15 percent of the resale price of the units.

While it is impossible to predict future inflationary trends, the funds injected both initially by the developer and subsequently by the resale of units, taken together with income earned from the interest-bearing fund, "will serve to dampen the cost of any monthly levy that may be raised".

"It is evident, then," says Mr Wood, "that, as a result of this system, the Shady Woods buyer will be free of monthly levies while he lives there and that levies will be paid, in effect, only on the resale of a units."

The levy fund on completion of the 83-unit Shady Woods project will be under the control of the residents and any changes to its format or operation require 100 percent approval by the members.

Three prerequisites for success

Neglect of one or more of three prime factors in retirement village development will inevitably spell disaster, says Mr Don Goodey, managing director of LTA Building Projects.

The three prerequisites for success are:

- Market analysis which embraces age, health and income;
- Design concept (location, affordability and services cost);
- Management (professional, day-to-day control of a village including security, medicare and community facilities).

Mr Goodey said the elderly or

the senior citizen had a fear of running out of money and becoming a burden to their family.

Surveys indicate that 27 percent of buyers prefer to buy "life rights" to accommodation with a portion of the purchase price being repaid by the developer when the unit is vacated.

On the other hand, 73 percent of buyers prefer sectional title ownership.

Forecasting a buoyant market for the retirement accommodation market, Mr Goodey said facilities run by welfare organisations are fully occupied with long wait-

ing lists and were providing much needed homes for the old and frail.

"Many more old age homes are needed but only State-aided and welfare schemes are able to resolve the problem of matching high-cost services and facilities with low-income residents," he said.

"Now the old-age home image is being changed by developers who are addressing the needs of the over 55s in the active Go-Go group that represent 85 percent of market demand and want 'lifestyle' rather than 'lifecare'.

they picked up contracts these successes spread over several

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New pay-out
Ste 28/7/84
points for 300
pensioners

Pretoria Correspondent

The provincial administrations have taken over the payment of social pensions to black people from the Department of Home Affairs.

This was announced in Pretoria yesterday by Mr John Mavuso, Transvaal MEC in charge of housing and community development, who said better facilities for the payment of pensions would be made available "with the kind co-operation of black local authorities".

He said black pensioners sometimes had to queue for long periods in bad weather conditions to receive their pensions.

This was the result of a lack of proper facilities, which could be ascribed "to a culmination of several historical factors".

Mr Mavuso said applications for pensions and other administrative tasks related to pensions would in future be dealt with at offices made available by black municipalities.

PAY-OUTS

Pay-out points in the Pretoria area — which has about 16 000 black pensioners — will be in Atteridgeville, Saulsville, Mamelodi East, Mamelodi West, Von Wielligh Street in the city, Bultfontein, Pyramid, Bon Accord, Kameeldrift, Donkerhoek, Erasmia, Skeerpoort, Elma, Erasmus, Bakfontein, Rashoop, Letlhabile, Brits and Soshanguve.

New pay-out points have also been established in the Johannesburg and Vanderbijlpark areas.

Mr Mavuso said arrangements had been made for pensions to be paid directly into bank and building society savings accounts, but only about 3,75 percent of all black pensioners in the province had applied for this facility.



Rene Crous (left), Martie
of people who hav

Rotary/Lions *Star 24/6/88* urgently need *(200)* clothes to sell

The Rotary/Lions charity clothing project is in urgent need of warm winter woollies to sell at their weekly stall.

The stall catered especially for pensioners, Mr Terry Harbour of the Rotary Club said.

Pensioners can pick up bargains every Saturday morning (except on long weekends) and enjoy a warm cup of tea.

Mr Harbour said the project had collected about R50 000 over the past three years. He said the money was divided between the Lions and Rotary Club, and went towards buying food parcels for elderly people.

"Clothing donations come mainly from deceased estates. The articles are checked to ensure they are clean and not damaged," Mr Harbour said.

The stall was recently re-established at the "Lion Den corner" at the intersection of Augusta Street and Forest Road in La Rochelle.

Pensioners wishing to purchase bargains can catch the South Hills bus at stop No 44. The stall is open from 7.30-10.30 am.

People willing to donate winter clothing, can contact Mr Harbour at 942-2137.

Pension fund 'changes are a sop'

300
CPL Twp 29/6/88

By JIM FREEMAN

THE City Council's decision to reconsider some of the provisions for joining the municipal councillors' pension fund is "no more than a sop to ratepayers", says council member Mr Arthur Wienburg.

The amendment to the provisions of the decision to join the fund is to be discussed at tomorrow's monthly meeting of the council. Mr Wienburg said he would be tabling a motion that the council rescind entirely its decision to participate in the controversial fund, saying "there is no moral justification for councillors to be paid for their services".

A public outcry arose when the pension fund scheme was adopted recently, as ratepayers were faced with paying an extra R1 million a year in projected costs.

A report by the executive committee said the changes to the draft rules of participation had led to a considerable increase in what the council would have to pay.



STAATSKOERANT

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GOVERNMENT GAZETTE

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VOL. 276

KAAPSTAD, 29 JUNIE 1988

No. 11373

CAPE TOWN, 29 JUNE 1988

KANTOOR VAN DIE STAATSPRESIDENT

STATE PRESIDENT'S OFFICE

No. 1262.

29 Junie 1988

No. 1262.

29 June 1988

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring geheg het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 65 van 1988: Wet op Behuisingsontwikkelingskemas vir Afgetrede Persone, 1988.

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 65 of 1988: Housing Development Schemes for Retired Persons Act, 1988.

300

Retirement village residents 'sick with anxiety'

By June Bearzi,
Star Line

Residents of Eden Village in Helderkruijn sank R5,5 million into the retirement complex for "peace of mind and security in their twilight years", yet many say they are sick with anxiety and insecurity.

Promises made by the developers, Mr Don Timcke and his brothers Len and Charles of Eden Village Roodepoort (Pty) Ltd, to provide a frail care centre with nursing staff, a commu-

nity centre, 24-hour security and inexpensive daily meals prepared in a kitchen on the premises have not been kept, they say.

And the unit 8 ha on which the village is built has been slated in a report by police as "unsafe at night for the elderly".

Villagers say they are terrified to demand the facilities from the Timcke brothers as their contracts stipulate that if they "cause problems" they can be evicted and their units sold. Several residents said they sold their homes to pay amounts

ranging from R59 000 to R69 900 for life rights to stay in Eden Village and to enjoy all the advertised facilities which they believed would provide them with carefree retirement years.

The first shock came when they discovered that half the area designed for the frail care centre had been converted into four single units and sold off by the Timckes for R19 000 each.

Only four beds remained in two small wards and have never been used, as there are no nursing staff, they said. One angry resident who does

not want to be named for fear of victimisation said:

"The arrangement was that our money would buy the units and facilities. But now they have our money interest-free and we don't have the promised facilities."

The cut-rate meals and com-



munal kitchen have not been provided and a kitchen which was to cater for people confined to the frail care centre has been condemned by the Roodepoort municipality, according to Mrs Louise Ackroyd.

A former nursing sister who lives near the village, Mrs Ackroyd has been approached by residents for help, told Star Line.

Mrs D Edgar bought life rights in the village two years ago as she knew her husband would need to be nursed in the frail care centre.

The nursing staff and care centre were never provided and Mrs Edgar said she had the almost impossible task of nursing her husband "around the clock" in their Eden Village unit from the day she moved in, as State hospitals refuse to admit terminally ill patients and private nursing homes charge about R200 a day.

She had to give up her unit and move to an old age home with frail care facilities, which absorbs 75 percent of the couple's pension.

Mr E Schroder (75) and his

wife, Drienie (69), sold their house and paid R60 000 for their unit.

According to Mrs Schroder: "My husband was ill at the time and we moved in with express understanding that, if he got worse, he could go into the frail care centre. We're very worried about what will happen if my husband's health deteriorates. We were also told that meals which would cost R3 a day would be served every lunch time but nothing materialised and now I find the kitchen has been condemned, as it is too small to cater for the village."

Residents have also queried why the management company, Liefde and Vrede, which has autocratic control over the village and the monthly levies paid by residents, is registered as a charitable organisation.

LEVIES

Several demands to see Liefde and Vrede's financial statements of the operating costs and how the levies are being spent have also not been met, occupants complain.

"We were told we had no right to see expenses and how they are distributed or dealt with," one angry villager complained.

Developer 'Uncle Don' tries to reassure worried old folk

Mr Don Timcke insists he wants residents in the Eden Village retirement home to feel "Uncle Don is there to help".

"They've come here to rest. They must let me do the worrying about running the village," says the director of Eden Village Roodepoort (Pty) Ltd, who has been involved in various money-spinning and controversial business ventures over the past 15 years.

Mr Timcke agrees it hasn't been plain sailing for the 143 retired folk living in the 90 units at the Helderkruijn village.

He admits the frail care centre, as it was advertised in advertisements and contracts, "is a big headache" and had never become operational. He explained: "If they want it, the centre will be costly to run and residents will have to pay

higher levies."

He agreed the village was pitch dark at night, because there were no lamp posts on the property, but added: "I suggested they keep their outside lights on, but everyone complained that their electricity bills would increase."

Several angry occupants say the price they paid for life rights to stay in the units and have the promised facilities should cover the cost of health care, security and frail care centre.

"What are the developers using the R5,5 million we gave them interest free for?"

According to Mr Timcke: "The R5,5 million is going towards the building and extending of various retirement villages, so none of it can be used for hiring nursing staff and running a frail care centre."

When asked why the management arm of the village, the Eden Group of companies in association with Liefde and Vrede, was registered as a non-profit charitable organisation and what its function was, Mr Timcke responded:

"We work for the good of the people in the village, so Liefde and Vrede is registered as a charity."

"If they cannot pay their levies, then we can take collection boxes and raise funds on street corners."

It was pointed out that this was contradictory, as a clause in the contract stipulated that, if occupants failed to pay the levy, they would be given 30 days' notice and would be evicted and their units sold.

Mr Timcke explained: "We have to put that

clause in to cover ourselves."

He later added that Liefde and Vrede was also established to run the village after the present committee was no longer there.

"There is an accountant, a lawyer and a minister involved with Liefde and Vrede and they will ultimately attend to the needs of the villagers," he said.

Mr Timcke came under fire nine years ago for running a "pick-and-slay safari supermarket" operation in Hector'spruit, where clients paid R3 500 to select and shoot captive lions in a pen.

Mr Timcke has also been a furniture merchant and 14 years ago ran a holiday resort scheme, Countrywide Vacations, where investors were promised a R250 000 return within 10 years on an outlay of R10 000.

2074

2075

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2076

1978	15,85
1979	15,78
1980	9,09
1981	21,21
1982	22,50
1983	16,32
1984	14,03
1985	21,53
1986	22,78
1987	20,61

(1) (c) (i)

(ii)

November 1979	18,00
May 1980	18,00
November 1980	18,00
May 1981	18,00
November 1981	18,00
May 1982	18,00
November 1982	18,00
May 1983	22,00
May 1988	60,00

(2) 1961 Statistics are not available
 1962 Statistics are not available
 1963 Statistics are not available
 1964 Statistics are not available
 1965 Statistics are not available
 1966 Statistics are not available
 1967 316 550 persons
 1968 327 978 persons
 1969 291 645 persons
 1970 256 197 persons
 1971 262 550 persons
 1972 198 576 persons
 1973 205 980 persons
 1974 219 110 persons
 1975 228 911 persons
 1976 244 563 persons
 1977 257 353 persons
 1978 270 631 persons
 1979 281 885 persons
 1980 289 459 persons
 1981 307 099 persons
 1982 317 620 persons
 1983 331 453 persons
 1984 349 293 persons
 1985 374 350 persons
 1986 402 143 persons
 1987 426 354 persons
 1988 453 229 persons

Langlaagte: incorporating into Riverlea
 21. Mr T R GEORGE asked the Minister of Constitutional Development and Planning:

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2077

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(1) Whether his Department intends incorporating certain areas of Langlaagte into Riverlea; if not, why not; if so, which areas;
 (2) whether any negotiations have taken place in this regard; if not, why not; if so, (a) what negotiations and (b) with whom;
 (3) whether any decisions have been taken on the matter; if not, why not; if so, what decisions;
 (4) whether he will make a statement on the matter?

THE MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrator of Transvaal and he furnished the following information:

(1) No. No such request was received by the Provincial Government.
 Rest of question falls away.

Taxi licences

47. Mr T R GEORGE asked the Minister of Transport Affairs:

Whether he will furnish the names of all (a) persons issued with taxi licences, and (b) registered taxi associations, in respect of (i) Riverlea, (ii) Bosmont, (iii) Westbury, (iv) Eldorado Park, (v) Klipspruit West, (vi) Coronationville, (vii) Noordseig and (viii) Newclare for 1985, 1986, 1987 and 1988, respectively; if not, why not; if so (aa) in what manner will he furnish these names and (bb) when?

THE MINISTER OF TRANSPORT AFFAIRS:

(a) and (b) No. The required information is not readily available.

(aa) and (bb) Fall away.

Own Affairs:

Port Elizabeth: pensions

2. Mr W J DIETRICH asked the Minister of Health Services and Welfare:

(1) (a) How many persons applied at the Port Elizabeth regional offices of his Department for (i) old-age pensions, (ii) pensions for the blind, (iii) disability grants, (iv) war veterans' pensions and (v) maintenance grants over the latest specified period of three years for which information is available and (b) how many of these applications (i) were (aa) granted and (bb) refused and (ii) are still under consideration;
 (2) whether his Department received any complaints during the above period from members of the public concerning misconduct on the part of officials attached to the Port Elizabeth regional offices of his Department and involved in the processing of these pensions and grants; if so, (a) what was the purport of these complaints and (b) what steps have been or are to be taken in this regard;
 (3) whether any funds were misappropriated at the above-mentioned offices over this three-year period; if so, (a) what were the amounts involved in each of these years and (b) how many persons were involved in each instance;
 (4) whether the Department took any action in regard to these instances; if not, why not; if so, what action was taken in respect of (a) the perpetrators and (b) preventing a recurrence;
 (5) whether he will make a statement on the matter?

THE MINISTER OF HEALTH SERVICES AND WELFARE:

(1)(a)(i)	(ii)	(iii)	(iv)	(v)
1985: 451	8	1 834	50	940
1986: 741	7	2 217	43	1 062
1987: 753	4	1 777	64	1 174

(1)(b)(i)(aa)	1985:	2 686 cases
1986:	3 198 cases	
1987:	2 871 cases	
TOTAL	8 755 cases	

(1)(b)(i)(bb)	1985:	597 cases
1986:	872 cases	
1987:	901 cases	
TOTAL	2 370 cases	

I(b)(ii)	1985: 0
1986: 0	
1987: 0	

(2) No
 (3) Yes
 (a) 1986: R 9 758,10

1986: R16 149,45
 1987: R26 143,42
 (b) 1985: 12 persons
 1986: 15 persons
 1987: 13 persons

(4) Yes

(a) The South African Police have opened fraud dossiers in each case. A recoupment order have been served on each debtor for the repayment of all money's illegally received.

(b) Supervision and control over Social Security matters have been re-inforced at all the Department's Regional Offices. Review procedures on all pensions/allowances have been tightened and more stringent control measures applied to the issuing of face-value forms.

(5) No.

Social pensions

11. Mr P A CHENDRICKSE asked the Minister of Health Services and Welfare:

(1) (a) What was the amount paid per month to social pensioners (i) in each year from 1961 up to and including 1987 and (ii) in 1988 as at the latest specified date for which figures are available, (b) what was the percentage increases in each such year and (c) (i) in which years were bonuses paid to such pensioners and (ii) what was the amount of the bonuses paid out in each of these years;
 (2) how many social pensioners were registered with his Department in each of the above years?

THE MINISTER OF HEALTH SERVICES AND WELFARE:

(1) (a) (i) 1961 — Not available
 1962 — Not available
 1963 — Not available
 1964 — R6,00 per month
 1965 — R7,50 per month
 1966 — R8,00 per month
 1967 — R8,50 per month
 1968 — R9,00 per month
 1969 — R15,50 per month
 1970 — R21,00 per month
 1971 — R22,00 per month

HOUSE OF REPRESENTATIVES

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Hansard

Hansard

1972 — R23.50 per month
 1973 — R26.00 per month
 1974 — R29.50 per month
 1975 — R34.00 per month
 1976 — R38.00 per month
 1977 — R42.50 per month
 1978 — R47.75 per month
 1979 — R54.00 per month
 1980 — R60.00 per month
 1981 — R71.00 per month
 1982 — R83.00 per month
 1983 — R93.00 per month
 1984 — R103.00 per month
 1985 — R117.00 per month
 1986 — Old Age and Pension for the Blind — R147 per month (each)
 Disability and Maintenance Grants — R142 per month (each)
 War Veterans' Pension — R198 per month
 1987 — Old Age and Pension for the Blind — R167 per month
 Disability and Maintenance Grants — R162 per month
 War Veterans' Pension — R218 per month

(c) (i) 1979; 1980; 1981; 1982; 1983; 1984; 1985 and 1988

(ii) R24; R24 and R24; R24 and R24; R24 and R24; R29; R29; R36 and R60

(ii) 1988 — The amounts payable are the same as in 1987

(b) 1961 — Not available
 1962 — Not available
 1963 — Not available
 1964 — Not available
 1965 — 25%
 1966 — 6.6%
 1967 — 6.2%
 1968 — 5.8%
 1969 — 72%
 1970 — 35%
 — 4.7%
 1972 — 6.8%
 1973 — 10.6%
 1974 — 13.4%
 1975 — 15.2%
 1976 — 11.7%
 1977 — 9.2%
 1978 — 12.3%
 1979 — 13.09%
 1980 — 11.11%
 1981 — 18.33%
 1982 — 16.9%

(2) 1961 — Not available
 1962 — Not available
 1963 — Not available
 1964 — 80 944
 1965 — 84 322
 1966 — 88 663
 1967 — 92 457
 1968 — 96 901
 1969 — 102 523
 1970 — 109 709
 1971 — 115 987
 1972 — 122 357
 1973 — 121 221
 1974 — 127 554
 1975 — 132 894
 1976 — 143 863
 1977 — 156 547
 1978 — 170 233
 1979 — 182 500
 1980 — 195 182
 1981 — 199 775
 1982 — 203 089
 1983 — 208 718
 1984 — 212 016
 1985 — 217 106
 1986 — 227 581
 1987 — 271 797

Greater Riverlea: additional housing projects

15. Mr T R GEORGE asked the Minister of Local Government, Housing and Agriculture:

(1) Whether any additional housing projects

are being envisaged by his Department for the Greater Riverlea area; if not, why not; if so, what are the relevant details;
 (2) whether any negotiations have taken place in this regard; if not, why not; if so, (a) what negotiations and (b) with whom;
 (3) whether any decisions have been taken on the matter; if not, why not; if so, what decisions;
 (4) whether he will make a statement on the matter?

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

(1) No.

Although the land does not belong to the Department, the Department is assisting the Johannesburg City Council with the financing of the upgrading of services and housing projects in the Greater Riverlea area.

(2) No.

(a) and (b) Fall away.

(3) Falls away.

(4) No.

Riverlea: recommendations

16. Mr T R GEORGE asked the Minister of Local Government, Housing and Agriculture:

(1) Whether his Department has received any recommendations concerning Riverlea and Riverlea Extensions 1, 2, 3 and 4; if so, (a) when, (b) from whom and (c) what is the purport of these recommendations;

(2) whether any decisions have been taken in this regard; if not, (a) why not and (b) when is it anticipated that decisions will be taken;

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

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

(1) No

(a) Falls away.

(b) Falls away.

(c) Falls away.

(2) (a) Falls away.

(b) Falls away.

(3) No.

Riverlea Extension 1: development/improvement of living conditions

17. Mr T R GEORGE asked the Minister of Local Government, Housing and Agriculture:

(1) Whether, since September 1984, his Department has allocated any funds for the development of, and improvement of living conditions in, the Riverlea Extension 1 area; if not, why not; if so, (a) what projects were undertaken in this regard, (b) what total amount was involved and (c) in respect of what date is this information furnished;

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

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

(1) No.

(a) Falls away.

(b) Falls away.

(c) 16 May 1988.

(2) No.

Riverlea: upgrading

18. Mr T R GEORGE asked the Minister of Local Government, Housing and Agriculture:

(1) Whether any upgrading is being envisaged by his Department for the areas of Riverlea and Riverlea Extensions 1 and 2; if not, why not; if so, (a) what are the relevant details and (b) what total amount has been allocated and/or is estimated will be allocated for this purpose;

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

The MINISTER OF LOCAL GOVERNMENT, HOUSING AND AGRICULTURE:

(1) No.

No upgrading is envisaged by the Department for the areas of Riverlea and Riverlea Extensions 1 and 2. The development is being planned by the Johannesburg City Council and the Management Committee.

(a) Falls away.

(b) Falls away.

(2) No.

Council to debate pensions issue

Municipal Reporter

OPEN public debate on the controversial issue of pensions for city councillors and management committee members looks set to rage for several hours today at the council's monthly meeting.

Arch-opponent of the pension scheme Mr Arthur Wienburg has tabled a motion that the council's two major decisions on the issue — to join the fund and to allow councillors to "buy back" years of actual service — should be rescinded.

A note on the agenda shows that Mr Frank van der Velde had also intended submitting a mo-

tion to rescind the pension decisions, and would have done so had Mr Wienburg not got in before him.

Mr Wienburg will also ask for details of the correspondence which the council has received on the subject from ratepayers' associations, members of the public and any other sources.

The pro-pensions lobby appears, from the agenda, to be on the retreat now that the pension fund rules have been changed by the trustees of the fund.

The powerful executive committee also recommends that the council rescind both its earlier decisions, but adds that it should join the fund afresh and allow a

provisional "buy-back", or "pay in" as it is officially called.

Should the rules permit it, or be amended to permit it, the council's contributions should be limited to two-thirds of the total, exco says, and the councillor or management committee member should pay the other third.

Exco recommends that the council should reduce its share of contributions to a ratio "more in keeping with that applicable to outside funds generally as well as its own staff pension fund".

In respect of the "buy-back", exco recommends that participants should contribute at such a rate as may be necessary to ensure that the total council share shall not exceed R2,7 million.

RIDICULOUS PRICES!

Aged couple have to live in shack under the trees

By Duncan Guy

Partially-blind Mr Mannie Lorewick and his wife Mieta have lived under the wattle trees near Rubridge Road, Roodepoort, for about four months.

They say they have had frequent visits from police who warn them to leave.

DESTROYED

On one occasion "some months ago" the police burned down a shack and on June 17, police destroyed some of their household equipment, said other people who live there.

A Transvaal Provincial Association Community Services spokesman said yesterday that the squatters' best chance of housing lay in Kagiso or possibly Rietvallei, where squatters have been housed.

The Kagiso Municipality could not be contacted for comment.

Mrs Lorewick said



Mr Mannie Lorewick and his wife, Mieta . . . nowhere to live.

● Picture by Duncan Guy.

she used to work in fields owned by a market gardener, until she had to go to hospital. She had to leave the staff quarters when she left her job.

"All we want is help to find a place to live. There are even people among us who have jobs in town but have to

sleep here at night," said Mrs Lorewick.

A police spokesman confirmed that, following complaints, action had been taken against the squatters on more than one occasion. He said he had no knowledge of police damaging their possessions or burning a shack.

SOCIAL SECURITY — PENSIONS

1988

JULY — DEC,

Call to standardise pension payouts

By Stan Hlophe

Black community leaders have welcomed with reservations an announcement by the Transvaal Provincial Administration (TPA) that pensioners will no longer have to queue in the open for their money.

They say it is a positive, if belated, move but express concern about the new payout centres and foresee problems for pensioners in the long run.

They have also called for the same facilities

currently enjoyed by other races to be extended to blacks.

Whites, say the community leaders, have their pension monies transferred to their bank accounts or posted to their homes and are not exposed to long queues.

In a press conference this week TPA MEC Mr John Mavuso announced that a new payout system would be introduced this month, and applications for pensions and other administrative tasks related to pensions

would in future be dealt with at offices made available by black municipalities.

Dr Nthato Motlana says it is an improvement on the old system which he describes as "a humiliation for many old folk". But the community leader doubts whether the new system will eliminate long queues.

"Why can't the same system for other races be used for blacks," he asks.

Mrs N M Rampho-mané, president of the

Black Consumers Union, says: "It is a step in the right direction and my only hope is that we will not see the long queues at pay centres as we did with the old system."

POSITIVE

The *Sowetan* said in an editorial that the new scheme was a positive step. "We can only hope that when the new system is fully functional next year all the unpleasant experiences our pensioners have gone through will be things of the past."

Council pensions to 'cost less'

Get Tink's
1/7/88
300

By PETER DENNEHY
Municipal Reporter

DECISIONS regarding pensions for councillors were rescinded unanimously at yesterday's City Council meeting and retaken in such a way that the scheme will cost ratepayers less.

The council voted 20 to seven to rejoin the pension scheme and 17 to 10 to allow councillors to "buy back" just eight years of actual past service, instead of 15 years, as was previously the case.

Mr Richard Friedlander, the chairman of the executive committee, said it was recommended that individual councillors would have to contribute 15% of their allowances, even though the rules at the moment stipulated it had to be 13%.

"We will have to go to the trustees and say that we regard it (15% contributions) as fair, reasonable and equitable."

The council also decided that the "buy-back" would not be allowed to cost it more than R2,7 million, "which is R1,5m less than would have been the case had we not made adaptations".

If the amount threatened to exceed R2,7m, participating councillors would have to "pick up the tab", Mr Friedlander said.

Mr Hugh Frost (better known as Jack), said he had no problem with the principle of a pension fund, but did have a problem with this one, as it was a national fund over which the council had little control. One senior Johannesburg official stood to get a R48 000 cash payout and R4 000 a month.

"How can any pension fund support that?" he asked, and predicted it would head towards bankruptcy and have to increase the contributions.

"Our ratepayers will have to pay to keep the fund afloat, while councillors from all over the country draw benefits."

Mr Arthur Wienburg said one reason for the city of New York going bankrupt was that ever-higher salaries, perks and pensions were extracted from it.

He revealed that the average age of a Cape Town councillor was 55, and at least a third of them were unemployed. Mr Leon Markovitz (a man of private means) wanted to know whether he was included in that figure.

Mr Wienburg elicited a storm of interjections when he asked who would take part in the "buy-back". During all the hubbub, Mr Wienburg brushed off a remark from Mrs Esmé Chait, beside him, by saying: "Quiet, wench!"

Gallant Dr Jack Joffe asked the mayor whether "a councillor may call another councillor by another name"?

'On the take'

Mr Wienburg withdrew his comment. Later, he had to withdraw another remark when Mr Clive Keegan objected to his phrase "on the take", which Mr Keegan (who will not take part in the "buy-back") said implied councillors who took part were behaving in a "dishonest, if not criminal" manner.

Mr Louis Kreiner had his speech cut short when the mayor ruled that it was too directed at the actions of one councillor (Mr Wienburg) and off the topic.

Mrs Eulalie Stott said that when a commercial firm introduced a pension scheme it was usual for it to offer long-standing staff an opportunity to pay in for past years of actual service, rather than treating everyone the same as the "new boys".

Woodman, spare that tree'

Municipal Reporter

TOUCH a tree and you strike a chord in the heart of Cape Town. In other words, to that effect, a debate on eradicating alien plants seemed to suggest.

Mr Frank van der Velde called a for stop to wiping out alien vegetation, which will cost the council R168 480 this financial year.

Previously he had been able to hike along Table Mountain paths in shade. Now his shade was being taken away, he said.

And out on the Cape Flats, he added, trees such as the Port Jackson were regarded as weeds but provided valuable firewood.

Mr Jan van Eck slammed what he described as an "anti-tree attitude".

Cutting down stone pines on the Groote Schuur estate recently was a prime example.

However, alien intruders were destroying indigenous vegetation, said Dr John Sonnenberg, describing their relentless progress as "spreading like a cancer over the mountain".

Council backs off bid to limit pension costs

By ANTHONY DOMAN
Municipal Reporter

CAPE Town City Council will press for major changes to the national municipal councillors' pension fund to limit the cost to the city — expected to run into millions.

This follows an outcry from ratepayers and a shock increase of nearly R1-million in projected costs.

After a debate lasting 2½ hours, marked by angry ex-

changes, the council resolved at its monthly meeting yesterday to join the fund on condition it could reduce its outlay.

However, it is uncertain whether the rules of the fund, expected to represent virtually all the country's 600 municipalities, will allow this.

Councillors will qualify for pension benefits at the age of 60 after a minimum of eight years' service. Maximum benefits are reached after 15 years, when contributions cease.

According to latest estimates

the council would have to pay R301 000 a year as the "employer" contribution, plus the equivalent of R4 225 000 for a buy-back benefit for councillors who want to be compensated for past service.

The council wants to change the rules to cut its buy-back costs to R2,7-million by increasing councillors' contributions and limiting the benefit to eight years' service.

The proposed councillor/council ratio for future regular contributions to the fund

should also be changed, the council has decided.

Under present rules a total of 45,5 percent of the councillor's monthly allowance (equivalent to R455 for Cape Town) is to be paid into the fund. The councillor will pay R130 and the council R325 as the "employer" contribution.

However, Cape Town wants this to be R150 from the councillor and R305 from the council.

Earlier the council had decided to rescind its resolutions

of April 28 and May 18 in which it had decided to join the fund with the buy-back benefit.

The council has also decided that its Executive Committee will make recommendations and representations aimed at cutting the cost to the council.

Arch-critic of the fund Mr Arthur Wienburg said the proposals to cut the council's commitment to the buy-back from R4,225-million to R2,7-million were a bluff. "It is not how much you save but how much you spend," he said.

No pension for farm worker of 33 years

MR. CE Mathebula of Acornhoek is concerned about his elderly uncle's pension.

His uncle has worked for the same farmer for 33 years. This year the farmer told him this would be his last year on the farm. The farmer told him he should not expect to get a pension from him — not even a cent. Mr Mathebula said his uncle is already getting an old-age pen-

sion from the State.

Unfortunately, there are no laws to protect farm workers — even those who have worked for a lifetime on the same farm.

If the farmer does not want to pay a pension, there is nothing the farm worker can do.

If the old man is already getting a government pension, he cannot claim anything else.

17/1/88

300

C/Pres

NO JOY FOR OLD FOLKS



THOUSANDS of pensioners are still queuing for their bi-monthly pension despite TPA announcement that the system was a thing of the past. This was the scene at the Phiri grounds in Soweto yesterday.

New pension pay-out plan a flop

Sowetan 6/7/88

300



MR JOHN Mavuso... announced scheme.

THE new pension pay-out scheme announced by the Transvaal Provincial Administration has flopped.

Thousands of pensioners, who have been queuing since last Friday, have not been given their pension money.

Scores had to be con-

By ALI MPHAKI

tent with long queues before receiving their pay while others had not been attended to by late yesterday afternoon.

Mr John Mavuso, an executive member of the TPA responsible for housing, pensions and welfare, said pensioners would draw their pension money at designated pay centres in municipal offices.

The system was to start as from this month.

Confusion reigned in most pay-out centres yesterday with most pensioners claiming they were being "shunted from pillar to post."

A near-riot was averted in Zola on Monday when the two TPA employees servicing more than 2 000 pensioners told them to go home after 4pm.

System

"We do not know what to do as we are terribly understaffed. The new system which TPA wants to introduce is not likely to succeed," a clerk who wished to remain anonymous told the *Sowetan*.

The TPA announced that the new system would enable pensioners to be paid over 10 days and will put an end to long queues at pay points.

Mrs Esther Osrich (70), from Mofolo who receives her pay from

• To page 2

Editor in hospital

THE detained editor of *New Nation*, Mr Zwelakhe Sisulu has been admitted to a Johannesburg hospital apparently suffering from depression.

His lawyer, Mrs Pricilla Jana, said she visited him in hospital yesterday and saw that he was suffering from depression.

"He has also lost weight," Mrs Jana said.

His wife, Zodwa has also been to see him in hospital.

Mr Sisulu was detained under the emergency laws in December 1986 and has applied unsuccessfully to the Rand Supreme Court to be released. The case

SOWETAN Reporter

is being taken on appeal to Bloemfontein.

According to the Minister of Law and Order, Mr Sisulu is being detained because of his activities in relation to the National Education Crisis Committee (NECC), but in papers handed to court, Mr Sisulu has denied that his connections with the NECC were as the police understood them.

The Prisons Service has referred all inquiries to the police who have pointed out they do not comment on emergency detentions.

Page 2

Pension plan flops

300

Sowetan 6/7/88

• From page 1

Zola, said yesterday she was turned away on Friday and Monday because of the long queue.

"I cannot walk properly and all this 'come tomorrow' has left my health in a terrible state. Can somebody tell me what is going on," she said.

Mr Buti Rasekwala, vice president of the Soweto Care of the Aged, condemned the TPA for their manner of treating pensioners.

"The TPA should divide pensioners according to their residential addresses because there is no way you can cover 3 000 of them in one day. There is absolutely no planning and it is really cumbersome," he said.

On April 1 this year, the TPA took over control of pensions from the Department of Home Affairs.

Mr Mavuso could not be reached for comment last night.

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'Improved pension payout' system flops

Star 6/7/88 300

By Jovial Rantao

The new streamlined and simplified pension payout system for Transvaal's 220 000 black pensioners is not making life any easier for pensioners.

Pensioners still have to wake up early in the morning to queue and wait for the better part of the day before being served or turned away.

The new system, initially aimed at ending the hardships and sufferings which had resulted from lack of proper facilities, came into operation at the beginning of this month.

Deductions

The Transvaal Provincial Administration (TPA) promised earlier this year that special officials would handle pension payouts and also promised that no deductions would be made to pay for house rentals.

At various paypoints around Soweto visited by The Star yesterday, Soweto council employees were still paying out money to pensioners.

And many pensioners were angry after council employees had deducted R60 for rentals without their consent. Some wept openly as they told The Star about the deductions from their meagre pensions of no more than R117-a-month (paid bi-monthly).

A 67-year-old Moletsane pensioner was near tears as she explained to The Star's news team that R60 was taken from her meagre pension money for house rentals and service tariffs despite the fact that she

was staying with her children and did not own a house.

Pensioners at the paypoints complained that the new system, instead of making things easy, was in fact making their lives miserable.

A Diepkloof pensioner said she had been told by a 73-year-old man collecting his pension at the Diepkloof Council Offices, that he had been at the toilet when his turn to collect his pension came.

He told her an official went to the window on his behalf to collect his pension. As far as he knew the usual procedure of him placing a thumbprint to show he had received the money was waived. The official gave him his money — minus R50. When the pensioner tried to inquire he was chased away.

Turned away

Thousands of pensioners expressed concern and disgust about having to wait in long queues from as early as 5 am until about 2 pm, only to be told to report back after a few days or to report to the Department of Home Affairs offices in Albert Street, Johannesburg on July 14, because council employees could not find their pay tickets.

Pensioners complained that because pensions were their only source of income they had nothing to live on until dates given by council officials.

Mr John Mavuso, MEC for Transvaal, was not available for comment.

Confusion at pension queues

Sowetan 7/7/88

MORE confusion reigned at several pension pay-out centres in Soweto yesterday.

While scores of pensioners have been queuing daily for their bi-monthly allowance since last Friday, hundreds were yesterday ordered from the Phiri centre to go to Soweto City Council chambers in Jabulani.

Some broke down and wept while Red Cross personnel had to treat three elderly men and a

woman for depression. One of the men had an asthma problem.

The pensioners claimed they were being "shunted from pillar to post" and hundreds who have been queueing daily since Friday, have not been given their pension money.

Mr John Mavuso, an executive member of the Transvaal Provincial Administration (TPA) said he would release a Press statement concerning the pensioners late last night.

From sick-bed to 8-hour wait

By JOVIAL RANTAO

Mrs Anna Mathe (70) gets out of her sick-bed every two months to collect her meagre State pension grant of R117.

She suffers from arthritis — but every day since July 1 has awakened early and waited for more than eight hours for her pension, only to be told to "come back tomorrow".



Mrs Mathe lives in a three-roomed house in Orlando East with her unemployed sister and daughter.

Yesterday, she was among more than 300 pensioners who queued for more than eight hours in a bid to be paid their bi-monthly State pension grant.

Six times a year, the Government comes to the rescue of about 220 000 black pensioners in the Transvaal by giving them R117 each with which they replenish their groceries and pay rent.

For Mrs Mathe and her family, yesterday was just another day in their lengthy calendar of misery. The waiting can take days.

Mrs Mathe had not yet received her pension money when this reporter spoke to her.

Meanwhile her family goes to bed with empty stomachs.

Mrs Mathe cannot walk properly without assistance. So every pay-out day she borrows money to hire a car to take her to the pension pay-out point.

Says Mrs Mathe: "How my family survive is still a mystery to me, because somehow we do make ends meet. We have a meal once in while if a good samaritan comes to our aid by offering us something to eat."

Her grant, if and when it does come, has to meet her medical expenses. "I wish there was a better pay-out system as it is not easy for us (pensioners) to wake up very early in the morning, only to wait in long endless queues," she says.

"The old system at the Orlando Communal Hall wasn't that good, but was far much better than what we have now."

PENSIONS PLEA FOR PATIENCE

300
Soweto
2/7/88

THE Transvaal Provincial Administration has appealed for patience and co-operation from all concerned after its newly introduced pension pay-out system ran into snags.

Pupils held Sosco

Soweto 2/7/88

THE Soweto Students' Congress yesterday blamed the Department of Education and Training for the high number of pupils detained in Soweto over the past two months.

In a statement Sosco claimed it had evidence that the DET inspectors this week offered many of the principals walkie-talkies in an attempt to make them police informers.

Responding to accusations by Sosco, Mr Richard Chernis, the DET's PRO in Pretoria, said they were an education department only responsible for the provision of education at its schools.

The Director of Social Services in the TPA, Mr Wollie Wolmarans, said they are trying their best to alleviate the problems encountered by hundreds of pensioners.

He said the vice chairman of the constitutional committee of the TPA, Mr John Mavuso, personally visited pay out centres in Soweto yesterday to see if improvements could be made.

Mr Wolmarans added that their problems stemmed from the big turn-out by pensioners from last Friday.

"We had all the pensioners coming in on one day and that created a problem for us. What we are presently doing is to get all their addresses and put them in computers so as to make it easy to inform them on what dates they can go and collect their pension," he said.

We want our old queues back, say the pensioners

SOWETO pensioners have this week made a rather unusual request — that the government dump the new scheme of paying pensions at rent offices and revert to the old system, where pensions were paid at open grounds and communal halls.

Under the old system, where there were few payout points, pensioners were forced to queue for hours in public places, often at the risk of being robbed or fainting from exhaustion.

But the new scheme, which took effect last Friday is, pensioners say, the "worst in the history of pensions".

Many had been standing in queues at Soweto's rent offices for up to three days since last Friday without receiving their money. Some said they had been sent to the Department of Home Affairs in Johannesburg after clerks had for some reason been unable to clear them for payment.

Moreover, some pensioners claimed they had received their bi-monthly grants minus R60. They had been paid R294 in May and only R234 this month. When they enquired they were allegedly told by clerks the extra R60 had been a "gift just for May".

Neither Transvaal Provincial Administration executive member John Mavuso, who is in charge of housing and pensions, nor Transvaal Provincial Administration PRO Fanie Terblanche was available for comment on the allegations.

Pensioners said they refused to believe the new pension payout scheme had been designed solely to end their misery.

Many suspected the new system had a hidden agenda. One underlying motive, they believed, was to pressure them to pay rent by offsetting arrears against their pensions. A second, they claimed, was to use pen-

Pensioners in Soweto were delighted when the system of queueing for hours in the open ended this month — until the new system began on Friday and many went home without money.

THAMI MKHWANAZI reports

sions as a lever to encourage them to register for the October municipal elections.

There was no evidence of pensioners being forced to pay rent during a *Weekly Mail* visit to the new payout points.

However, there was evidence of pensioners being reminded to do something about their rent debt.

A 66-year-old Mofolo South pensioner, Julia Masuku, said a clerk last Friday "reminded us to make good our arrear rent". He was ignored by many, but some did pay "something".

Pensioners interviewed gave various reasons for their rejection of the new scheme.

Miriam Radebe of White City said she had begun queueing last Friday and had only been paid on Tuesday, while Sophie Nkuna of Moroka North had not received her pension on Wednesday after queueing from Monday.

A group of women at the Mofolo North rent office said they had incurred travelling expenses they could

not afford during the past three days, and still had not received their pensions.

Soweto housing director Estelle Bester said the allegations that pensioners might be forced to pay arrear rent was ridiculous as pensions, she said, were paid by the Department of Social Welfare and not the Soweto Council.

The council, she argued, was concerned about the old system, where old people had risked being mugged and had to stand in queues "from dawn to dusk".

Mavuso has been quoted as saying "no local authorities would be involved" in setting up new payout points for the 220 000 black pensioners in the Transvaal.

He said last week plans had been made for pension money to be paid through bank accounts. So far about 8 000 pensioners had applied for this facility, he said.

Mavuso said in a statement this week that the new scheme was intended to spread the payment of pensioners over a longer period in order to eliminate queues. But as long as all pensioners arrived simultaneously at pay-out points on the first day of any period, congestion would "naturally" result.

The new system, he said, relied on information relating to residential addresses of pensioners to enable the administration to feed such information into the computer preparing payout vouchers.

Ill Sisulu has 'lost weight'

By MUSA ZONDI

ZWELAKHE Sisulu, the detained editor of *New Nation*, is still in hospital suffering from depression and has lost weight, according to his lawyer, Priscilla Jana.

Sisulu has been in detention since

them with "people's power", claimed Major van Wyk for the Ministry of Law and Order.

His activities had to be seen against

Pension pay-out system 'positive'

8/17/88 By Helen Grange 200

The Transvaal Provincial Administration (TPA), which is administering pension payments to black pensioners, is in the process of instituting an improved payout system in an effort to ease congestion at payout points.

The black pension scheme was handed over to the TPA by the Department of Home Affairs last month, when it was decided the new pay-out system would spread payment of pensions over a longer period, eliminating the necessity for pensioners to queue.

More payout points will also be established.

In a statement from the TPA, Mr J S A Mavuso, MEC in charge of black pensions, said problems during the take-over phase were expected but that results so far were "positive and encouraging".

"The new system mainly relies on information regarding the residential addresses of pensioners to enable the

TPA to prepare pay-out vouchers.

"The end result will be that each pensioner will know exactly which day to go to the payout point to draw pension," he said.

This information was presently being collected.

"As soon as all pensioners and those accompanying them are conversant with the new system, problems, inconvenience and hardship suffered by pensioners will be reduced to a minimum," Mr Mavuso said.

● A disabled pensioner said yesterday he was tired of waiting for his payout and wished to return to the old system as the new system was not working.

Mr Alfred Zwane said: "Since Friday (July 1), I have been queueing at the Jabavu Council office in Soweto.

"Each day they do not finish calling out pensioners' names, and they tell us to come back the next day.

"We would rather go back to the old system to fetch our peanut money. This new system is not working."

R140 cut leaves 70-year-old puzzling

By Janet Heard

A 70-year-old Soweto pensioner yesterday complained that she had more than R140 deducted from her bi-monthly government pay-out on July 1.

Mrs Katrina Zwane, a widow, said she could see no reason for the deduction and received no receipt.

When she went to collect her pension at the pay-out centre, the Mofolo Council office, she was given R150 instead of her usual R294.

Her son, Mr Clement Khoza, complained to The Star saying he suspected money had been taken off because of the rent boycott.

"The most irritating



Mrs Katrina Zwane (70).

thing of all is that my mother does not have a house. She lives with my brother in Zola North," he said.

Mrs Maria Kube (67) and Mrs Miriam Lehotla (70) said they each received R60 less in their pension pay-outs last Friday.

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Soweto aged complain many turned away at new TPA payment points

By SOPHIE TEMBA

SEVERAL sickly pensioners collapsed while waiting in a queue for their pension money at the Orlando Administration Offices this week.

At the Phomolong and Zola offices about four pensioners were wheeled to the pay-out centres on wheel-barrows.

Irate pensioners at the Orlando offices complained there were only two people paying out their money and that the procedure was very slow. The pensioners say

they still prefer the old system and told authorities that they would rather queue at the old pay-out centres for their money because it was a procedure they had got used to.

One pensioner said: "We would rather go back to the old system and queue at the old pay-out centres knowing that we will definitely go home with our money in our pockets."

Commenting on the difficulties that have been experienced by the pensioners this week,

Transvaal Provincial Administration officials said they were aware of problems caused by the new system.

A spokesman for the TPA said the authorities were investigating the new pay-out scheme to find ways of overcoming the numerous problems the aged presently experienced.

Although the scheme was introduced to make it easier and quicker for pensioners to receive their money, many have complained they had been turned away on more than two occasions without receiving their pay.

Irate pensioners left many of the pay-out centres disgruntled - after having stood in queues for two days - and then told to come back on the third day.

At the Phomolong Administration Offices, scores of elderly people complained that many pensioners did not respond to their names being called out to receive their money.

Many of them are hard of hearing and cannot get to the counter fast enough because they either walk too slowly or are disabled.



Disappointed pensioners go home after being told to return for their pensions on another day.



This old chap found a comfy seat during the long wait for his pension.

PE city councillors against pension fund

Cape Times 12/7/88 300

Own Correspondent

PORT ELIZABETH. — Nearly two thirds of councillors on the Port Elizabeth City Council, including the mayor and deputy mayor, are opposed to the council joining the pension fund for councillors and members of management committees.

Sixteen out of 26 have voiced their opposition, seven have said they are in favour, two have reserved comment and one cannot be contacted.

Yesterday six councillors — deputy mayor Mr John Vieira, Mr Aubrey Braude, Mr Rick McKiever, Mr Charles White, Mr Frans Marais and Mr Brian Brooks — came out in opposition to the fund.

All had earlier reserved their views until it came up for debate at a meeting of the city council last month. However the council decided by a slender majority not to debate or vote on the issue, and referred it back to the Policy and Resources Committee, which meets again on July 19.

DEATH QUEUES

14/7/88
300

Another granny dies at pay-out

By LANGA SKOSANA

A SOWETO pensioner, Mrs Ellen Moncho (86), died this week after queueing for two days at a pension pay-out point and not getting the money she was queueing for.

She was carried from the queue to a taxi, exhausted and shivering from the bitter cold, but collapsed and died on reaching her home.

Her son, Mr Jerry Moncho, said he was upset by the tragedy "and I will be seeing my lawyer to assess if there cannot be a case brought against the authorities."

Mrs Moncho is the first fatality reported since the new "improved" pay-out system for blacks was introduced more than 10 days ago.

Many other elderly people have died in the past through exhaustion, anxiety, tension and trauma caused by the long wait in the pay-out queues.

Freezing

Mr Moncho said his mother went to the Orlando East pay-out point last Friday and waited more than 10 hours in a queue before she was told to come again on Monday. When she arrived on Monday she was again told to come on Tuesday after spending the whole day in a queue.

Tired and exhausted she was carried in a taxi while complaining that she was freezing from the cold. He said she died on



DEAD: Ellen Moncho.

arrival at her home.

Mr Moncho said: "My mother would not have died so tragically had a proper pay-out system been devised. Whites, coloureds and Indians get their money from the Post Office and banks and I don't see why our parents should not be afforded the same facilities."

"If this system continues as it is, I am certain that many other old people are going to die. There is so much confusion at these paypoints and one wonders if the authorities are not playing games with the people."

An Orlando East Church minister, the Reverend Obed Mooki, said yesterday he was



ANGRY: Jerry Moncho.

disgusted at the way the authorities were handling the pay-outs.

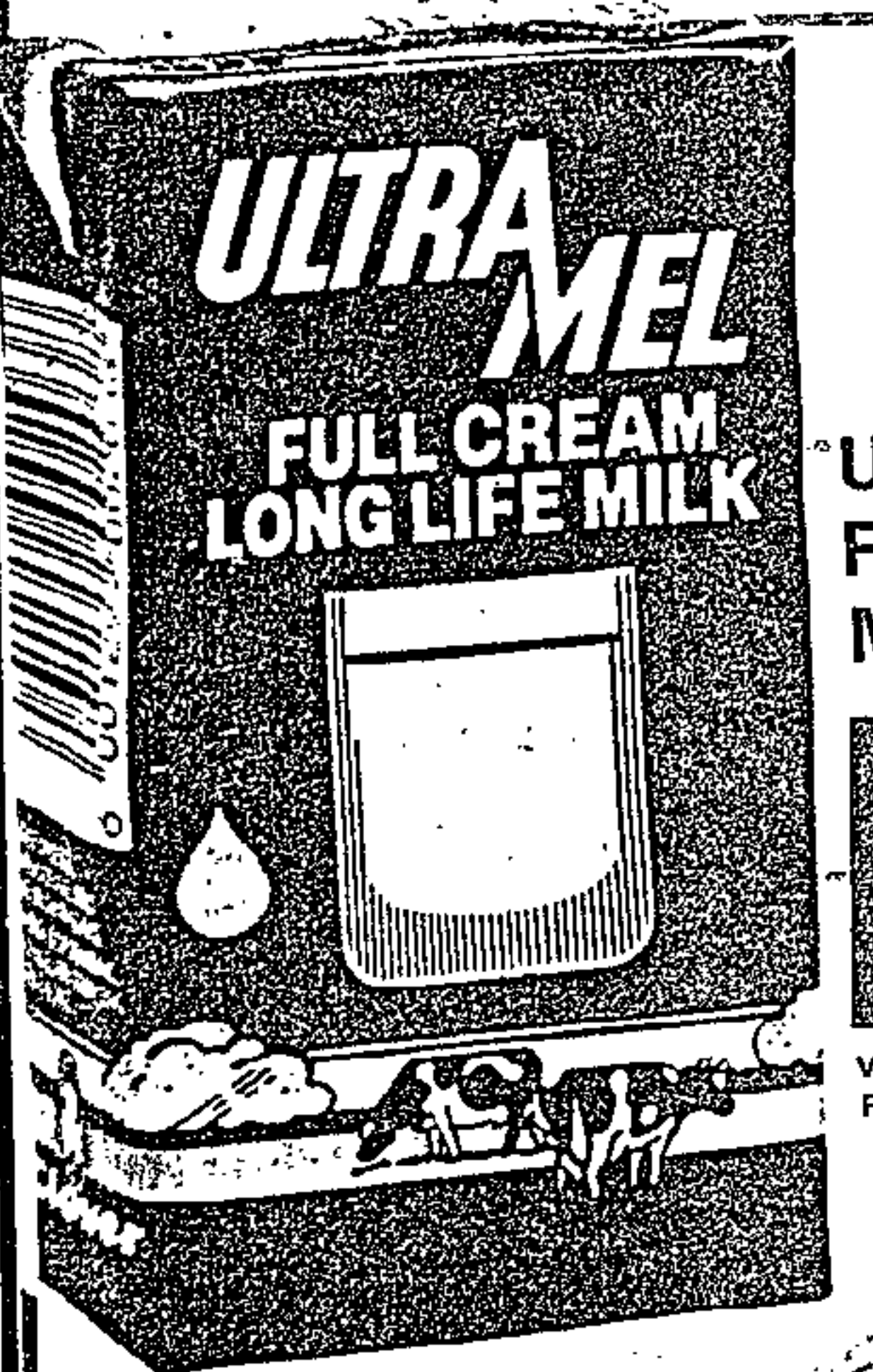
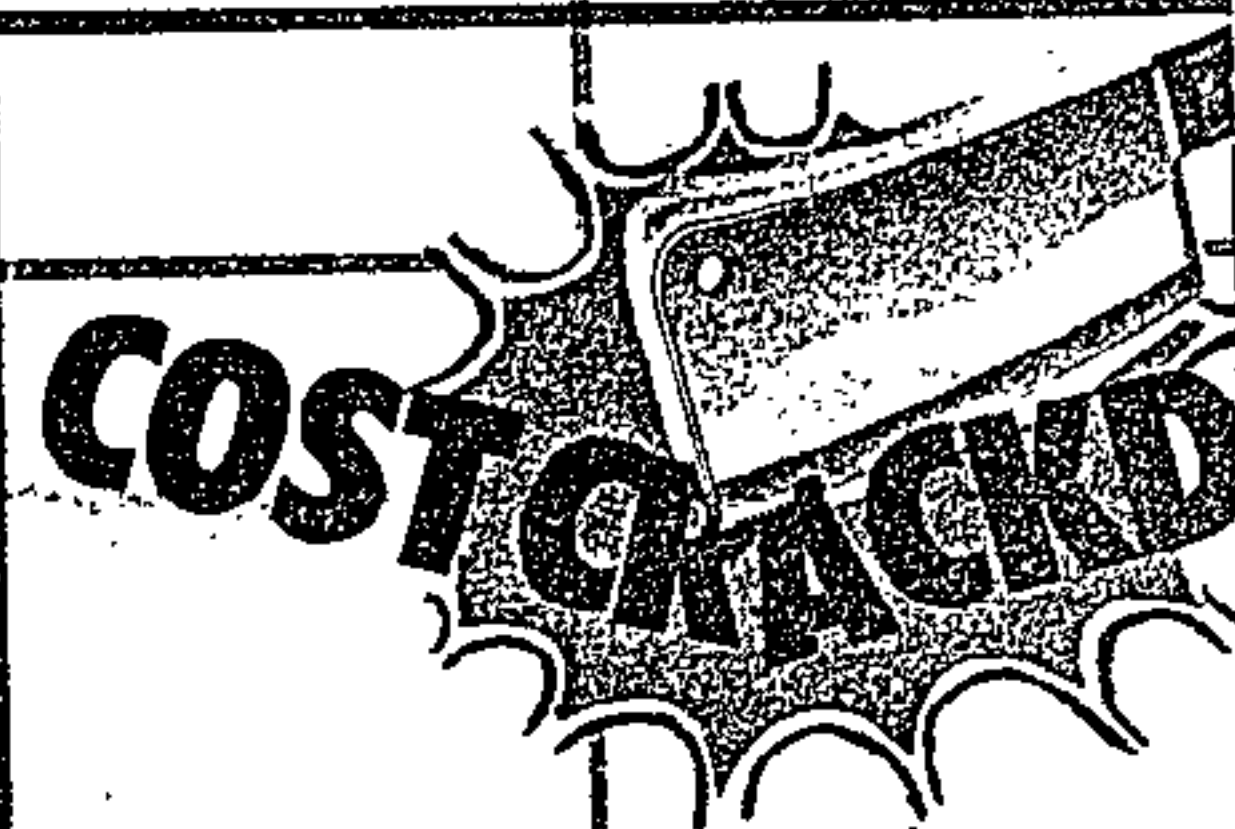
He said some people had been in the queues for almost a week without getting their money.

The chairman of the Soweto Care of the Aged, the Reverend Tom Mbabane, expressed his condolences to the Moncho family and chided the Transvaal Provincial Administration for its handling of the pay-out system.

He said: "Our information is that the system is worse than the previous method and has worsened the suffering of the old people. They are now running from pillar to post for their money."

TPA boss on pensions, Mr John Mavuso, is overseas and could not be contacted for comment but another official, Mr C J Wolmarans, said he could not deny that his department has had difficulties in introducing the new pay-out scheme.

GOVERNMENT edicts prevent the *Sowetan* from publishing all the news. The state of emergency has been re-imposed with even more media restrictions. In many instances the *Sowetan* is also prevented from indicating where and how reports have been censored. Particularly affected is news about unrest, political protest and labour activity.



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Breakthrough on pensions

7-13/78 Santa

From MONO BADELA
JOHANNESBURG. - The
500 000-strong National Union of
Mineworkers (Num) and the
Chamber of Mines have reached a
wage agreement which for the first
time introduced a pension fund for
the majority of the industry's
employees.

It is the first time since 1983
that settlement has been reached in
time to be implemented on July 1,
when it is due.

Num notified the Chamber this
week of its acceptance of a revised
employer offer presented to the
union last Thursday.

Differences with Num, which led
to the breakdown of wage talks on
June 22, had been resolved without
any changes in the 13 to 16,5
percent wage increase tabled, the
Chamber said this week.

Num general secretary Cyril
Ramaphosa said while his union
was not entirely satisfied with the
wage package, the Chamber's
decision to implement the
provident fund made the settlement
possible.

300

"Now we no longer have to live
with the unacceptable situation
where workers have no retirement
benefits."

He said it was incorrect to
ascribe the early settlement to
weakness on the union's part.

A Chamber spokesman said: "We
are pleased that we had been able to
reach a negotiated settlement with
the Num."

A Num spokesman said the
agreement on the provident fund
was a "major and significant gain
for mineworkers, who have been
denied for a long time retirement
benefits when they left the
industry. For the first time there is
a possibility of a provident fund,
not only for Num members, but for
all workers in the industry."

The agreement is to be extended
to all Chamber-affiliated gold and
coal mines, employing about
550 000 black miners.

Last year about 360 000 black
mine workers went on strike for a
month, resulting in losses of about
R500 million.

ANGER GREET'S GRANNY'S DEATH

It's a shame

THE death of a Soweto pensioner this week after she had queued for two days at a pension pay-out point was a "direct result of the Government's apartheid policies" and showed "the Government's blatant disregard for black life," the National Council of Trade Unions said yesterday.

"To this Government, the years that black workers spend labouring in their lives is insignificant," Nactu said in a statement.

The death of Mrs Ellen Moncho (86) came only days after the introduction of a new pension pay-out system.

She died of exhaustion after allegedly waiting in a queue at Orlando East pay-out for more than 10 hours. She had been told

to return on Monday to collect her pension.

"Even in their old age blacks are required to suffer stress, tension, exhaustion and death for a meagre discriminated pension," the union federation said.

Nactu condemned the new system and called for a "unitary old age pension scheme for all pensioners".

Whites and other sections of the black community collect their pensions through the post office and banks.

Many readers yesterday telephoned the *Sowetan* to protest at the treatment meted out to pensioners at pay points.

Mrs Maggie Nkwe, director of Orlando Home for Children said she was disgusted at the way old people were treated at pension pay-out points.

She said she took a relative to pay point in Orlando West in the week "and up to now she has not received her money."

Mrs Nkwe said the feeling among pensioners was that they preferred death to the treatment they got from the TPA.

Mrs Shirley Pelle, of Orlando East, said her mother, Mrs Getrude Nondlane, has been ordered to report to 80 Albert Street, Johannesburg, after fruitless attempts to get her money in the township.

Many other pensioners

did not get their money from township pay-out points and have been asked to report at the same address today and on July 18.

TPA has conceded that it was having "teething" problems with the new system which would be ironed out by September.

• Mrs Moncho, of 2670 Orlando East, will be buried on Sunday at the Nancefield Cemetery. The service will be held at her home at 11am. The cortege leaves for the cemetery at 1pm.



ELLEN Moncho died after queueing.

Weekend Argus Reporter

MILLIONS of people are in for a huge pension and insurance boost — amounting to billions of rands country-wide — if the Government scraps the ruling on prescribed investments.

And there are strong indications that the Government is poised to take this step, which was recommended by the Margo Commission.

Speculation that the prescribed assets ruling — which forces life insurers and pension funds to invest huge sums in government bonds — might be on the way out was given fresh impetus this week by the comment from senior deputy governor of the Reserve Bank, Dr Japie Jacobs, that "the present juncture is especially suitable for such a step".

New tax

There is, however, some doubt over whether the Government is willing to scrap it in one stroke or phase it out gradually ... or, indeed, replace it with a new direct tax.

But what is certain, experts say, is that abolition would allow pension funds and insurance companies to spread the 53 percent of investments they are presently obliged to hold in government bonds in other areas of the market that generate more income.

This would boost the incentive to save because people would have an opportunity to earn interest higher than the inflation rate.

Reduce benefits

Equally, however, there are fears the Government might consider replacing the prescribed assets ruling with a new tax, which would reduce the benefits of abolishing the ruling in the first place.

A firm advocate of abolition is Mr Henk Beets, assistant general manager of Old Mutual Employee Benefits.

He said: "The ruling was originally created to protect retirement savings because

government stock was seen as a safe security investment, but it gradually became a convenient means for the State to raise capital.

Protection mechanism

"The irrefutable fact is that the original reason for prescribed assets — the protection of the public against possible default — no longer applies. The original protection mechanism now actively works against the real interests of workers and pensioners.

"Inflation and other factors are making it very difficult for the individual to provide for adequate financial security. The Government itself supports the principle that individuals should provide for their old age. The prescribed asset requirement therefore defeats the Government's own objective."

Another potential problem lies in the fact that insurance and pension fund investments in building societies count as part of the 53 percent prescribed assets. If the ruling were scrapped, building societies would have to pay more for their money and that could push up mortgage bonds.

Positive

But Mr Beets concluded: "Taken in isolation, the removal of the ruling, which would be a big step, would be very positive. It would benefit millions of people. It would be good for markets overall in South Africa."

"Far from being something to be avoided, it could well make the whole fixed interest market a more attractive place to invest in. Instead of yields being somewhat depressed because of forced investment, rates would be able to fluctuate more fairly."

In addition, unions could well be encouraged to take part in provident fund schemes that they have so far avoided because of the "tainted" component of the investment held perforce in RSA stock.

In his comments this week in a report on the South African bond market, Dr Jacobs said: "All the evidence before the committee ... argues for complete abolition because the very existence of imposed portfolio constraints militates against a good secondary market."

Over a 10-year period, he said, the average returns from equities had increased at around 7 percent per annum higher than the average return from fixed interest.

"That has had an impact on pension funds and thereby on individuals' ability to get a return on their income for their retirement. This has had an impact on individuals' ability to save, and insurers, like life companies, to facilitate that saving."

Real return

Mr Beets said: "Unless you can make a real return with savings, there is little point in putting it away. It is better to spend it. If you cannot earn an interest rate higher than inflation, there's little point."

For this reason, the prescribed asset ruling was failing to encourage people to save for retirement. To the extent that abolition would create conditions where there would be a real return, he said, it would encourage saving.

"My fear is that while I see the removal of the ruling as creating an increase in investment flexibility which should lead to increased investment returns, there is the danger that it will be replaced by some other tax."

Explicit

"The fiscus needs the money and the authorities might replace this implicit tax with an explicit tax."

Mr Beets said: "I can see there being an initial hiatus if it became more attractive to place money in equity, but I would not expect a massive stampede away from fixed interest."

BOOST FOR PENSIONERS INSURANCE HINTED AT

16/1/78
12/1/78
306

Queueing aged wait and die for pensions

Star 18/7/88 300

Staff Reporter

A Newclare commissioner of oaths, angered by the treatment of old-age pensioners, says he has been accompanying pensioners to the Coronationville pay-out point to ensure that they receive their money.

The commissioner, Mr Walter Marks, has filled out hundreds of affidavits confirming the pensioners' status, but says they still experienced problems at the pay-out point.

"After battling for years, we now have three pension officials responsible for doling out money to over 1300 old age pensioners," he said.

Sometimes, the pensioners avoid long waiting by sleeping at the pay-out point — a cold hall.

The Newclare MP, Mr G Wessels, said: "I am aware that some people arrive at the pay-out point from 2,30 am, but these people have developed a habit of getting up early."

10-YEAR RULE

The problem was exacerbated by pension officers demanding that someone 10 years older than the pensioner should verify the individual's age before payment, Mr Marks added.

"An 80-year-old person will have to hunt to find a 90-year-old to assist. Besides one would think that a sworn statement should be sufficient proof of the person's age."

And pensioners not in possession of birth certificates find they are unable to obtain identity documents.

"It is a vicious circle of red-tape the aged are exposed to every month," said Mr Marks.

A 70-year-old pensioner, Mr Benny Ferrelee, said he has been waiting for a year to receive his identity document.

LOST ID CARD

Mrs M Zinn (78) said pension officer Mr SGM Maart had warned her that she would not receive a pension from August because he did not accept the sworn police statement confirming her status.

She said four years ago she reported her lost ID book to the police, who supplied her with temporary papers verifying her age.

"All these years I used to get my pension on presentation of this document. Now I'm told I am no longer eligible. What will I do?"

● Kaizer Nyatumba reports that the long queues at pension pay-out outlets in Soweto — which recently sparked controversy — last week resulted in the death of a second pensioner who had been queueing for two days to be paid.

Mrs Ellen Moncho (86), exhausted and shivering after a long wait, was taken home by taxi where she collapsed and died upon arrival.

Over R1-bn invested in 2 months

Rush for 15 pc granny bonds slowing down

slow
19/7/88
300

By Paula Fray

More than a R1 billion has already been invested in the two-month-old "granny bond" scheme and money is still streaming in at a slower rate say banks and building societies.

Following the initial rush to invest in granny bonds, which offer over-65s a preferential 15 percent Government subsidised interest, the trend has slowed down.

The upper limit on the amount invested in granny bonds is R30 000 and the money is locked in for a year.

This differs from the R200 000 limit allowed last year when more than R800 million was invested before the scheme was stopped following protests from various financial institutions excluded from the project.

A spokesman for the United Building Society, which already has more than R300 million invested in granny bonds, said the scheme was widely accepted.

"In the first week of the announcement there was great interest and our branches were extremely busy.

"Although the demand is still very steady it is nowhere near the volume of the first week. However we are still taking in about R3 million a day."

By the end of June, the SA Perma-

nent Building Society already had R170 million invested, a spokesman for the Perm said.

One of the more fortunate institutions was the Allied Building Society which was still receiving a steady flow of investment.

Last week it had R12 million invested in granny bonds. According to the group MD Mr Kevin de Villiers they now have an estimated R165 million.

He said the investments were now coming in at a "slow but steady pace".

The Natal Building Society had an estimated R88 million invested with granny bonds at the end of June.

Among the banks, First National Bank reported more than R100 million invested in the bonds and a spokesman said the slowing down of investments was to be expected.

A spokesman for Standard Bank said R112 million had been invested while the Post Office reported that about R95 million was processed by the end of June.

The remaining institutions, including Volkskas and Trust Bank, are estimated to have more than R100 million invested in the bonds which sets the total at well over a billion — of which R500 million was received in the first two weeks of its launch.

OLD FOLKS' HEAR TAACHE

Many collapse at pay point

SEVERAL pensioners collapsed while queuing at a pension pay-out point in Albert Street, Johannesburg, yesterday. Hundreds had gone there to collect pension money promised to them more than 10 days ago.

Some of the grannies had been at the pay-out point from as early as 6am.

Some of those interviewed yesterday said that they suffered from various ailments — which included heart problems, swollen feet, diabetes and asthma.

Sixty-three-year-old Mrs. Asiyana Radebe collapsed from dizziness after waiting in the queue for about seven hours. She said she had gone to township paypoints for more than two weeks without success. She had very little hope of being attended to yesterday.

Mrs. Leannah Thobane, from Orlando East said she attended to three other pensioners who collapsed yesterday. She was depressed by the treatment the pensioners were receiving.

By LANGA SKOSANA

"I'm sure this type of thing will never happen to white pensioners or for that matter coloureds and Indians," she said.

Mrs. Violet Komane (65), of Meadowlands said she was suffering from high blood pressure and the long wait in the queue caused her feet to swell. She said the new method of payment caused much hardship to elderly people.

Come tomorrow

Mr. Johannes Kau (72), said he was promised his pay on July 8, but officials in the township kept saying he should report the following day. "I'm tired of this 'come tomorrow' business because I need money to feed myself and my family," he said.

Transvaal Provincial Administration liaison officer, Mr. Fannie Terblanche said the problem was not as serious as what some people made it out.

He said there would be queues until possibly next year when black pensioners would be paid on a monthly basis.

The switch-over from paying pensioners at an open veld to municipal offices, Mr. Terblanche said, caused difficulties which his department had anticipated but could not easily overcome.

He appealed to the Press to assist rather than criticise efforts made by his department to solve the pensioners' problems.

● Last week an Orlando East grandmother, Mrs. Ellen Moncho (86), collapsed and died after waiting in a queue for more than 10 hours. She had been waiting for the money for two days.

Pensioners assaulted

NINE Katlehong pensioners yesterday said they were assaulted by two councillors while helping other pensioners at a pay-point at Hlahatsi Section, in the township.

See item 21/7/88

The pensioners, who alleged they were assaulted by the first councillor on Tuesday and another yesterday, said they had laid assault charges.

The station commander at the Katlehong Police Station, Colonel J van Rensburg, yesterday confirmed the charges and said police were investigating.

One of the pensioners — a widow — Mrs Elizabeth Chakela (61), of Mosikili Section in Katlehong, was rushed to a local doctor for treatment of a "swelling knee" and the right hand side of her body which she said, was painful.



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Pensioners assaulted ³⁰⁰

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Sowetan 21/7/88

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Boycott over 'wrong wife' pension payout

22/7/88 By CHRIS BATEMAN

ABOUT 800 male Xhosa hostel dwellers at the AECI factory in Somerset West are boycotting hostel facilities in protest at the alleged payment of a dead colleague's pension to his urban family instead of to his rural family.

The boycott began this week after the company paid the man's common-law wife or "girlfriend" R300 in pension monies, without checking, the union claims, "to see if she was the right woman".

The dead man was a Mr Ndude, who died in March leaving four children living with the family of his deceased wife in Transkei. He had since been living in New Crossroads with the common-law wife by whom he had two other children, a spokesman for the SA Chemical Workers' Union said.

A source close to the controversy said the men took umbrage at "the girlfriend" getting the money.

Factory manager Mr Bertie Humphries confirmed the pension payment but said this was made through a union-recognized pensions committee.

HARDLY a month after the Transvaal Provincial Administration introduced a new pension payout scheme for blacks, a pensioner dies and several others collapse in queues at pension payout points.

These events have astonished many people who hoped that the new innovation by the TPA would put an end to the hated queues that have plagued the black pensioner for more than three decades.

The death of Mrs Ellen Moncho of Orlando East, Soweto, last week angered many people and led her son, Mr Jerry Moncho, to say: "My mother would not have died in this tragic manner if the authorities had made proper arrangements for paying out our parents. She had to wait in a queue for more than 10 hours over two days."

Her death was particularly poignant because three weeks ago Mr John Mavuso, the TPA's Member of the Executive Committee on housing, pensions and welfare proudly announced that pension queues were a thing of the past.

New scheme

He was announcing the new scheme whereby black pensioners would be paid over 10 days at municipal offices.

The pension queues have been a sore point in the black community for a long time.

They resulted in harsh criticism of the authorities who have been accused of ineptitude, neglect, discrimination and even corruption.

Many people become furious at the thought of elderly people who suffer from a myriad of ailments being made to stand for long periods in never-ending queues to get their pay.

They point out that whites, coloureds and Indians are paid through the post office and financial institutions in more congenial surroundings.

This week thousands of pensioners who were turned away at township pay points through official error started queueing up again at 80 Albert Street in Johannesburg.

Exhaustion was

written in their faces and some appeared very hungry. Others could barely walk and had to be carried to the pay point.

Mrs. Emma Mosikati, who is stricken by arthritis, waited in the queue for three days and had still not got her pay. She has spent more than R50 of the R117 she is to get on transport to the city. She and her daughter, Mrs Maria Mawila, are frustrated and shattered.

Voucher

Mrs Mawila says she has not been to work for several days trying to assist her mother to get her pay. Up to now she does not know why her mother had not been paid because the authorities keep on saying that her pay voucher is not in the list and she must report to them the following day.

She appealed to the *Sowetan* for help and cried: "By the time we get the money we will have spent more than we will get."

Mrs Mawila said she witnessed cases of blind elderly people who were brought in by specially hired cars to get their money. "One wonders how much they are

paying the taxi people to bring them to town," she said.

She suggested the retention of the old system of payment on the grounds that grannies had formed themselves into clubs that hired kombis and cars to take them to pay points on payout days.

"As it is now, a granny who can't walk hired a car and is turned away and has to foot the bill alone. She has to hire the car again for the second or possibly third time before she can get her money. At the end of the day she gets nothing," Mrs Mawila said.

Her sentiments were echoed by other pensioners interviewed at the pay points. One of them, Mrs Asiyeni Radebe of Zola North, who collapsed through exhaustion at 80 Albert Street said she had

been waiting for her money for more than 10 days and had been on that queue for five days. She has still not been paid.

No end

The queue that Mrs Radebe joined at the break of dawn seemed to have no end as wobbling grandfathers and grandmothers dragged their feet walking with the aid of crutches, sticks or leaning on others to make their way up.

Passers-by call the queue "the queue of misery" as it wound through the entire block to end at the hard-pressed stern-faced officials who are ready to turn people away.

Some social workers and officials believe that it is not necessary for pensioners to queue for

long periods. They point out that the payout system has been devised in such a way that each pensioner joining the queue could be served in less than an hour.

When he announced the new payout method, Mr Mabusos said his department made elaborate plans to inform pensioners of the dates in which they could draw their pay.

As the dates were spread over 10 days they expected no more than 2 000 pensioners to congregate at one point at a time.

In the Johannesburg area, he said, there were 12 payout points to serve 54 000 pensioners. In the Vaal 15 points serve 18 000 pensioners, on the East Rand 32 000 people were paid at 18 points and Pretoria has 19 points which serve 16 000 pensioners.

The queue of misery

Sowetan 22/7/88

300

By LANGA SKOSANA

FOCUS

Pensioners' long wait for pay



MRS Asiyeni Radebe is assisted from the queue after collapsing on Tuesday.

P.T.O.

Warm tears and the cold road

CP Press 24/7/88

300

IT was 3 am. A cold wind was blowing. Ahead of me, struggling along with her walking stick, was Grandma.

At 82 years of age, she certainly was not trudging in the cold for fun. This was not my idea of fun either. I squirmed at the thought that someone would tell Gran how I hated accompanying her to collect her pension.

The elderly lady living next door had gone to collect her pension earlier - 2am.

She was carrying her five-month-old granddaughter on her back to leave with relatives two kilometres away.

Fortunately for her, this was near the pension pay-point.

My thoughts returned to the present as Grandma's walking stick struck the tarred road.

Then, as her face was lit by the lights of a passing vehicle, I saw tears mingled with mucous rolling down her cheeks.

"Bullsh-t!" she screamed. "Did you not say they were inventing a new method of giving pensions from the banks, post offices and building societies?"

"Was it not you who said a Daveyton pensioner collapsed and died while queuing for her pension sometime in April?"

No easy walk for South Africa's pension trekkers

The new pension pay-out system has been sheer hell for elderly blacks. Several delays have been caused by the move, which was heavily criticised when introduced about two weeks ago. Several elderly people have been forced to report at the centres up to three times without getting paid at all. Some shivered to death in the cold chill which gripped the country during the past two weeks. *City Press* embarked on an on-the-spot investigation and gained first-hand experience to establish exactly what pensioners were going through. Staffer STAN MHLONGO recounts a visit to a pension pay-out point.

I nodded. "They are still working on that system - it has not been passed yet," I replied.

"I know... I know," she said. Then she rattled on... "I have watched my employer's sons and daughter grow to adulthood." She stretched out her fingers and looked at her hands, deep in thought, as if seeing them for the first time.

"These same hands have washed many a white man's backside. When my white madam told me the other day that her pension was double what I get, I got the shock of my life."

"But apartheid has always done that to blacks. Sometimes I wonder about my black skin - whether it is

really a curse before God?"

"I often ask myself, does God really judge people by the colour of their skin?"

I kept mum and stared in amazement at Grandma. It was the first time I had heard her harping on politics.

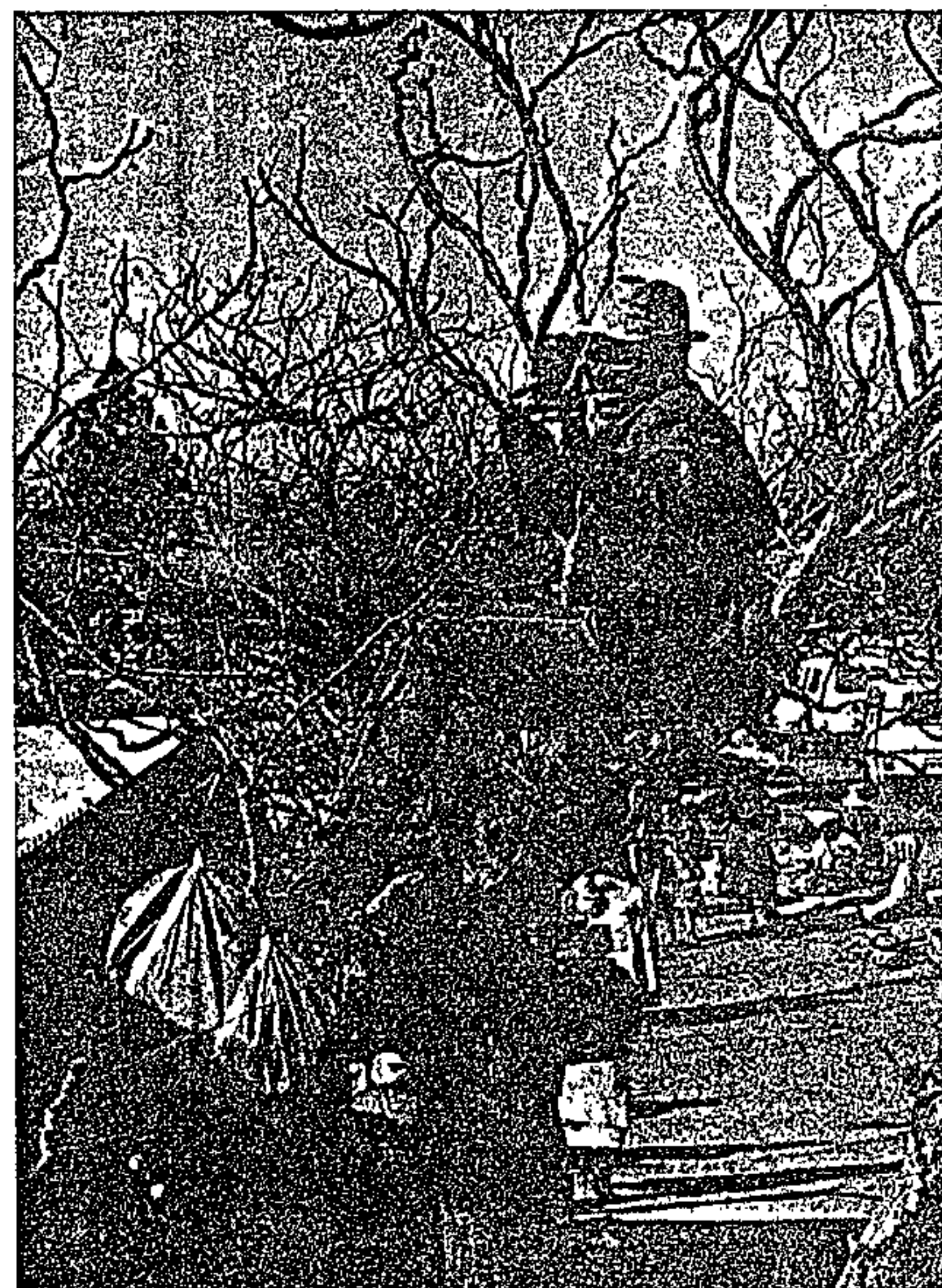
Then she dropped another bombshell: "I deliberately ignored

the likes of Sobukwe when they told us to burn our passes in 1960 - and later during the revolutionary climate that swept through the country when Mandela and his comrades were given life sentences for treason in 1964."

"I thought the government would stick to its Christian beliefs and deliver justice when the country became a Republic in 1961. This has not happened," said Grandma.

Perhaps it was her words or the chilly cold that made tears trickle down my face.

I stifled back a sob, but Gran pointed to the long queue of pensioners now in front of us... "We have a long wait ahead of us," she sighed.



With no chairs available at the pension pay-out point, this man swapped the cold pavement for a bird's-eye-view of the pension queue.



Disappointed pensioners leave for home after being told their pensions were not yet available.

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CP 122

Row looms after leak on council pension scheme

The Argus Correspondent

PRETORIA. — Pretoria's management committee has been accused of hiding the full financial implications of the new city councillors' "buy-back" pension scheme, which could cost ratepayers more than R2,6-million.

The row over the scheme, passed by a majority vote at a special council meeting last week, has taken a new twist with a top-level investigation being launched into the leaking of a "highly confidential" treasury department document.

The document spells out the cost of the scheme to the Pretoria City Council, listing each councillor individually and the costs to the individuals and the council.

The document yesterday formed the basis of allegations by the Conservative Party that the management committee had "hidden" the actual cost of the controversial scheme from the council.

Investigation launched

Mr Paul Fouché, Conservative Party leader in the council, made the accusation at a Press conference where he produced the document — described later by management committee chairman Dr Gerhard Davidtsz as a "highly confidential" document which should not have been given to Mr Fouché.

Mr Jan Venter, the city treasurer, said: "I have launched an investigation into how the document was released."

Mr Fouché told the conference that the city council's cost as a result of the controversial "buy-back" scheme, should every councillor elect to buy back pensionable service in a lump sum, would, according to the document, amount to R2 686 991,69.

He said the amount would be much higher, however, because pension would be bought back by way of monthly instalments over a period of nine years with interest.

Mr Fouché pointed out that he had asked the management committee at the special meeting to spell out the financial implications of each councillor's pension, but this was not done.

In terms of the city treasurer's document, which spells out each councillor's maximum benefits, the highest monthly pension would be R3 538,89, should the specific councillor elect to buy back his maximum 15 years' pensionable service. The councillor would in addition receive a gratuity of R42 466,67 when he became eligible to receive his pension benefits.

The monthly cost for the councillor in question would be R623,73 and that of the council R4 366,10 — in terms of the buy-back rate at a cost of R1 to councillors and R7 to the ratepayers.

300 ~~200~~ 8/day 26/7/88

NEWS

THERE was a growing uncertainty in the insurance industry about the direction legislation is taking considering the taxing of pensions, Charter Life senior manager, legal services, Martin Sweet said yesterday.

Sweet, PFP municipal election candidate in Yeoville's Ward 32, said Finance Deputy Minister Georg Marais' announcement earlier this year that government was considering taxing pensions, had caused confusion in the insurance industry and unease among pensioners.

He said the insecurity was sparked by the recommendations in the Margo Commission that the generous tax concessions previously found in the second schedule to the Income Tax Act be withdrawn.

The uncertainty was added to by Marais when he announced that government was seriously considering taxing pensions.

People who had planned their retirement under the existing system were entitled to seek reassurance that their tax position would be not be altered. "Ultimately it must be remembered that it is not pensions funds but actual and potential pensioners who will bear the cost," Sweet emphasised.

"If the consequence is to make savings via investment funds less rewarding, there is a distinct risk that an ever-increasing

Pension taxes idea queried

ELSABE WESSELS

number of elderly people will become more of a burden on the state, rendering the exercise counter-productive."

This attempt to tax pension funds was just another way of mugging pensioners to obtain more cash to fritter away on government expenditure, he argued.

Sweet questioned whether taxing savings favoured economic growth. He said the Department of Finance "is forever re-situating its goalposts whenever it perceives itself to be at a disadvantage".

This had made sensible tax planning almost impossible and raised the level of uncertainty in investment to such a degree that business confidence was undermined.

As a result of the recommendation to abolish lump sum benefits from retirement funding instruments, the economy could now suffer from people taking early retirement in order to avoid paying more taxes, Sweet concluded.

Queuing for a measly pittance



THEY wait from the early hours of the morning for their pensions. Some even sleep outside the payment centres every two months.

But the pittance they get is hardly enough to see them through.

For African old age pensioners, some pictured on this page, there is no hope of retiring gracefully.

They will have to continue with the same routine every two months until they die.

PICS: FANIE JASON



28/7-4/8/88 South 300

Dispute over pension fund

By MZIKAYISE
EDOM

A ROW over the administration of a R60 million pension fund scheme has erupted between two rival associations whose members are black councillors.

The fund, which covers all employees of black town councils throughout the country, was established in 1985.

The chairman of the pension fund, Mr G Scholtz, yesterday confirmed that there were problems in the running of the fund. Asked if he was aware of an allegation that there



Mr STEVE Kgame... president of Ucasa.

was mismanagement of funds, he answered: "That is rubbish".

"We are meeting on August 6 to discuss problems concerning the running of the fund," he said.

He refused to discuss



Mr TOM BOYA... president of Umsa.

the agenda of the meeting with the Sowetan.

A spokesman for the United Municipalities of South Africa said problems started after scores of councillors

• To Page 3

PENSION ROW

• From page 1

broke away from Urban Councils Association of South Africa to form Umsa last year in February.

He said it was agreed that the pension fund should not be disbanded but should continue serving council employees.

Mr Tom Boya, president of Umsa, said they were not happy with the running of the pension fund because only members of Ucasa served on the fund's board of trustees.

Members of the board of trustees have powers to sign cheques and withdraw money from the fund.

Mr Boya said Umsa officials met with members of the board of trustees on July 16 to discuss, among other things, the running of the fund.

"We informed the members that we want the name of the fund changed and Umsa members to serve on the board of trustees," said Mr Boya.

News in Brief

PAARL TIMES 28/7/81
Council says no pension *50c*

PAARL. — The Paarl Town Council decided at its monthly meeting on Tuesday that it will not introduce a pension scheme for its 10 councillors. The mayor, Mr Jan de Necker, said that the initial costs to the ratepayers for a pension scheme was R624 000 and after that R54 000 a year. Most of the Paarl councillors are retired and are already receiving a pension.

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51/1/28

BUSINESS TIMES SURVEYS INVESTMENTS FOR THE OVER 50s

Pension buy-backs bringing tax breaks

ONE of the best ways to improve your eventual pension out of tax concessions is to buy past service benefits in your company pension fund.

Use of company pension funds to acquire additional pensionable service is becoming increasingly popular as more and more fund members realise the importance of retirement planning.

Favourable tax treatment and the ultimate benefits achieved make voluntary past service contributions an excellent investment. There are many other advantages.

The Income Tax Act enables pension fund members to claim tax deductions on their contributions towards purchasing past service up to a maximum of R1 800 a member in each year of assessment. Husbands and wives may each separately claim R1 800 if they both make the additional arrear service.

Contributions of more than R1 800 may be carried forward as tax deductible in the next tax year.

Arrear service contributions constitute a valuable tax break over and above the deduction limit applicable

to the sum of current pension and retirement annuity contributions.

The tax deductibility of arrear service contributions is at marginal rates, and is not limited to income derived from trade. Therefore, total income may be reduced by the R1 800 deduction.

Contrast

However, arrear service tax deductions do not apply to provident funds or retirement annuities, but in the case of retirement annuities reinvestment contributions are allowed as tax deductions up to a maximum of R1 800 in each year of assessment. This R1 800 deduction is applied in aggregate to husbands and wives in contrast to pension fund arrear contributions which are treated as separate and additional deduction.

Pension fund members can make arrear service contributions and enjoy the tax deductibility only if their fund rules provide for them. But

fund rules that do not cater for arrear service can be amended easily enough.

Apart from providing immediate tax relief, arrear service contributions are also beneficial in these ways:

- They provide a higher pension income in retirement.
- Past service within the fund is recognised, which increases the tax-free portion of the one-third pension cash commutation.
- Regular arrear service contributions make for a structured and disciplined approach — a critical element in successful retirement planning.

● The "past service" purchased need not be restricted to service with the current employer.

Whichever funding method is used, members are secure in the knowledge that their worth in their funds is progressively increased. A record is kept of the contributions, and the

full benefit of the funds' investment performance is applied to their benefits.

The value of additional contributions can be assessed at any time, and of course the proceeds are available on withdrawal, death or disability.

There are two ways of applying arrear service contributions towards pension fund benefits, the more popular method being the accumulation approach. With this approach, arrear contributions are simply invested in an account kept apart from the main fund, and the resultant accumulation of contributions plus fund earnings is available to buy pension benefits.

The other funding method is to credit members with actual backdated service, and this is used in some earnings-related plans. With this method the employer has to accept an open-ended commitment to finance any possible shortfall which may arise when inflation brings about steep salary increases.

Pension funds are a valuable vehicle for members to make past service contributions, enjoy immediate tax relief and enhance the quality of their lives in retirement.

R1bn going to granny bonds

By Udo Rypstra

SOUTH Africans are expected to invest more than R1-billion in senior citizen deposits (SCDs) this year.

This savings medium — also called a granny bond — is available to people aged 65 and over.

The scheme was introduced in May this year by Finance Minister Barend du Plessis in an attempt to alleviate the plight of the aged by offering them an interest rate of 15% on capital sums of up to R30 000.

Strict control

The investment has a maximum term of three years and can either be renewed for 12 months at a time on two occasions or initially proposed for three years. To qualify, investors must be resident in South Africa.

The interest can be paid monthly, but the return is calculated on an annual yield and is fully taxable.

Strict control is exercised over the use of SCDs.

"Renting a granny is not only dishonest, but brings its own risks, including estate implications arising on the death of the hired granny," Mr du Plessis warned when he introduced the scheme.

SCDs are available from banks, building societies, the Post Office and participation mortgage bond organisations as part of their investment packages.

Some features or requirements for SCD investment are:

- It is a uniform scheme, so that all rates are the same among all institutions and the Post Office.
- The scheme is open to people of 65 or older living in SA. Residents of the TBVC states and Namibia do not qualify.
- The maximum that may be invested is R30 000 an individual and a declaration to this effect must be made. This does not apply to individuals who invested in the previous senior citizen savings bond scheme that was stopped abruptly in August last year.
- An investor may invest only his own funds and must swear an affidavit to this effect.
- Identity documents to prove date of birth must be submitted or another

form proving age.

● Income tax numbers must be provided by every investor. Those who do not have a certificate from their revenue officer, have to sign a declaration to this effect.

● In the case of the banks, building societies and the Post Office, the senior citizen deposit is a fixed deposit on which interest is paid monthly or quarterly at the rate of 15% a year for the full term.

● Should circumstances require it, the interest rate may be changed by the Treasury. It would, however, affect only new deposits as well as renewals of existing deposits that have reached their maturity date.

● If loans are taken against the SCD, the subsidised portion of the interest rate falls away and the usual rate, normal for the type of investment, pertains.

● Only in exceptional cases can the SCD be repaid before its expiry date, and then only after permission has been obtained from the Government. An earlier version of the SCD, quickly nicknamed granny bond, went on sale in July 1 last year. By August 8, 50 000 SCDs had been sold. By January there were still 100 000 applications to process. They were routed through the Post Office, the banks or direct to the Treasury.

Because of their unforeseen popularity, there was a rush. They disrupted the financial market and the issue had to be stopped.

The second scheme offered an additional 3,5% interest on 12-month fixed-deposit rates. The 15% interest compared with an NBS rate of 11,5% for those over 60. This 3,5% meant a difference of about R1 050 on the total of R30 000 that may be invested.

An amount of R20-million was to be provided in the 1988-1989 Budget for the State interest subsidy, which at the time amounted to about 2,5%. Government some R800-million would flow into the financial institutions and the Post Office. Since then, it has had to allocate another R20-million to subsidise the scheme.

This scheme has been widely wel-



Barend du Plessis . . . dishonest and risky to rent a granny

comed although there were reservations when it was launched.

The UBS said: "We can't lock the elderly into a system for three years with only the first year's interest rate fixed. If Mr du Plessis decides to adjust rates it will be interesting to see the basis. Will he look at mortgage rates, the inflation rate or an average deposit rate payable by the various savings institutions?"

Customer base

However, according to Government sources, the interest rate is likely to stay the same.

At first participation mortgage bond organisations were not involved in the scheme. Worried because funds were diverted into the SCDs, they made representations to the Government to protect their customer base, which includes a large number of senior citizens.

Some analysts advise against switching funds from partbonds to SCDs. They say partbond rates have improved and are being brought into line with SCDs. They might even go higher.

Details on switching for partbond holders are:

- Only funds that have been invested in these partbond schemes for the minimum of five years, and which can be withdrawn on three months' notice, qualify for investment in the SCD.
- Such investors are required to enter an agreement with their partbond scheme not to withdraw their money from the scheme for another 12 months.
- Partbond schemes pay interest on these deposits in advance monthly or quarterly. The rate of interest applies to the full 12 months of the investment.
- After 12 months, the funds may be reinvested at the rate then pertaining. Interest may be paid direct to the investor and the difference between the 15% and the basic rate is then reclaimed from the Government.

New office elected to care for aged



THE new office bearers of the Transvaal Association for the Care of the Aged elected at the weekend. From left are, Mrs S J M Molefe (assistant secretary), Mrs S M Moloi (treasurer), Mr N A Matfala (secretary), Mrs A M Lekgetho (additional committee member) and Mr J Y L Rasekoala (chairman). The other two not in the picture are, Mr J Ngubo (vice-chairman) and Mr E Mageza (additional member).

Meeting sought with TPA

By NKOPANE MAKOBANE

THE Transvaal Association for Care of the Aged is to seek a meeting with senior officials of the Transvaal Provincial Administration at which recommendations aimed at alleviating the plight of black pensioners would be tabled.

This decision was taken at the first biennial meeting of the association held at the New Market Race Course in Alberton on Saturday. More than 60 representatives of the association's societies from the East Rand, Soweto, Pretoria, Soshanguve and the Vaal Triangle were present.

In his chairman's report, Mr J Y L Rasekoala, who was re-elected chairman of the association, said it was a well known fact that all people faced problems on pension days.

He said the association had tried to interest financial institutions to use the society's premises for pension payment. Only the Permanent Building Society (Perm) has accepted this proposal.

He said the plight of pensioners had been worsened with the recent introduction of a new system of paying pensioners at the local authorities offices by the TPA.

Problem

"The whole problem here lies with bureaucracy. The TPA's predecessors have just dumped the burden on them without proper briefing. The problem with officialdom is that they made all these changes without consultation with organisations that deals with the aged. Had they approached us we would have helped them with ideas.

"Despite all this, we should do everything that has to be done for our senior citizens. We as communities have blamed the Government for neglecting our grandparents. However, we should also start to help in doing voluntary work to make our mothers and fathers happy in their twilight years," he said. During the meeting, two guest speakers from

the South African Red Cross, Mrs Cynthia Moshesh and Mr Alfred Miko, told of the dilemma faced by pensioners on their pay days. They emphasised that the plight of pensioners was a problem that had to be tackled by the black community.

Another guest speaker, Mr Simon Mohapi, a consultant with Standard Bank, addressed the meeting on the importance of preparing for retirement. He said days are "gone" when in the "black community" people focused on the present and forgot about the future.

Pensions for councillors could cost ratepayers R5-m

By Shirley Woodage,
Municipal Reporter

Secret documents leaked to a former management committee chairman of Johannesburg and the Conservative Party have raised a storm over the "buy-back pensions for councillors" scheme which could cost Johannesburg ratepayers nearly R5 million.

Highly confidential documents indicate 16 councillors qualify for pensions of over R1 000. Another four will retire on amounts ranging be-

tween R2 000 and R4 771, which is the sum management committee chairman Mr Francois Oberholzer will receive when he steps down in October.

Slamming the silence over councillors' pensions, Dr Patrick Lewis said he was aware information had been published in Pretoria and Nelsonspuit. "Why not Johannesburg?" he asked.

Mr Fred Rundle, CP regional chairman, said councillors paid 12,5 percent to the buy-back scheme

and the ratepayers would have to contribute 87,5 percent unlike normal rand-for-rand pension fund payments.

Mr Rundle said Mr Oberholzer indicated most council contributions would be less than 0,1 percent of their budgets but failed to add that Johannesburg's contribution would be 0,33 percent.

"After October 26 there is a *de facto* increase of 33 1/3 percent for councillors derived from the council's contribution to the pension fund

on their behalf.

"In Mr Oberholzer's case the Johannesburg ratepayer will contribute R463 000 in back-dated pension, his contribution will be R67 000. Of this amount he receives about R48 000 in cash, leaving his contribution at about R19 000 for a R4 771 pension," Mr Rundle said.

He said Randburg ratepayers would pay about R1,5 million to councillors pensions, Sandton about R1,3 million and Edenvale about R800 000.

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Star 4/8/88

Scheme to cost ratepayer R5m ³⁰⁰

A SCHEME in which councillors in Johannesburg can buy back pensions could cost ratepayers just under R5m, Conservative Party regional chairman Fred Rundle said yesterday.

Rundle's claim was based on a document which he says has been leaked to the CP.

The document is a schedule detailing pensions for which councillors qualify. The schedule breaks the lump pension sum to be paid into the costs payable by the local authority and those payable by individual councillors.

The total commitment by ratepayers to the Johannesburg scheme was R4 945 952. The amounts which they will contribute to schemes in other municipalities

BRUCE ANDERSON

was: Sandton R1,3m, Randburg R1,5m and Edenvale R800 000.

The schedule showed most Johannesburg councillors will qualify for pensions of over R1 000.

Rundle said ratepayers would have to contribute R463 000 towards the pension of management committee chairman Obie Oberholzer, while his personal contribution would be R66 250. According to the schedule Oberholzer qualifies for a monthly pension of R4 771 on his retirement in October.

He could not be reached for comment last night but earlier this year dismissed claims that the scheme

would burden ratepayers.

Rundle said he believed councillors performed a civic duty on a part-time basis and usually derived a monthly income from their normal daily employment. "We believe that a small pension is justified, but not a substantial backdated one."

He also accused the PFP of colluding with the NP to keep ratepayers ignorant of the amounts involved.

□ The Port Elizabeth City Council opted out of the buy-back pension scheme at the end of June after ratepayer opposition.

□ Durban City Council's contribution towards their councillors' pension buy-back scheme amounted to more than R4 600 000.

R5-m pension bill is fully justified, says Oberholzer

By Shirley Woodgate,
Municipal Reporter

Councillors' pensions and the buyback scheme are fully justified and will become increasingly relevant as the Government dumps more responsibilities in the lap of local authorities, Johannesburg's management committee chairman, Mr Francois Oberholzer, said today.

Reacting to allegations of secrecy and shock at the R5 million which ratepayers will pay to buy back councillors' pensions and the extent of his personal pension, he said he had been undersold for years. "Until 1987 as 'prime minister' of a city with a billion-rand budget I was paid less than a bus driver. In the private sector I would have received at least R600 000.

"The public's contribution is a once and would not have been so large if the scheme had been introduced 25 years ago when the municipal associa-

tion started pushing for it.

"Many councillors have sacrificed promotion and profit in their private lives while attending to council business. The situation will worsen as we are saddled with more responsibilities including urbanisation, squatting, the Group Areas Act and education."

At least two councillors — PFP leader Mr Tony Leon and Mrs Claire Quail — rejected the buyback.

Mr Leon said he was not taking part as a matter of conscience, but defending the buyback by saying it was not the usual gravy train as it was linked to years of service.

"I think the whole concept of buyback is problematic because of the huge amounts the council has to pay in for the councillors," he said.

PFP councillors had been given a free choice in the matter although in Parliament the PFP had rejected the scheme, he said.

PFP chief plans to go on pension

DAVID BRAUN
Political
Correspondent

CAPE TOWN — Newly elected leader of the Progressive Federal Party Dr Zac de Beer is to retire completely from his business career at the end of this month.

"I will be a pensioner from September 1," Dr de Beer told his first press conference after his election as PFP leader at yesterday's federal congress of the party.

Dr de Beer is presently an executive director of Anglo American Corporation and chairman of Anglo American Properties, LTA and the Southern Life Association.

He said he would also be resigning from quasi-charity bodies such as the Urban Foundation.

Dr de Beer (59) is to lead the PFP from outside Parliament until he can find a seat.

He told the press conference he intended to travel around the country, meet as many people as he could and pay attention to organisation and fund-raising in the next few months.

If he did not have a seat by the start of the 1989 session of Parliament, he would work closely with the Parliamentary team in Cape Town.

It is expected that the party's present chief, Mr Colin Eglin, will act as Parliamentary leader until Dr de Beer manages to get a seat.

Dr de Beer said he would continue the strategy pursued by Mr Eglin of trying to bring the different opposition groups together.

He plans to carry on living in Johannesburg even though the PFP's head office will remain in Cape Town.

● See Page 4.



FOUR OF THE BEST: A group of ho weather turned warmer this week. Julie Christie (19), Sharon Trengove (20)

6 saw blast suspects

AT LEAST six people saw a white couple who allegedly planted the Ellis Park car bomb on July 2, fleeing the scene minutes before the explosion.

The blast killed two people and injured 35.

Police have confirmed that they are hunting for a white couple who allegedly parked a stolen BMW car outside the stadium in an area reserved for Transvaal Rugby Union members.

The investigation is said to be at a sensitive stage. — Sapa.

Meta may

ABOUT 450 people are expected to meet in Johannesburg today to discuss whether to go on strike.

The local section of the International workers (IMF), Mr Dericks, announced Thursday that — initially planned between two days — could be extended to between three weeks.

Between 1

Swart 9/8/88 (300)

'More say for unions'

A NEW framework which gives trade unions and employees greater say in the design and planning of pension and provident funds has been launched.

A brainchild of Old Mutual, the system promotes consultation and negotiation between employers and unions to develop an employee benefit package which could meet every worker's real needs.

The system, code-named Bridgebuilder, moves beyond the concept of pension and provident funds and — for the first time in South Africa — gives workers access to capital through a loan facility.

Mr Henk Beets, Old Mutual's assistant general manager, said the system was developed over the past two years and was tested in the marketplace in the past few months.

He said: "The union movement has in recent

years articulated their members' employee benefit needs very well. However, it became quite clear that the traditional legal and structural employee benefit framework — basically the choice between a pension or provident fund — could no longer satisfactorily accommodate the varying and changing needs of South Africa's complex workforce."

It provided a number of benefit options, from retirement, disability and death cover, family funeral expenses to unemployment benefits.

The new system had met with positive response from a number of trade union officials, Mr Beets said. He said the life assurance group had already approached 300 companies and that indications were as much as 6 million employees could be Bridgebuilder members in the near future.

Old Mutual offers black workers a new pension plan

By Derek Tommey

Old Mutual has developed a savings package aimed at helping lower-paid black workers provide for their old age and also for any more immediate needs. It is also designed to overcome the objections by lower-paid black workers to putting money into pension and provident funds.

One of the problems in getting black workers to provide for their old age is that they believe that only one percent of them will live until they are 65, said assistant general manager Henk Beets.

In fact at least 60 percent would survive to 65 and recent figures indicated that this figure now was probably considerably higher, he said.

However, such perceptions meant that black workers regarded existing pension and provident fund plans as unsuitable.

Surveys had shown that black workers wanted savings plans which enabled them to borrow back money, telling them regularly how much they had and made lump sum payments.

The Old Mutual had developed a new system which met these requirements called BridgeBuilder.

The reaction from the black trade unions, which sank the Government's comprehensive pension fund plan some years ago, had been encouraging.

9/8/88 (300) Star

Mine pension funds active in property

The mining industry's pension funds are particularly active these days in property development, with two new projects taking shape under their banner and a third, which is almost complete, already showing the "full house" signs.

The contract signing for the first phase of a hi-tech industrial-office park called Central Park, Midrand, took place yesterday which is being put together by the Mine Officials and Employers Pension Funds.

Trescon is the main contractor and Oakwood Ventures the project managers.

Central Park is on a 10 ha site opposite Grand Central Airport and the proposed Midrand central business district.

The funds also have big stakes in Norwich Life's Sandton Towers — a R42 million development.

The R26 million construction job goes to Goldstein Building Transvaal and Norwich has indicated that rentals will range from R20 to R22 a sq m.

Situated at the corner of Bute Lane and Fredman Drive, the 10-storey tower

will have 13 000 sq m of space. Discussions are already under way with several potential tenants.

The equity in the towers goes three ways — Norwich Life (50 percent), Mine Officials Pension Fund (40 percent) and Mine Employees Pension Fund (10 percent).

Dunkeld Crescent, the R14 million office park on a 1,8 ha site at Jan Smuts Avenue and Albury Road in Hyde Park which has been assembled by Time Developments for the Mine Officials Pension Fund, is now fully let as contractors put the finishing touches to the complex.

Mr Grenville McWilliams of TD, says: "When we tackled Dunkeld Crescent a year ago, there were some comments that we were developing an office park in Sandton without a tenant in sight."

"However, exactly 12 months after building started, the completed project is fully let at an average rents of between R16 and R18 a sq m."

"We believe the success of Dunkeld can be attributed to three factors — concept, location and timing."

South Africa's engineers will have to look forward

New package aimed at retirement requirements

ROBERT GENTLE

OLD Mutual has unveiled a novel employee benefit package which it says will once and for all end the rigid demarcation between pension funds and provident funds.

The former allows retired workers to get their money monthly while the latter allows them to get it in a lump sum.

While the first-world sector of our economy accepts payment over time as the norm, says O.M.'s Henk Beets, the third-world sector in the form of lower income black workers set more store with the lump sum payment. It has not

been uncommon to see industrial action in favour of this.

The newly unveiled benefit programme called Bridgebuilder, developed over the last two years and tested in the marketplace in the last few months, claims to solve the problem by making the package open-ended and flexible.

It reconciles the lump sum preferences of some with ongoing income

preferences for others. It caters for variable contribution rates and different retirement ages. Other advantages are said to include cover for disability, death and funeral expenses as well as a guaranteed full profit participation and a full fund yield to all members.

Of particular note, says Beets, is the package's ability to grant workers loans against their capital without them having to resign from their employment.

"The importance of this should not be underestimated," he says, adding that

not every class of worker has a bank overdraft on which to fall back.

Beets says the programme should go a long way towards countering the negative perceptions normally harboured by certain low-income black workers towards anything that even remotely smacks of putting money away for a rainy day. Indeed, he says, the socio-economic set-up often means many such workers do not even understand retirement in the classic sense of the word.

Cape Times 9/8/88

Reassurance asked on city pension fund

Cape 350

By PETER DENNEHY

PENSIONERS and employees of Cape Town City Council have collected 3 432 signatures among themselves to a petition requesting reassurance that their pension fund will not be "tampered with".

The management of the Cape Town Municipal Pension Fund has responded by calling a public meeting in the City Hall at 7.30pm tomorrow.

City treasurer Mr Donald Geyer, the principal officer of the fund, will address the meeting which will be chaired by Mr Leon Markovitz, chairman of the management committee.

Signatories to the petition come from both the largely white South African Association of Municipal Employees (SAAME) and the mainly coloured Cape Town Municipal Workers' Association.

Mr John Bondietti, secretary of SAAME, said yesterday that "a certain city councillor" who was referred to — but not named — in the petition had

upset many people with statements he had made in public on the council employees' pension fund.

One suggestion had been that the City Council should not subsidize the annual cost-of-living-related increase in pensions it paid out, or subsidize them to a lesser extent, he said.

In March this year, Mr Arthur Wienburg said at a press conference on the city pension fund that an ordinance required the City Council to pay, in the event of a Municipal Pension Fund shortfall.

Pensioners were at present entitled to an annual increase of 75% or 80% — depending when they retired — of the Consumer Price Increase each year, he said.

He wanted the council to ask the Administrator of the Cape to reduce the percentage pension increase to 60% of the CPI a year.

● Another council workers' meeting is to be held in the City Hall this evening to discuss wage and salary offers which the executive committee has made to its employees.

Pension

rip off 'solved'

By BRUCE WILLAN

THE Financial Group claims to have solved the great pension fund rip off, according to Derek Smorenburg, MD of the group.

Using the assumption that a member contributes 5%, the employer 6%, that the salary growth is constant at 7% per annum and the final average salary assumed is three years, Smorenburg says that a person aged 30 with 35 years to go before retiring, presently earning R15 000 pa will lose about R60 000 in pension contributions.

Smorenburg believes that by taking over the administration of pension funds, particularly the smaller ones which cater for small concerns with a small staff complement of 50 to 100 employees the "loss" can be avoided and in fact become beneficial to the employee.

Smorenburg's group have come up with the Reinforced Pension Fund, a unique feature of which is that members on entering the fund can elect to pay between 0% and 7% into the fund while employers are encouraged to contribute between 5% and 15%.

The fund also caters for life cover and disability benefits, the costs of which are borne by the employers.

About turn on employee benefits

By AUDREY D'ANGELO
Financial Editor

BLACK trade unions have become extremely sophisticated about employee benefits — demanding packages tailored to meet the needs of their members — and all the major life insurance offices have been courting them in recent years.

Dave Geary, senior marketing manager (pensions) at Sanlam explained yesterday: "Black pension and provident fund business amounts to at least as much as white. Although on average black wages and salaries are lower than white, there are many more blacks than whites in the total workforce and numbers are growing."

Sanlam, Old Mutual and Southern Life are among life offices which emphasize that the days of "paternalistic" schemes are over and that employers should consult the workforce on the benefits they want. All three advise that worker representatives, either through the union or from the shop floor, should be among

the trustees of pension or group savings scheme. provident fund schemes.

Against this background Old Mutual has offered a package of what appears to be three existing schemes, all offered by all the major life offices — pension scheme, provident fund and group savings scheme — as a new product under the name "bridgebuilder."

An announcement accompanying the launch this week laid great emphasis on the fact that the scheme does not tie up all a worker's contributions but makes money available as loans when it is needed, and gives complete flexibility to meet individual requirements.

Old Mutual's group marketing manager, Eric Le Roux, explained that this was done by putting each individual worker's arrangements on a computer. The worker can choose whether to belong to a pension scheme, with regular monthly payments after retirement, or a provident scheme with a lump sum payment. He can decide his retirement age. He can also decide how much to pay into a

Funds can be withdrawn from the pension or provident scheme — up to the amount he has contributed — only towards the purchase of a house. But he can withdraw money he has invested in the group savings scheme at any time when faced with a "life crisis."

Pointing out that lower-paid workers usually have no chance of a bank overdraft, Le Roux said that many left jobs if they needed money, purely to recover their pension contributions, and later suffered hardship as a result.

Geary said Sanlam could also offer complete flexibility to any organization by offering a choice between pension and provident funds and had been offering such packages for 10 or 12 years. Its research showed that 94% of lower-paid workers realized the necessity of providing for retirement, and 51% preferred a single lump sum to a monthly pension while 49% preferred a pension.

But, Geary said, although Sanlam provided group savings

schemes when required it had never actively marketed them. "To utilize funds earmarked for long-term needs to meet short-term needs does not make sense."

Geary agreed that such schemes might not be the best way of saving because there was a risk of double taxation if a contributor withdrew funds from a group savings scheme set up through an insurance policy. The insurance company was taxed on the proceeds, and the individual could also be taxed on any funds withdrawn in less than 10 years.

Charles Davies, Southern Life GM (employee benefits) said that Southern strongly advocated consultation with employees over benefits and had stressed its importance in a statement issued two and a half years ago.

This was one of the reasons for its success in this market. It provided flexible schemes "we are like a pantry. We can provide what the organization wants us to."

Watchdog body acts for old folk

Retirement villages face investigation

Star
12/8/88
300

By June Bearzi,
Star Line

The new consumer watchdog organisation, the Business Practices Committee, has launched a probe in terms of the Harmful Business Practices Act into the affairs of two retirement villages.

The committee, chaired by Professor Louise Tager, is investigating Eden Village (Warner Beach), Eden Haven Kingsborough Development Company (Pty) Ltd, Liefde en Vrede Management Company and Mrs P Coetzer, Mr L Timcke and Mr W Timcke, a notice published in the *Government Gazette* said last month.

The Harmful Business Practices Act, in effect from July 1, provides legal protection to consumers who believe they have had a raw deal. The committee has to advise the Minister of Economic Affairs and Technology, Mr Danie Steyn, on action to be taken against harmful business practices.

Star Line this week highlighted problems experienced by residents of Eden Village, Warner Beach). Occupants complained of an electricity supply which had been condemned by the Kingborough municipality, impassable roads, an absence of frail care or nurs-

ing and cracked foundations.

One retired couple told Star Line that they were so distraught they had decided to move out, risking the R63 500 paid for life rights for their Warner Beach unit.

Recently Star Line put the spotlight on another Eden Group of Companies development, Eden Village (Helderkruin) in Roodepoort, where villagers said they were anxious as certain promises, including a frail care centre, had not materialised. They said several requests for financial statements from Liefde en Vrede, which operates under a welfare number, to enable them to establish how their levies were being spent, were not met.

Bid to sort out problems

Mr Don Timcke, one of the developers of Eden Village (Helderkruin), said he was trying to sort out the unhappiness and problems in the complex. He has blamed the committee for many of the problems experienced by the inhabitants.

The Business Practices Committee has invited written representations from the public about its investigation. Interested parties may write to The Secretary, the Business Practices Committee, Private Bag X84, Pretoria, 0001.

PENSION PORTABILITY

Mixed reaction

Trade union reaction to Old Mutual's new BridgeBuilder pension-provident fund package for workers has been mixed. The scheme is designed to meet union and worker demands for optional retirement benefits.

However, National Council of Trade Unions (Nactu) general secretary Phiroshaw Camay is opposed in principle because he would prefer "a scheme developed, regulated and controlled by our members. Under the Old Mutual scheme, funds are to be controlled by employers and unions equally. I object to this because it is employees who contribute most to the funds."

Old Mutual's employee benefits marketing manager Eric le Roux does not see this as a problem. "The infrastructure of this package allows for representation by members in any proportion."

Bernie Fanaroff, of the Cosatu affiliate National Union of Mineworkers of SA (Numsa), sees two benefits to the scheme.

"It gives workers an option of investing in savings instead of the usual provident/pension funds. This is a big step forward" but "does not go far enough."

Obed Mack of the Black Allied Workers' Union (Bawu) believes the package essentially addresses the needs of the working class. He says Bawu suggested minor changes, which were incorporated by Old Mutual but "it has since been decided that a delegation be sent to Cape Town to put



**Camay ... opposed
in principle**

further suggestions on housing loans, resignations and group life schemes."

Proposals in 1981 to make the preservation of accumulated pension funds compulsory led to industrial unrest and withdrawal of the draft legislation. A commission of inquiry chaired by Kobus Meiring was appointed and, in 1986, suggested a special committee be formed to investigate further.

"There has since been no advance. It is in this context that BridgeBuilder was formed to satisfy worker needs," says Le Roux. ■

(Handwritten signature) 12/8/88

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Scheme is rejected

THE proposed pension scheme for councillors, which has been approved by the Durban City Council, has been rejected by most of the surrounding local authorities.

Pinetown, the second largest municipality in the greater Durban area has become the latest council to reject the pension scheme. The mayor, Mr Brian Matthee said yesterday that council work was not a career and that it was the duty of individual councillors to make provision for their own retirement.

Savefan 16/2/20

Union power prompts pension deal

WITH organised workers gaining an increasing say in company pension and provident funds, many of the life insurance companies have realised that trade unions are an important actor in their market.

One of the largest life insurers, Old Mutual, is advocating union participation in the provision of employee benefits and this week launched a package which builds in negotiation.

Most of the large life insurers have been involved in investing new-style provident funds and even those who initially resisted change are looking for business in this market.

Southern Life's call for union representation on the boards of pension funds in 1986 was at that time greeted with derision in some financial circles — clearly things have changed.

Old Mutual assistant general manager Henk Beets describes the new package, "Bridgebuilder", as an approach to the issue of employee benefits rather than just a new product.

The plan is to identify employees' differing needs and design the combination of financial instruments which would best meet these. Employee benefits for black unskilled workers is seen as the area most in need of innovative approaches.

General manager Gerhard van Nierkerk said this week: "The union movement has in recent years articulated their members' employee benefit needs very well. Employers generally reacted positively ... However, it became quite clear that the traditional legal and structural employee benefit framework, the choice between a pension or provident fund, could no longer satisfactorily accommodate the varying and changing needs of South Africa's complex workforce."

Unions with majority black membership have tended to reject pension funds because, they argue, these do not meet workers' needs and are perceived as inequitable.

In many companies, unions have since 1985 negotiated provident funds, managed jointly by union and employer representatives. This went

Trade union pressure and the growth of union power is changing attitudes in the employee benefit business.
HILARY JOFFE reports

some way to meeting workers' demands, since they felt if they contributed to benefit funds, they should have a say in these.

The fundamental difference between the two is a provident fund can pay out the full lump sum which is the member's stake at any time. Pension funds only pay out in full when the member retires, usually at 65, and only a third of this can be taken as a lump sum. The rest is paid out as monthly income.

Black manual workers feel they may not get as far as the mandatory retirement age. Most also prefer lump sum payments because of the difficulty of collecting monthly pensions, especially if they retire to rural areas. And their needs are often for funds to tide them over financial emergencies.

The new provident funds are less complicated and more flexible than pension funds. In most, a worker who is retrenched or dismissed is paid out in full — his/her contribution, the employers contribution and the full interest earned. This is in contrast to pension funds, most of which have been earning 20 to 30 percent on their investments but pay interest of only about 4,5 percent to members who leave early and want to claim back their contributions.

Some employers have expressed fears that workers in provident funds will end up without provision for retirement. And the provident funds have the disadvantage that members cannot draw on them unless they leave their jobs.

A new product which "Bridgebuilder" will include is a group savings policy. This is similar to a provident fund in that members earn the full interest yield on their contributions, but has the advantage that workers can borrow from it, on

terms that the fund trustees would determine. It can accommodate different contribution levels and different maturity dates. It doesn't have the tax advantages of pension or provident funds but these are irrelevant for low paid workers.

Beets envisages that low-paid workers might, for example, be covered by both a savings policy and a provident fund. The worker would contribute to the savings policy while the employer would put his contribution for each worker into the provident fund, which would have tax advantages for the employer and might also be a way of ensuring the worker has funds for retirement.

There could be a joint union-employer board of trustees for the benefit package as a whole or each fund could be differently managed.

Old Mutual has developed computer back-up for the scheme such that an individual worker receives a monthly statement reflecting his or her contributions in the benefit fund or funds and the interest earned.

It is also running training courses for benefit fund trustees and has published guidelines for trustees as well as information booklets for members.

In developing "Bridgebuilder" Old Mutual consulted officials of several trade unions in Cosatu and Nactu, as well as some employers, Beets said.

W/ Mail
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12-18/8/88

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EXTENDING PENSION OPTIONS

Old Mutual's new administrative framework for employee benefit arrangements is flexible enough to provide short-term liquidity as well as long-term benefits for many different types of employee. The

scheme — Bridge-Builder — combines the advantages of conventional pension funds, group endowment schemes and, where appropriate, provident funds, says Gerhard van Niekerk, GM employment benefits division. If

an employee shifts between two companies, both of which are committed to the scheme, he will be able to preserve his pension, but still have access to his own contributions (plus accumulated earnings) in case of need.

Employers' contributions can be preserved through a conventional pension fund component. Administration is handled by Old Mutual's computer facility



Van Niekerk

— so no demands are made on the employer, if that is the deal agreed on.

The scheme can generate "an open-ended range of options, from retirement and funeral to unemployment benefits. Options can be adjusted as needs shift. It caters for variable contribution rates and retirement ages, and allows employees full participation in investment profits."

The issue of tax deductibility can be ignored for low-income schemes. But if large amounts are to be contributed, account would have to be taken of the complex legal provisions of the Sixth Schedule of the Income Tax Act, which, generally, taxes gains on endowment policies paid out before 10 years.

The system is particularly tailored to the developing union structure, as it is based on the principles of "negotiation, consultation and participation" with unions as well as with management.

The initial marketing push, says Van Niekerk, is towards unionised, low-income employees, frequently black, who have particular need of short-term liquidity. This can be drawn from traditional pension funds only on registration — forfeiting employers' contributions.

Cape Times
19/8/88

Monthly black 300 pensions?

Staff Reporter

THE "ideal" of monthly pension payouts to blacks could become a reality next year, and an ongoing field study by CPA officials was busy ironing out problems, Mr Dirk Smit, head of CPA administrative services, said yesterday.

He was replying to urgent appeals by a newly-formed Guguletu lobby group of businessmen who have been backed by Mr Roland Mjoli, the Peninsula townships mayor.

Mr Smit said "serious" attention was being given to monthly, instead of the two-monthly payment to blacks while additional staff had been appointed, with overtime being worked "five days every week".

Reliable sources in the CPA said the administration had inherited a "major organizational headache" from central government when the function was handed over to the Cape Province relatively recently.

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MONDAY, 22 AUGUST 1988

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The MINISTER OF EDUCATION AND CULTURE:

(1) The Department allows itself to be guided by the recommendation of the school committee, the nominating body. In cases where a school committee does not exist, the Regional Board performs the nominating function of the school committee.

(2) Yes

(a) (i) 4 September 1987

(ii) By means of the submission of the prescribed nomination form.

(b) Mr I F Johnson (was nominated together with eight (8) other candidates).

(c) The nominations were submitted to the Minister in its entirety but he did not find it feasible to make an appointment.

(3) Yes. For the purpose of recruiting feasible candidature for the proper exercise of Ministerial discretion.

(4) No.

Social pensions/grants: delay in payment

44. Mr T R GEORGE asked the Minister of Health Services and Welfare:

(1) Whether there has been a delay in regard to the payment by his Department of social pensions and grants; if so, why;

(2) whether this matter will be investigated; if so, when?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) No. The payment of social pensions and grants are effected by the intercession of the Postmaster-General and the Commission for Administration (Bureau: Delphinus) at the various paypoints.

(2) Fall away.

Pensions/grants granted/refused/funds misappropriated

47. Mr T R GEORGE asked the Minister of Health Services and Welfare:

(1) (a) How many persons applied at the Johannesburg regional offices of his Department for (i) old-age pensions, (ii) pensions for the blind, (iii) disability grants, (iv) war veterans' pensions and (v) maintenance grants over the latest specified period of three years for which information is available and (b) how many of these applications (i) were (aa) granted and (bb) refused and (ii) are still under consideration;

(2) whether his Department received any complaints during the above period from members of the public concerning misconduct on the part of officials attached to the regional offices of his Department and involved in the processing of these pensions and grants; if so, (a) what was the purport of these complaints and (b) what steps have been or are to be taken in this regard;

(3) whether any funds were misappropriated at the above-mentioned offices over this three-year period; if so, (a) what were the amounts involved in each of these years and (b) how many persons were involved in each instance;

(4) whether his Department took any action in regard to these instances; if not, why not; if so, what action was taken in respect of (a) the perpetrators and (b) preventing a recurrence;

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

The MINISTER OF HEALTH SERVICES AND WELFARE:

	(1)(a)(i)	(1)(a)(ii)	(1)(a)(iii)	(1)(a)(iv)	(1)(a)(v)
1985:	928	6	1 507	71	870
1986:	766	0	1 593	52	967
1987:	1 049	0	1 811	26	852
	<u>2 743</u>	<u>6</u>	<u>4 911</u>	<u>149</u>	<u>2 689</u>

TOTAL: 10 498

HOUSE OF REPRESENTATIVES

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(1)(b)(i)(aa)

1985: 2 270 cases

1986: 2 302 cases

1987: 2 834 cases

TOTAL 7 406 cases

(1)(b)(i)(bb)

1985: 1 112 cases

1986: 1 076 cases

1987: 904 cases

TOTAL 3 092 cases

(1)(b)(ii)

1985: Nil

1986: Nil

1987: Nil

(2) No.

(3) Yes.

(a) 1985: R 4 880,00

(5) No.

1986: R 4 810,53
1987: Nil

(b) 1985: 2 persons
1986: 1 person
1987: None

(4) Yes.

(a) The South African Police has opened fraud dossiers in each case. A repayment order has been served on each debtor for the repayment of all monies illegally received.

(b) Supervision and control over Social Security matters have been re-inforced at all the Department's Regional Offices. Review procedures on all pensions/allowances have been tightened and more stringent control measures applied to the issuing of face-value forms.

HOUSE OF REPRESENTATIVES

Civil pensioners call for increase

21/8/28 Pretoria Correspondent (380)

Pensioners have joined the public service call for a better pay deal.

Seven percent of the annual bonuses of public servants is deducted and paid into a stabilisation account to subsidise increased pensions.

But, civil pensioners say, they have to survive rising living costs on the same pensions they were paid in July last year.

A further gripe is that pensioners, who were to benefit significantly from the new tax scales, have not yet seen any change in their pay packets.

Mr Hans Olivier, general secretary of the Public Servants' Association (PSA), said the pension deal of former public servants was on the agenda for the association's annual congress next month.

DIFFERENTIATION CALL

A call would then be made for a differentiated pension scale, in an effort to let older pensioners catch up with their younger contemporaries.

The last general pension increase was 10 percent in July last year and although pensioners' expenses are in the main not as high as those of working public servants, they too faced higher food prices, said Mr Olivier.

The PSA was particularly concerned that more money be found to help public servants who had retired many years ago when different conditions prevailed. They now lagged significantly behind other pensioners, he said.

A spokesman for the Department of Finance confirmed that pensioners would benefit from the new tax scales which came into effect on July 1.

Let pensioners stay in own homes Minister

Own Correspondent

DURBAN — Most elderly people want to continue living in their own homes and society should make it possible for them to do so, says Mr P J Badenhorst, Minister of Health Services and Welfare in the House of Assembly.

Opening the Maclure Close Residential Flats in Montclair — a Natal Settlers' Memorial Homes project which accommodates 24 elderly couples in the lower-income group — Mr Badenhorst said South African whites had one of the highest percentages of elderly people in homes for the aged in the world.

"We now realise that a large percentage of aged people in institutions should not have been there. The function of old age homes should be to care only for the small percentage of aged who, for reasons of physical and mental debility and social circumstances, cannot maintain an independent way of life.

"Only five percent of the aged need institutional care. A large group are able to maintain their

independence with a minimum of assistance and support.

"There is ample evidence that older people prefer to continue living as normally as possible. They want to make a continuing contribution to society. They need to feel wanted, to be close to friends, relatives and former associates and at the same time to enjoy some real independence.

Mr Badenhorst asked: "Should we not endeavour to satisfy the primary needs of elderly people within the community instead of erecting more institutions to care for them?"

"Only for the few who cannot maintain themselves in the community on account of physical and or mental infirmity or breakdown should provision for special care in institutions be made.

"Whatever the approach, our overall goal should be to allow and assist elderly people to stay in the accommodation where they feel comfortable or prefer for as long as possible," he said.

300 Star 1008

'Young' fill up old age homes

By Helen Grange

Old age homes are being overcrowded with retired middle-aged people well able to look after themselves, creating a shortage of accommodation for the old and frail, according to Mr Sid Eckley, director of the National Council for the Aged.

Mr Eckley said the reason so many whites — more than 8 percent of the population — were institutionalised was because of the shortage of community support systems in the country. "However, there are a large number of healthy and capable individuals in old age homes who, over the years, become frail and then need frail care facilities, of which there is also a shortage." A large number of old age homes catered only for the "normal aged" with no facilities for the very frail who needed constant attention.

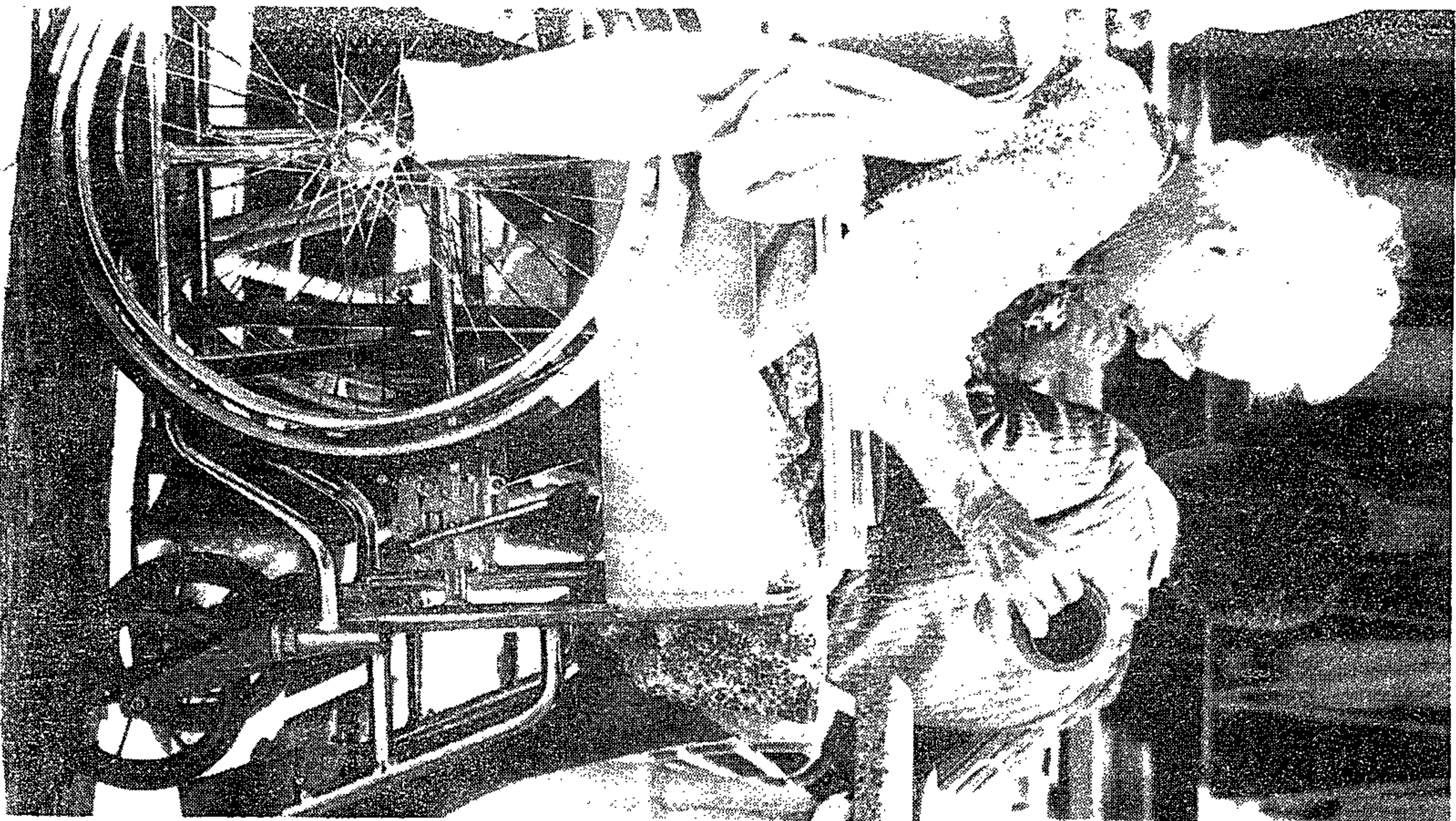
PRESSURE

"I know of instances where people have been turned away from a home because they are too old," Mr Eckley said. The influx of healthy people into homes meant there was a long waiting list of individuals who could not look after themselves. "Homes are under a lot of pressure, and the National Council for the Aged is trying to urge the healthy aged to remain in the community for as long as possible to alleviate the problem."

"The elderly can also move in with their children," Mr Eckley said. "Mr Eckley said less than 5 percent of the black aged were institutionalised, partly because black people had a 'very helpful cultural approach' whereby the younger generation looked after the elderly."

"However, there are still severe shortages of facilities for the care of black aged and the Government is not granting enough subsidies for old age homes in black communities."

'I lived in constant fear of levy rise'



Mrs Stella Beeby (77) said she spent two years at Pioneer Place in constant fear that the next levy increase would put her apartment beyond her means.

Finally, in May, she moved into a Government subsidised home for the aged.

Mrs Beeby said she sold her house and paid R42 000 on a shareblock basis for two units converted for her to live in at the Soper Road apartment block.

She said: "By May this year my monthly payments at Pioneer Place were almost R1 000. I couldn't afford this and estate agents were unable to sell my share block units so Mr Spero offered to buy them back for R20 000.

"However, the monthly levies on my units are now R1 132 which I have been told will be deducted from Protea Place Ltd's final payout to me.

"They haven't paid me out in four months which means they can deduct more than R1 000 a month off my R20 000 payout so I don't know how much I'll eventually be paid.

"This has been a great blow to me. My husband and I always saved in the belief we would be very comfortable in our old age. We never had financial problems and bought everything cash.

"The first time in my life that I had financial worries was after moving into Pioneer Place."

Mrs Beeby said she had put her name down at a Government subsidised retirement home six years ago and managed to get a unit in May.

"I am so happy in the tranquil surroundings here and I know I will be well cared for at nominal monthly payments so the money now is of secondary importance."

Just one of the many financially strapped residents. Mrs A Harry on the balcony of the Berea share block apartment building.

Old folks' investments in retirement plan turn sour



"My next move is on to the pavement," 70-year-old diabetic Mr Denis Valentine told Star Line.

Pensioners, among them bedridden and wheelchair-bound folk, who bought into a senior citizen share block apartment in Berea two years ago, fear they could lose the roofs over their heads because of soaring monthly levies.

Desperately worried residents say R20 000 to R25 000 investments in Pioneer Place, Soper Road, have not bought them secure and comfortable lifestyles and "low monthly levies and service charges" for their remaining years.

At least three residents told Star Line they were financially strapped and the R86 levy increase in August — making R566 payable monthly for catering, service fees and the levy — would crush them financially and they would have to vacate their en-suite bedsiters.

When they moved in, monthly payments were R325.

"Where do we go from

Life savings paid for "life rights" in some senior citizen retirement projects throughout the country have not bought many folk "security and peace of mind in their twilight years", complaints to Star Line illustrate.

Now Star Line puts the spotlight on the plight of pensioners between the ages of 62 and 95 who bought into a "share block" scheme two years ago believing they had inflation-free havens where all their needs would be catered for. Instead many say they face a bleak and uncertain future as spiralling levies have made their units, in which most of their capital is tied up, unaffordable.

The developers told Star Line: "Their destinies are in their own hands. We are not a charitable organisation and these people knew what they were doing when they bought shares." JUNE BEARZI reports.

here? I've paid R20 000 for my apartment and can't afford to live in it, nor can I find a buyer."

Mr Denis Valentine, a 70-year-old diabetic with R150 monthly medical bills, asked:

Shareholding residents said they had found it extremely difficult to sell their units and those who had sold, said they got less than half of their investment back and were forced to move to Government subsidised old age homes.

Two years ago levies were R65 and service fees and catering made



Mr Max Leibov reflects on an uncertain future.

R325 payable.

But distraught and angry residents say the levies have increased from R65 to R246 in two years and service fees and catering are R320. They say they cannot stretch their incomes to cover monthly payments increased from R480 to R566.

Residents say they held an urgent meeting with Pioneer Place's management in April and called for an investigation by the auditors into the handling of the financial affairs.

Following this, Pioneer Place Limited's chairman, Mr A W Wilms, resigned and a Mr P J Spero took over.

In July Mr Spero informed shareholders and residents in a letter that the company auditors had examined the books and felt that, if the board of directors did not act responsibly to ensure there was sufficient income to meet monthly expenses, they would have to report "their misconduct to the Registrar of Companies."

Mr Spero said this had forced the officers of the company to increase the levy by R86 a month from August.

Mrs Lillian Francey told Star Line when she bought she was told it would be a property investment in easily affordable and premier accommodation and would enhance her quality of life.

She was told her levy would be R65 a month. Services, which included three meals a day, frail care facilities and laundry, would cost R260.

Mrs Francey said: "The R325 sounded very reasonable for what was being offered."

"But within two years the price has simply shot up putting it beyond the reach of many of these poor people who range in age from 62 to 95."

HOUSE OF ASSEMBLY

†Indicates translated version.

For oral reply:

General Affairs:

State President:

Angolan territory: visit by State President

*1. Mr R R HULLEY asked the State President: Whether he and/or any Cabinet Minister visited Angolan territory during the last 12 months; if so, (a) why and (b) (i) what areas were visited, (ii) for how long and (iii) under what authority?

†The STATE PRESIDENT:

Yes, I paid a visit to the South African troops in Angola, where they are stationed, to express my appreciation to those who are protecting South Africa's interests.

Ministers:

Question standing over from Tuesday, 28 June 1988:

Coega/Sundays Rivers: establishment of Black township

*12. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

Whether the establishment of a Black township in the area between the Coega and Sundays Rivers is being (a) planned, (b) investigated and/or (c) considered; if so, what area?

The DEPUTY MINISTER OF NATIONAL HEALTH (for the Minister of Constitutional Development and Planning):

(a) No.

(b) With a view to the longer-term land requirements of the Black community, the Department of Development Planning is in consultation with various instances on an ongoing basis investigating possible development areas for the Black community of the Greater Algoa Bay area in terms of the Black Communities Development Act, 1984. Due to the location of

Government as a result of section 18B will remain realistic.

(2) In terms of section 18B a sporting event can be regarded as an international event if the Minister of Finance after consultation with the Minister of National Education is satisfied that —

* it is a type of event which is commonly participated in on an international basis;

* a substantial number of the participants or the key participants are or will be persons who are not residents of the Republic; and

* that the holding of such event is or will be of material advantage to sporting activities in the Republic.

(3) The Minister of Finance after consultation with the Minister of National Education.

(4) (a) From the commencement of the provisions of section 18B up to 30 August 1988 a total of 185 sporting events have been considered for such rebates.

(b) Forty-eight applications have been dealt with, which represents a total sponsorship allowance of R14 037 104. A sponsorship allowance, in terms of section 18B of the Income Tax Act, Act 65 of 1986, is an amount that a sponsoring company shall be allowed to deduct from its income.

Western Cape Area Development Board: accumulated deficit

*2. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether the Western Cape Area Development Board has or had an accumulated deficit; if so, (a) what was this deficit as at the latest specified date for which information is available, (b) how is it to be dealt with and (c) who decided on how it is to be dealt with;

(2) whether any such deficit is to be (a) written off and (b) taken over by any other body or Department; if so, (i) who made

this decision and (ii) by which other body or Department is it to be taken over?

The DEPUTY MINISTER OF NATIONAL HEALTH (for the Minister of Constitutional Development and Planning):

This matter vests in the Administrator of the Cape Province, and he furnished the following information:

(1) Yes.

(a) On 30 June 1986 a total deficit of R90 013 168,61, which had accumulated since 1974 when the old Administration Boards were established, existed. This amount represents the deficit of the said Boards, the abolished Western Cape Area Development Board and various Black local authorities.

Rest of question:

No decision has been taken as yet. On 1 July 1986, the accumulated deficit of the erstwhile Western Cape Area Development Board was carried forward to the Cape Provincial Government in terms of section 3(1)(a) of Act 75 of 1986: Abolition of Development Bodies Act, 1986. As soon as the audited accumulated deficit as at 31 March 1988 is ascertained, it will be dealt with in terms of section 3(2)(a) of the said Act.

Pensions not collected: suspended

*3. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

(1) Whether any Black pensioners had their pensions cancelled as a result of not collecting them for a number of months; if so, (a) in respect of the latest specified three-year period for which information is available, what total (i) number of pensioners and (ii) amount of money was involved and (b) what are the regulations and procedures applicable to such cancellations;

(2) whether any changes are envisaged in regard to this cancellation procedure; if not, why not; if so, (a) what changes and (b) when?

†The DEPUTY MINISTER OF NATIONAL HEALTH (for the Minister of Constitutional Development and Planning):

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This matter vests in the Administrators of the respective Provincial Governments. This information, however, was co-ordinated and furnished by the Transvaal Provincial Government:

(1) A pension which has not been collected is not cancelled, but only suspended. Such pensions may be restored immediately.

(a) (i) Statistics are only available in respect of the period July 1987 up to June 1988 and the number of pensioners is as follows:

Tvl:	1 585
OFS:	376
Natal:	1 239
CPA:	44
Total:	3 244

(ii) The total amount involved is not available but the average financial implication is R702 per person.

(b) Regulation 18(1)(i) of the Regulations framed in terms of the Social Pensions Act, 1973 (Act 37 of 1973). The procedure as laid down by Regulation 18(1)(i) is that if a pensioner applies within two years on the form determined by the Provincial Secretary for the pension to be restored, the Provincial Secretary may order, with due regard to the circumstances, that the lapsed social pension be restored as from such date as he may determine, provided that after a period of two years no application may be made for the restoration of a lapsed pension but that a fresh application should be made for the granting of such a pension.

(2) No. not for the present.

(a) and (b) fall away.

Amabele/Stutterheim: road tarred

*4. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

(1) With reference to the reply of the Minister of Transport Affairs to Question No 7, standing over, on 28 June 1988, (a) when and (b) by whom was the tarred road

between Amabele and Stutterheim tarred originally;

(2) whether this road is being retarred at present; if so, (a) by whom, (b) at what estimated cost and (c) why?

The DEPUTY MINISTER OF NATIONAL HEALTH (for the Minister of Constitutional Development and Planning):

The following information was furnished by the Cape Provincial Government:

(1) (a) 1976-77

(b) The Divisional Council of Stutterheim.

(2) Yes.

(a) The Department Road Unit of the Cape Provincial Administration.

(b) R1,7 million.

(c) The road was at that time built as a main road with a relatively low traffic count, especially heavy axles. It now forms part of a trunk road which is a direct route from Stutterheim to East London and which will therefore carry the main traffic. This section of road is thus geometrically and structurally not suitable and must be re-built in accordance with the required standards.

Trans-Natal: fire-extinguishers in coaches in working order

*5. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether, with reference to the fire on the Trans-Natal on 28 June 1988, the fire-extinguishers in the affected coaches were in working order; if not, (a) why not and (b) when were they last serviced and checked;

(2) whether the South African Transport Services check the fire-extinguishers on trains at regular intervals; if not, why not; if so, at what intervals?

*The DEPUTY MINISTER OF TRANSPORT AFFAIRS:

(1) Yes.

(a) Falls away.

(b) The fire-extinguisher in coach 33069

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was serviced and checked on 8 June 1988 and that in coach 33042 on 26 June 1988.

(2) Yes, at three-monthly intervals, as well as a visual inspection before the departure of a passenger train, to ensure that fire extinguishers have not been tampered with and that the seals are not broken.

Mr Robert Von Palace Kolbatschenko: relevant facts

*6. Mr D J N MALCOMESS asked the Minister of Home Affairs:

(1) Whether, with reference to his reply to Question No 5, standing over, on 28 June 1988, there has been any change in the position as set out by him in reply to Question No 17 on 26 April 1988; if not, why not; if so,

(2) whether he is now able to make public the relevant facts regarding the granting of permanent residence to Mr Robert Von Palace Kolbatschenko; if not, why not; if so, what are the relevant facts;

(3) whether the prosecution authorities have come to a decision regarding appropriate legal action to be taken against the official arrested in connection with the incident; if not, why not; if so, what is this decision;

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

The MINISTER OF HOME AFFAIRS:

(1) to (4) The hon member is referred to my replies to oral Questions No 25 on 1 March 1988, No 17 on 26 April 1988 and No 5 on 21 June 1988. In my replies already given in this House, I have mentioned that:

(a) the official of the Department involved in this matter, Mr J D Scheffer, has been provisionally suspended pending the outcome of any legal action that might be taken against him;

(b) the Department is fully co-operating with the SA Police in their investigation;

(c) the SA Police was supplied with all the available information, a police docket was opened and no final deci-

sion with regard to suitable legal action has been taken.

The hon member is furthermore referred to the fact that a commission of enquiry under the chairmanship of the hon Mr Justice L T C Harms has been appointed. The terms of reference of the commission are wide enough to include this matter.

The hon member is also referred to a statement by the Minister of Justice in which, *inter alia*, the following was mentioned:

The investigation will in the meantime in no way inhibit investigations into possible criminal offences and prosecutions.

The Department of Home Affairs has no part in the taking of decisions to prosecute. This is a matter that rests with the Department of Justice. Questions with regard to prosecutions must consequently be put to my colleague, the hon the Minister of Justice.

Finally, I would like to inform the hon member that Mr Scheffer is currently awaiting sentence in another case in the Regional Court, Pretoria, which has no bearing on this matter.

Staff: medical/administrative

*7. Mr R J LORIMER asked the Minister of National Health and Population Development:

How many (a) medical and (b) administrative staff were employed by his Department as at the latest specified date for which information is available?

*The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(a) 177 and

(b) 91 as at 23 August 1988.

The State versus Goosen and Another: cost of trial Justice:

*8. Mr D J DALLING asked the Minister of Justice:

What was the total cost to the State of the trial of *The State versus Goosen and Another*? The MINISTER OF JUSTICE:

It is impossible to quantify the total cost to the HOUSE OF ASSEMBLY

Pension scheme may cost councillors' seats

Star Own Correspondent

DURBAN — The pension scheme for city councillors has caused dissension in the ranks of the Durban City Council and could lead to a number of prominent councillors being defeated in the October elections.

Many councillors now readily admit that they did not go deeply enough into the financial implications of the scheme and the effect it would have on voters.

Several have openly admitted that they made a mistake in voting for the buy-back and have now changed their minds and turned it down. Mr Neville Herrington went as far as to try to have it referred back to council for a second look.

Some councillors have said privately that at first blush the buy-back scheme seemed reasonable enough but later they were astonished to find that the costs to the city would run to millions of rands and many hidden costs would place a heavy financial burden on ratepayers in the future.

What has also upset certain councillors is the refusal of the management committee to reveal each individual councillor's benefits.

Pension fund 'is well deserved'

By Shirley Woodgate,
Municipal Reporter

The amount of time sacrificed by councillors was one of the reasons why their recently established pension fund was supported by the Transvaal Municipal Association, said Mr J H du Raan, outgoing president of the association.

Addressing the annual congress at Potchefstroom on Tuesday, he said the intimate nature of local government meant that councillors were continually pestered by residents who did not hesitate to take up their time.

Their family life was therefore disrupted and they often sacrificed their business commitments for their council duties.

They were also compelled to attend to time-consuming council business, Mr du Raan said.

'Local govt, public must communicate'

Local government must communicate with the public, the Administrator of the Transvaal, Mr Danie Hough, said at the 85th Transvaal Municipal Association congress in Potchefstroom yesterday.

Local Government was the cornerstone of democracy, established by the people, for the people to satisfy their daily needs in an orderly manner, he said. — Municipal Reporter.

Gran kicked out again

EIGHTY-year-old Soweto pensioner, Mrs Mary Hlalele, who was evicted from her Mzimhlophe house two weeks ago, was again ejected from the house by municipal police on Tuesday.

But, hours after the eviction residents moved Mrs Hlalele's goods back into the house. The house was auctioned by the Soweto Council two weeks ago because Mrs Hlalele had not paid rent and service charges.

The Hlalele family was visited by the municipal police three times last week who asked when they would be vacating the house. On Friday the police told the family they would evict them "finally" on Monday, but arrived a day later.

Mrs Hlalele's granddaughter, Ingrid, said she had seen lawyers about the sale of the house and the subsequent eviction. The lawyers were engaged by the Sifa-sonke Party which pledged to fight Mrs Hlalele's case free.

The council's housing director, Mrs Estelle Bester, this week said the eviction of Mrs Hlalele was a council resolution and no official could stop it. It was even late for the council to reconsider its decision as the house had already been legally sold.

300

1/9/88

(2) No,

(a) each local authority is fully responsible for smoke control in its area of jurisdiction and is not required to provide this Department with such statistics,

(b) statistics can be obtained directly from the local authorities controlling smoke in their areas of jurisdiction.

(i) falls away.

(ii) falls away.

Main line rail passengers

1425. Mr C J DERBY-LEWIS asked the Minister of Transport Affairs:

How many (a) first and (b) third class rail passengers travelled on the (i) Johannesburg/Durban and (ii) Johannesburg/Cape Town main line during each of the latest specified five years for which figures are available?

	1986/87	1987/88
Financial year	Financial year	Financial year
(a) (i)	80 311	70 153
(ii)	90 178	76 351

Information prior to 1 April 1986 is not available.

(b) (i) and (ii) Information is not available.

The MINISTER OF TRANSPORT AFFAIRS:

Pension fund benefits: State commitment

1432. Mr C J DERBY-LEWIS asked the Minister of National Health and Population Development:

(a) What, in rand terms, is the commitment of the State regarding pension fund benefits to existing White, Coloured and Indian State employees and (b) in respect of what date is this information furnished?

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(a) As employer, the State is committed to contribute to the following pension funds: The Government Service Pension Fund (GSPF)

HOUSE OF ASSEMBLY

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

YEARS

TOTAL CONTRIBUTION

(by employers and employees)

YEARS	TOTAL CONTRIBUTION
1977/1978	R 412 459 698
1978/1979	479 733 715
1979/1980	540 640 518
1980/1981	729 997 349
1981/1982	914 001 263
1982/1983	1 153 798 683
1983/1984	1 385 605 499
1984/1985	1 780 210 390
1985/1986	1 955 912 889
1986/1987	2 337 298 700

These figures are in respect of the following pension funds:

Government Service Pension Fund
Temporary Employees Pension Fund
Associated Institution Pension Fund

Johannesburg shunting yard: fire

1439. Mr C J DERBY-LEWIS asked the Minister of Transport Affairs:

(1) What was the cost of repairing the damage caused by a fire allegedly started by vagrants at the Johannesburg Shunting yard on or about 15 July 1988;

(2) whether any additional security measures are being applied to prevent recurrences of this nature; if not, why not; if so, what measures?

The MINISTER OF TRANSPORT AFFAIRS:

(1) Two main line passenger coaches with an outstanding capital value of R65 242 were damaged to such an extent that both are destined to be scrapped. The cost to repair the three other coaches is estimated at R30 000.

(2) Yes, inspectorate and personnel were again requested to be on the alert for vagrants trespassing in shunting yards and to report all instances to the SA Police immediately.

The SA Police has been requested to visit shunting yards more frequently at irregular intervals in order to investigate possible instances of trespassing.

SAA: resignation of pilots

1445. Mr C J DERBY-LEWIS asked the Minister of Transport Affairs:

(a) How many pilots resigned from the South African Airways (i) during each of the latest specified five financial years and (ii) in 1988 as at the latest specified date, for which figures are available and (b) what were the reasons given for these resignations in each case?

The MINISTER OF TRANSPORT AFFAIRS:

(a) (i)	(b)
1983/84	Other commitments
	Unknown
	Started own business
	5
	2
	2

1984/85 Personal

1985/86 Started own business

1986/87

Political
Religious
Unknown
Emigrated

1987/88

Personal
Emigrated

(ii)

1 April 1988 Emigrated
to 31 August Joined other airlines
1988 Unknown

Krugersdorp Prison: decision on old prison buildings

1466. Mr C J DERBY-LEWIS asked the Minister of Justice:

Whether a decision has been taken on the future use of the old prison buildings at Krugersdorp Prison; if not, why not; if so, what is this decision?

HOUSE OF ASSEMBLY

Veteran's pension ^{CAVE.} ^{Tin 65} 'not SADF matter' ^{7/9/88}

Own Correspondent ³⁰⁰

JOHANNESBURG. — A war veteran's pension for World War II ex-soldier Mr John Choeu was the responsibility of Bophuthatswana and not of the SADF, a Defence Force spokesman said yesterday.

The 70-year-old Mr Choeu and other black veterans, now living in poverty in Bophuthatswana, have been fighting for three years to get war pensions they were promised on discharge from the army more than 40 years ago.

The Wits Law Clinic has been communicating with various South African and Bophuthatswana departments to help the men get relief.

Replying to questions on the veterans' pensions, SADF liaison officer Commandant I H

Buck said the SADF had nothing to do with the case.

"Choeu is a Bophuthatswana national and that is the government you must approach regarding his pension."

Asked whether this had been conveyed to Mr Choeu, Cmdt Buck said: "We have given our reply before."

War veterans receive their first cheques

SECOND World War veteran John Choeu and about 25 other ex-soldiers resident in Bophuthatswana received their first R40 cheques this week as monthly interim relief from the National War Fund.

But the issue of their pensions remained unclear as the Bophuthatswana government said Choeu had spurned any form of pension from the national state. Choeu denied this saying they had been unable to claim because Bophuthatswana did not have the necessary forms.

B/day
2/9/88

THEORAWANA



Choeu and other veterans who are Bophuthatswana citizens have been shuttling between SA and Bophuthatswana government departments since 1985 trying to get the war veterans' pensions they were promised on discharge from the army.

Johnny Leburu of Bophuthatswana's Internal Affairs Department said his government was prepared to grant the ex-soldiers their pension, but that Choeu

had rejected the pensions fearing these might jeopardise the chance of a lump sum from SA.

Leburu said the veterans were entitled to R213 a month, while the Wits Law Clinic, which is assisting the ex-soldiers in their efforts, said the money was due only every two months.

The Transvaal Provincial Administration said earlier veterans who were citizens of national states should apply to those states because SA had supplied funds that would cover their pensions.

Cheou wants payment from SA

WAR veteran John Cheou, 70, is rejecting any pension offer from Bophuthatswana and wants payment from SA.

The Second World War veteran said yesterday he and other black soldiers could not be expected to claim war veterans' pensions from Bophuthatswana when it was SA that owed them money.

He said: "We followed instructions and burnt our money, food and everything when we fell into enemy hands, so that they could get nothing from us. We had accumulated money since we could not buy anything during the war.

"And when we were discharged from the army, penniless, Field Marshal Smuts promised that we would get back what was owed to us, plus pensions, on filling in Form DD683 for war gratuity, Form BA 305 for benefits and Form DSO 305 for war veterans' pensions."

He said they had tried in vain over the

300

THEO RAWANA

8/10/82

years to get those forms, but now they were being told to apply using Bophuthatswana forms. "I was also told that payments would not date back to when we first qualified for these benefits."

The fact that the Transvaal Provincial Administration had said SA was giving funds from SA to Bophuthatswana to cover pension payments did not impress Cheou.

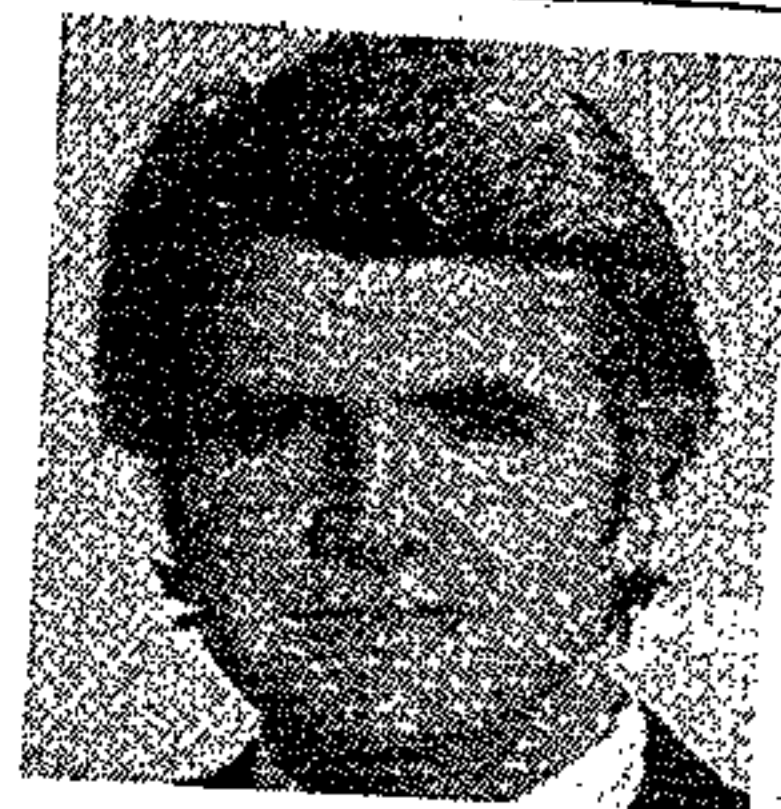
A Bophuthatswana Internal Affairs Department spokesman said the veterans were entitled to an old-age pension of R168 every two months and a R15-a-month war veterans pension would bring the bi-monthly payment to R198.

He said payments were expected to increase to equal the SA's rate of R274 by January next year.

9/9/82

Spotlight on local pension schemes

Mr. Timp 14/9/88 300



Chris Boesenberg

By AUDREY D'ANGELO
Financial Editor

THE pension schemes provided by most SA firms make too little allowance for inflation and give members who leave before retirement age an inadequate return on their money, Sanlam senior manager Chris Boesenberg said yesterday.

Speaking at the first Cape convention of the Institute of Life and Pension Advisers (ILPA) he said that in Britain the trend was to increase pensions every year by 90% of the inflation rate and to base them on the final year's salary.

Although most SA pensions

were now increased every year these rises lagged far behind the inflation rate.

And although some SA schemes based the pension on the final year's salary it was, in most cases, still based on the average for the last three years. Boesenberg said that in these cases earnings for the two earlier years should be adjusted for inflation.

He said that big changes were taking place in pension funds all over the world, with employees looking critically at what their employers were offering and the return they were getting for their contributions.

In SA some unions had

secured a better deal for their members, in most cases preferring provident funds to pension schemes.

He believed there was still a demand for the fixed benefit pension scheme which over the long term offered a better deal than a private annuity, if annual increases were given for inflation.

But most pension schemes were started when inflation was not a serious problem and most members were ill-informed and apathetic about their benefits. He suggested they should get together with the trustees of their pension funds, which in most cases generated comfortable surpluses,

and ask for changes to meet today's conditions.

Boesenberg said he thought pension funds should be moving in the direction of providing pensioners with increases to keep them abreast of inflation. This avoided the risk of them living too long and finding themselves with an income too little to support them.

And it was "ludicrous" that people who left before reaching retirement age after contributing to a pension fund for 10 or 15 years should receive only the money they had paid in, possibly with interest which was less than they would have earned from a building society.

300 SAM 15/9/28

Sanca urges community to act

Call to relieve plight of aged

A massive community effort to relieve the problems most elderly South Africans face and to persuade the Government to increase funding for the aged has been called for by the director of the South African National Council for the Aged (Sanca), Mr Syd Eckley.

To this end, Sanca has arranged a "Pensioners Week" programme, which runs until Sunday, as part of the international Week of the Aged.

The week focuses on the plight of the elderly and attempts to enhance the quality of life of senior citizens.

Mr Eckley said the solution to caring for the aged lay in a substantial awakening in the community to the needs of the elderly, backed up by increased subsidies from Government.

"The community must come forward in an aggressive way.

"By giving the aged person a sense of worth and belonging in the community and by seeing to it that they do not live in destitution, the family, church, service centre, and caring people, increase the quality of the life of

the aged," he said.

Mr Eckley said that Checkers stores nationwide were holding a variety of fun activities to create public awareness on the plight of the elderly.

"A wealth of talent is waiting to be utilised in the elderly population, and by giving a sense of belonging and community involvement, both the individual and society stand to benefit," Mr Eckley said.

Police investigate alleged theft

PENSION OUTCRY



PENSIONER Sibalon Tsime

R50 taken ⁵⁰⁰ from my pay - granddad

A 67-YEAR-OLD West Rand pensioner, Mr Sibalon Tsime, has laid a charge against a Transvaal Provincial Administration official who allegedly short-changed him by R50 from his pension pay.

He also claimed that many other pensioners did not receive their full pay as officials threatened them with violence when they complained.

This happened at last week's pension payout day at Kagiso township near Krugersdorp.

A senior TPA official, Mr C J Wolmarans, said from his Pretoria office yesterday that if the incident occurred, it was a case of theft.

And another TPA official, Mr M J Lourens, said from Johannesburg that if what happened was true, it was against the law and the matter should be handled by the police.

A senior Kagiso social worker said yesterday



By PHANGISILE MTSHALI

she received more than 20 complaints from pensioners in Kagiso I who complained that they were 'paid' R50 less in their September pay.

She was preparing a memorandum to the TPA from the office of the welfare department in Kagiso pointing out alleged corruption.

• To Page 2

1 1/2 PR



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P.T.O

Coloured pensioners 'desperate'

By FRANS ESTERHUYSE
Political Staff

THE plight of tens of thousands of coloured old-age pensioners is becoming more desperate after the government's withdrawal of R36,6-million earmarked for them to narrow the white-coloured pensions gap.

This has so angered Mr Chris April, Minister of Health and Welfare in the House of Representatives, that he told a Labour Party meeting at Steinkopf it had made him a radical.

He sees it as a setback for reform away from discrimination in welfare.

He said this week he was convinced that, in depriving coloured pensioners of "an extra piece of bread", the government was pandering to the rightwing.

nothing to do with sanctions. It is a political move." He vowed to continue his fight to eliminate discrimination against "the poorest of the poor" in coloured communities.

The withdrawal of the extra money for pensions had come as a bitter disappointment after his efforts to tail coloured communities throughout the country of the programme to narrow the pensions gap and uplift the poor.

169 meetings

He had addressed more than 47 000 pensioners and receivers of grants at 169 meetings in country towns and urban areas.

"We want to give our people hope. However, if you treat us in such a slapdash way, you are not doing us a favour."

He is even more angry at the response from government apologists who seek to justify the withdrawal and to

scoff at his protests — "it's certainly enough to turn me into a radical."

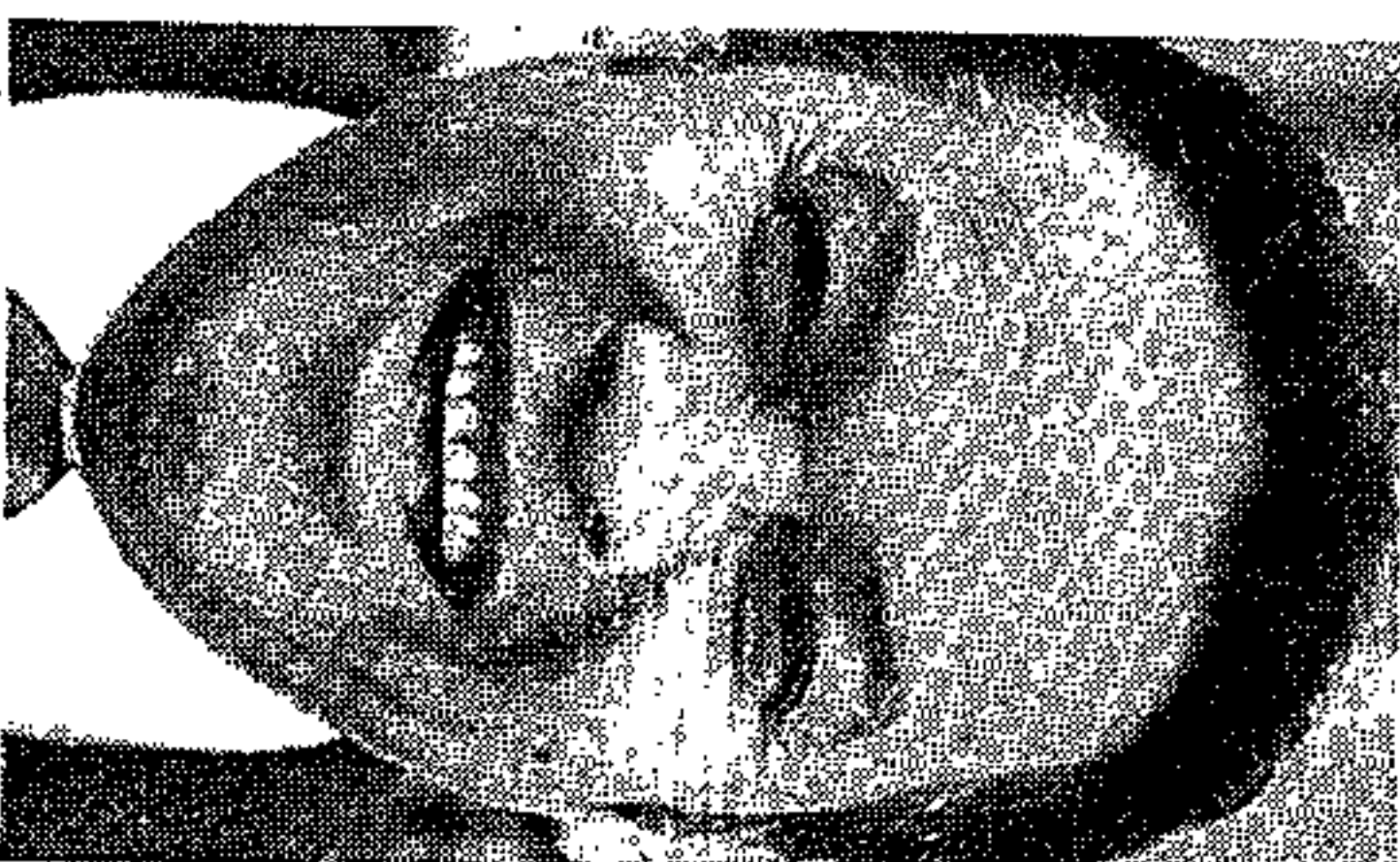
His department had been making good progress towards providing better conditions and services. In four years, its budget had grown from R235-million to R756-million last year.

This had been accompanied by improvements in pensions and grants.

War veterans' pensions were already on a par with those of whites, but in old-age pensions, pensions for the blind, disability grants, foster care and maintenance grants, parity had not yet been reached.

The Ministers' Council had decided to work towards parity within five years, with a narrowing of the gap every year.

When the second stage of the programme was reached, R36,6-million was budgeted for the narrowing of the pensions gap, and this was approved by the Treasury.



Mr Chris April

Then came the Nationalists' defeat in the Randfontein by-election. A Press report saying coloured and Indian pensioners were to get increases, but not whites, was water on the mill for the CP in the campaign.

Mr April said: "Then, suddenly, Minister of Finance Mr Barond du Plessis withdrew the increase. The Ministers' Council went to speak to him, but his answer remained negative."

"I am angry because the Minister did not tell his people it was not a question of increasing pensions, but a matter of bridging the gap between white and coloured pensions."

"I told him in Parliament that people who were in dire need of the increase were being deprived of an extra piece of bread. I am aware of the poverty of my people."

This is how Mr April put it to Parliament in May this year:

"I want to tell the honourable the Minister of Finance that he is depriving more than 257 000 recipients of pensions and allowances of an extra slice of bread, merely for the sake of the constituency of

Randfontein, the CPs and the privileged, favoured and verkrampde whites."

"I want to go further and say the hon. the Minister of Finance says I am emotional. I want to tell the hon. the Minister that his emotional decision to withdraw R36,6-million from the budget of poor people in 1988 has become part of the injustice done to people of colour for the past 40 years."

Mr du Plessis's argument at that time was that a "misunderstanding" on the part of the House of Representatives, and not himself, had caused the furore.

The correct procedure had not been followed and, therefore, no provision had been made in the main budget for the extra R36,6-million needed for the increase.

The money was not available and, even if it was, the country's economy could not afford similar increases that

would be demanded by other population groups.

Mr April disputes this, saying the money had already been granted by the Treasury before it was withdrawn by the Minister.

He said: "The trouble is that we are paying the price of apartheid. We can improve our health and welfare services if we do away with it."

Few abuses

"Why have 13 departments to handle these services — three 'own affairs' departments, four for the provinces under National Health and six in the national states? We cannot afford all this and top economists are saying so, too."

An argument used in previous years by government spokesmen against closing the pensions gap was that pensions and grants were being abused by many coloured people.

This argument had also fallen away after determined

efforts by the department had brought about a drastic reduction in abuses. Last year, there were only 92 cases of abuse among 106 634 old-age pensioners.

"I see no reason why the pensions gap cannot be closed."

What made matters worse for pensioners after the withdrawal was their increased hardships as a result of recent increases in bread prices and the price of paraffin.

Most could not afford higher prices. Because they could not afford electricity, they had to use small paraffin stoves to keep warm and to cook their food.

Yet, the government saw fit to increase paraffin prices by 15 percent at a time when petrol prices were increased by only 13 percent.

"These people are suffering. In many cases they can hardly survive. They pay the same prices as whites do in the shops, and yet their pensions remain lower."



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'Pension bribe': Man is caught red-handed

A MAN suspected of being part of a bribery racket at black pension payout points was caught red-handed by police in Sebokeng in the Vaal Triangle.

The man, who was caught taking a bribe, may not be identified until he makes a formal appearance in court.

He admitted to the police and in the presence of Soweran reporters that

By PHANGISILE MTSHALI

He was hired by a Transvaal Provincial Administration clerk to solicit R2 bribes from those elderly people who wanted a faster service. He said that their syndicate collected more than R2000 on each pay day.

Pensioners are forced

to queue for hours in the open for their pension pay. Racketeers exploit the situation by soliciting bribes to enable those at the back to jump the queue.

The racketeers operate by asking a pensioner to put a R2 note in his identity book.

A policeman who was in private clothes and on duty at Sebokeng said that he saw the man

collecting R2 notes from scores of pensioners who had been queueing since dawn.

The irregularities at pension payout points were condemned by a social worker for the National Council for Care of the Aged, Mrs Zukiswa Shingwenyana, at a meeting of We Take Care of the Aged

• To Page 2

Pension 'bribe'

• From page 1

(Wetcad) held in Meadowlands yesterday. "The council receives many reports of bribery and theft on pension days from all over the country," she said.

"We are preparing to meet the TPA about these problems."

A senior social work consultant for the council, Mrs Nomsa Mtsweni, said the council has reached an agreement with the TPA to ask volunteers from the community to monitor pension payout points.

"This method has proved effective in Daveyton, Tembisa and Katlehong where it was introduced early this month."

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Most back council pension scheme

ALL but two of the Johannesburg city councillors who qualify for the controversial buy-back pension scheme have decided to opt for the scheme, a Business Day survey found.

The two councillors who have decided not to opt for the scheme are PFP leader in the council Tony Leon and fellow PFP councillor Claire Quail.

The scheme — which could cost Johannesburg ratepayers R5m — has not met with much ratepayer opposition.

Councillors who have opted for the scheme said it was in line with the time they had devoted to their duties as councillors.



● LEON

21/11/88
BRUCE ANDERSON

The finer details of the scheme were leaked to the CP and released to the Press in early August by CP regional chairman Fred Rundle.

A similar buy-back pension scheme for the Durban City Council has met with a storm of protest from ratepayers and councillors.

According to reports, some Durban councillors are planning to take legal action unless they are released from the buy-back pension contracts they signed, claiming its full implications were not clear at the time of signing.

The scheme also met with considerable ratepayer protest. One Durban ratepayer went as far as taking out a half-page advertisement in a Sunday newspaper, slamming councillors who opted for the scheme.

The Durban buy-back scheme is expected to cost ratepayers R8.5m.

Houses fenced in

• From page 1

uprooted, and at least 46 are threatened with imminent infringement.

Stands have been diminished by up to 85 percent.

A typical example is that of Mr Daniel Masemola (67) on whose plot developers are erecting two houses.

He said he had received notices from the local superintendent that his garage and outbuildings would be demolished. His house has been fenced in and his plot reduced to a small yard.

This was done despite that in 1983 he paid R10 206 to the council in buying the house.

He said: "My house no longer has a front door anymore since it was fenced in. They have robbed me of everything, including my fruit trees."

Like the other occupants Mr Masemola has bought his old house twice already.

In 1966 the new occupants of the Residencia houses were promised by the then

management board that after five years of occupancy they would have automatically bought the houses. This was on the understanding that if they paid a monthly additional R10 to an initial R10 service charge and an extra R2 a month the houses would belong to them after the five-year period. It means they would have purchased the houses for R600 in the end.

The residents said they had documents to this effect and that they were required to buy revenue stamps for the documents. Husbands and sons were the signatories.

The chairman of the Residencia Residents

Committee, Mr Paul Moilola (64), said the documents were taken away from them by the officials of the town council and made to believe that new papers would be issued.

"Our documents are lying in some office somewhere," Mr Moilola said.

Mrs Dineo Mothibeli, a retired midwife, has had five new houses built on her plot while her house has been fenced in.

Her neighbour, Mrs Annah Mokoena, says she heard rumours that her plot was bought by a local businesswoman. "I am now a tenant on my own property," Mrs Mokoena said.

• The Lekoa Town Council yesterday said it was presently engaged in negotiations with the TPA, attorneys representing the residents and property developers in attempts to reach settlement for seven known plot owners of Residencia.

The residents' lawyers have said they were preparing papers to be served on the TPA and the council on behalf of more than 100 owners.

One of the attorneys said some property developers have been warned that they would be infringing on the owners' property rights and that court orders would be obtained soon.

NEW-STYLE provident funds — negotiated by trade unions and administered jointly by workers and management — have doubled in number over the past year, with 40 such funds now operating or under negotiation.

Actuary Graeme Kerrigan of Alexander Forbes Actuaries and Consultants, which is involved with most of the new funds, says about 40 000 workers are members of these funds and within a 12-month period this number could rise to 120 000.

Alexander Forbes, previously Price-forges Federale (Employee Benefits), has been in the provident fund field for seven years. They provide consulting services to companies negotiating such funds and act as actuaries, consultants and administrators to the funds once they are established.

The pioneering fund was that implemented in the food company, CG Smith, in 1983. Provident funds have since been established at companies such as Metal Box, BTR Dunlop, Premier Foods, Anglo American Property Services and Putco.

Membership of these provident funds will be hugely increased once the mining industry fund, agreed to by the Chamber of Mines after this year's dispute with the National Union of Mineworkers, is established.

Boards of trustees with equal employer and employee representation are a standard feature of the funds. In any cases these have replaced existing company pension funds which lack workers, particularly, say as equitable and as inappropriate to set their needs. In the mining industry black workers did not previously have any retirement benefits —

provident fund, once established, it means a flow of several million dollars a year into whatever financial institution is chosen to invest it.

Unions affiliated to the Congress South African Trade Unions have been at the forefront in fighting for the trend has caught on in industry, the large life insurance companies, which invest the funds and provide the "insured benefits" such as death and disability benefits, are increasingly advocating negotiation of employee benefits. The unions' chal-

The new-style provident funds double in a year

The trend towards provident funds negotiated with unions is catching on in industry as the major life insurance funds increasingly advocate them.

HILARY JOFFE reports

"The unions have made the underwriters rethink the products they market," says Mike Garbett of Liberty Life. "You've got to say to individuals, 'What do you need from a product'."

"We tell our clients they must sit down with employees and work out together what the needs are," says Sanlam general manager (pensions) Desmond Smith. "Our advice to existing and potential clients is: involve all interested parties; sit down and talk about what should be provided and how; look at what you have and see how it must be changed; and go out and communicate to everybody in the company exactly what the situation is."

In certain companies, says Smith, employees have chosen to keep existing pension funds on the condition the rules were changed to meet their needs more effectively. But Sanlam is flexible and is not promoting any one solution, he says.

Old Mutual has been most aggressive in its marketing of "alternative benefits", with its launch last month of the Bridgebuilder package, and its call for negotiation and for a flexible approach to benefits which would meet employees' needs.

But Bridgebuilder has come under fire from some in the industry.

"Recent moves by insurance companies to promote standardised packages as an alternative to negotiated programmes illustrates the lack of understanding and appreciation of what is taking place in the South African

placed in a convenient standardised box, as has been the case with traditional pension funds, mainly because employees' views and employee participation have to be considered at all stages of development of the programme."

Kerrigan questions whether a package from one life insurer is the best way to go. The trustees of the new funds usually shop around for competitive rates on the insured benefits and for the best investment managers for the fund, as well for the most appropriate administrators.

Old Mutual assistant general manager (employee benefits) Henk Beets says investments and insured benefits can be placed elsewhere in the package. But the administration must be done centrally since the package draws together a range of benefits — for example a provident fund and the Group Savings Policy which is the innovation in the package and must be with Old Mutual.

The savings policy is designed primarily to meet the needs of low income black workers for a scheme which can be drawn on in a financial emergency, since the limitation of a provident fund is that workers can only withdraw their stake if they leave the company.

In contrast to a provident fund, where employer and employee contributions are an agreed-on fixed percentage of salary, individual workers can elect how much they want to contribute each month to the Bridgebuilder savings policy. They can also

The policy is essentially an endowment policy of the sort that anyone could take out with a life insurer — but, according to Beets, to take out an individual policy at that level would be more expensive.

A problem with such policies is life insurers are not allowed to provide a guarantee that their capital value will be maintained within the first five years. For example stockmarket prices could fall and reduce the value of the policy — something which would be particularly harsh for low income workers who have no other savings.

Beets says Old Mutual has structured the product so that while the policy itself is not guaranteed to maintain its value, the underlying investment fund is — the money available for the worker is never less than what he/she put in and the bonuses are always positive.

But other life insurance companies have not rushed to follow Old Mutual's lead.

Sanlam is watching the market and "if we see there is really a major need for a savings element we will introduce it", Smith says. But the life insurer has nothing like this on the drawing board at present.

Smith says he feels if one is wanting to create a savings element, to address the need for easy, quick and non-penal access to funds, a savings or insurance policy may not be the right vehicle. A savings account would provide easily accessible cash

Kerrigan, too, questions the idea: a board of trustees is hardly necessary for what is essentially an individual policy, he argues. He questions whether this is not a case of life insurers involving themselves in the short term savings market where they don't really belong. Bank or building society accounts would be a more appropriate route, if a group savings scheme is the answer, he says.

Beets replies that Old Mutual's scheme is not taking money away from banks or building societies. "The money is presently and unhappily in provident funds: it's already in a long term savings vehicle. We offer the ability to change that to a savings policy so the worker has access to it without resigning."

It's not necessarily designed for temporary cash shortages but for "life crises" — so workers can draw funds to build a house or to pay for a funeral, for example. The emphasis is on desperate need, Beets says. He adds that in the long term, life policies have provided a better real rate of return than have building society or bank accounts.

Garbett says Liberty may go the same route and develop the savings concept, since it is looking at meeting the needs of black employees and unions, but may do it differently.

Liberty already offers a savings/endowment policy product through its life insurance division. In future one will see many more financial products like this which cross the boundaries of life and pension operations, Garbett believes.

Councillors' pensions disclosed

CAT 1-1015
22/9/88

300

Own Correspondent

DURBAN. — Details of how R4,6 million of ratepayers' money here had contributed to individual councillors' and local affairs committee members' pension buy-backs were released yesterday — including the buy-backs of councillors Mrs Sybil Hotz, Mr Neil MacLennan and Mr Lou de Beer.

The ratepayers have paid more than R340 000 for Mrs Hotz's buy-back. She has served 14 years on the council including four years as mayor and four years as chairman of the management committee.

When Mrs Hotz retires she will get a R30 000 gratuity and a monthly pension of R2 505.

For Mr De Beer, who has 22 years of service, the ratepayers' contribution to his buy-back amounts to about R283 000. His final pay-out will be a R24 699 gratuity with a R2 058 monthly pension.

Mr MacLennan, with 21 years of service, will get a R28 066 gratuity and a R2 338 pension. The ratepayers' contribution to his buy-back was about

R250 000.

● It seems unlikely that Cape Town city councillors will have the extent to which they stand to benefit individually from the pension scheme, disclosed in public.

Unlike their Durban counterparts, they did not vote to reveal these figures.

Mr Ted Doman, public relations officer for Cape Town City Council, said the matter of disclosing the exact amounts had not really arisen in Cape Town.

Since each councillor could choose how much past service to "buy back", the council would probably regard it as a personal matter, he said.

In Cape Town, the City Council will contribute towards the buy-back of a maximum of eight years of actual past service, and thereafter the councillor has to pay the full cost of the buy-back.

Yesterday's press conference, chaired by Mrs Hotz, was called after a majority vote at a special council meeting on Tuesday to release the individual figures.

Only councillors Mr Lew Phillips, Mr Stan Lange, Mr Gys Muller and Mr MacLennan did not want their figures released.

Naas fathered child

Howard.

2299

WEDNESDAY, 28 SEPTEMBER 1988

2300

- (i) Falls away.
(ii) Falls away.
(2) Falls away.
(3) No.

Private schools: subsidies

1416. Mr R M BURROWS asked the Minister of Education and Development Aid:

- (1) Whether any changes have been effected or are envisaged in the formula or policy for the financing of subsidies for private schools under his control; if not, why not; if so, what changes have been or are to be effected;
(2) what is the current formula for the financing of private schools;
(3) whether he will make a statement on the matter?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

- (1) The Department of National Education is responsible for the policy and formula for the financing of subsidies.
(2) Private schools receive a subsidy equal to 15% or 45% of the running costs of Departmental schools, depending on the category for which they qualify.
(3) No.

Learning Technologies: relationship with two bodies

1419. Mr K M ANDREW asked the Minister of Education and Development Aid:

- (1) Whether, with reference to an article on Learning Technologies (Pty) Ltd (Learn Tech) in the 24 June 1988 issue of a certain periodical, the name of which has been furnished to the Minister's Department for the purpose of his reply, he intends to investigate (a) the relationship between Learn Tech and two bodies, the names of which have also been furnished to his Department, and (b) possible infringements of his Department's copyright by Learn Tech; if not, why not; if so, (i) (aa) what matters are to be investigated, (bb) when and (cc) by whom and (ii) what (aa) is the name of this periodical and (bb) are

the names of the two bodies referred to above;

- (2) whether any such investigations have taken place to date; if so, (a) when and (b) by whom;
(3) whether he will furnish further particulars in this regard; if not, why not; if so, (a) what were the findings of these investigations and (b) what action has been taken as a result?

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

In view of the fact that the issue is presently the subject of proceedings of a Commission of Enquiry I do not consider it appropriate to answer this question at this stage.

Self-governing territories: meeting with leaders

1430. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

Whether he held a meeting with leaders of the self-governing territories on or about 2 August 1988; if so, (a) which leaders of these territories attended the meeting and (b) what was the purpose thereof?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Yes, on 1 August 1988.

- (a) Chief Minister E. J. Mabuza of KwaZulu; Chief Minister H. W. E. Nkomo of Zimbabwe; Minister M. M. Makhalemele, and D. T. Mokoena of Otagwa and Ministers F. K. Mahangu, M. K. Msweni and Z. D. Mnguni of KwaNdebele.

- (b) to discuss matters of mutual interest between the Government of South Africa and the self-governing territories.

Townships: rentals

1438. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

Whether persons renting State or State-subsidized housing in Black townships were at any stage promised a reduction in rentals after having paid their rentals for a certain period; if so, what are the relevant details?

2301

WEDNESDAY, 28 SEPTEMBER 1988

2302

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

Not by the Department of Development Planning.

Municipal elections: participation

1453. Mr C J DERBY-LEWIS asked the Minister of Constitutional Development and Planning:

- (1) What are the conditions of participation in municipal elections for Blacks;
(2) whether provision has been made for Black squatters to participate in these elections; if so,
(3) whether the conditions of participation by squatters differ from those referred to above; if so, what are the differences?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) The conditions for participation are laid down in the Black Local Authorities Act, 1982 (Act 102 of 1982) and the Regulations promulgated thereunder.

- (2) and (3) In the Act and the Regulations no specific reference is made of squatters. If a squatter complies with the prescribed requirements, he can participate in the elections.

RSC headquarters in PE

1456. Mr D J N MALCOMESS asked the Minister of Constitutional Development and Planning:

Whether it is intended to build regional services council headquarters in Port Elizabeth; if so, what stage has been reached in its planning and construction?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

No, not at this stage. Future development and needs will determine whether headquarters should be built.

Old-age pensions: pay-out points

1461. Mr P G SOAL asked the Minister of Constitutional Development and Planning:

- (a) How many pay-out points for old-age pensions for Blacks are there in the Republic and (b) what is the average number of old-age pensioners per pay-out point in each province?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the different provinces and the information was co-ordinated and furnished by the Transvaal Provincial Government.

- (a) 515
(b) Transvaal — 970
Cape Province — 629
OFS — 538
Natal — 530

Group Areas Act: notices issued

1475. Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning:

- (1) Whether any notices were issued in terms of section 41 of the Group Areas Act, No 36 of 1966, from 1 January 1988 up to the latest specified date for which information is available; if so, (a) how many, (b) on what dates and (c) in which towns or areas;
(2) whether he will identify the properties in respect of which these notices were served; if not, why not; if so, what are the relevant details?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) No; (a), (b) and (c) fall away.
(2) Falls away.

Group Areas Act: premises sold

1476. Mr S S VAN DER MERWE asked the Minister of Constitutional Development and Planning:

- (1) Whether, since his reply to Question No 4 on 9 June 1987, any premises have been sold by the State in terms of section 41 of the Group Areas Act, No 36 of 1966, as a result of contraventions in terms of the said Act; if so, (a) how many, (b) where were these premises situated in each case and (c) in respect of what date is this information furnished;

- (2) whether any such premises are due to be sold; if so, (a) how many, (b) where are they situated in each case and (c) when is it anticipated that they will be sold?

Hunger

• From page 1

through the bank but I have not had a feed-back," said Mrs Mackine.

"Last week I had to be carried to the pay point as I was sick. I was depending on that money to go for treatment. I have not received it and I do not know when I will get it."

Mrs Mackine is a widow and she stays with her widowed-aunt.

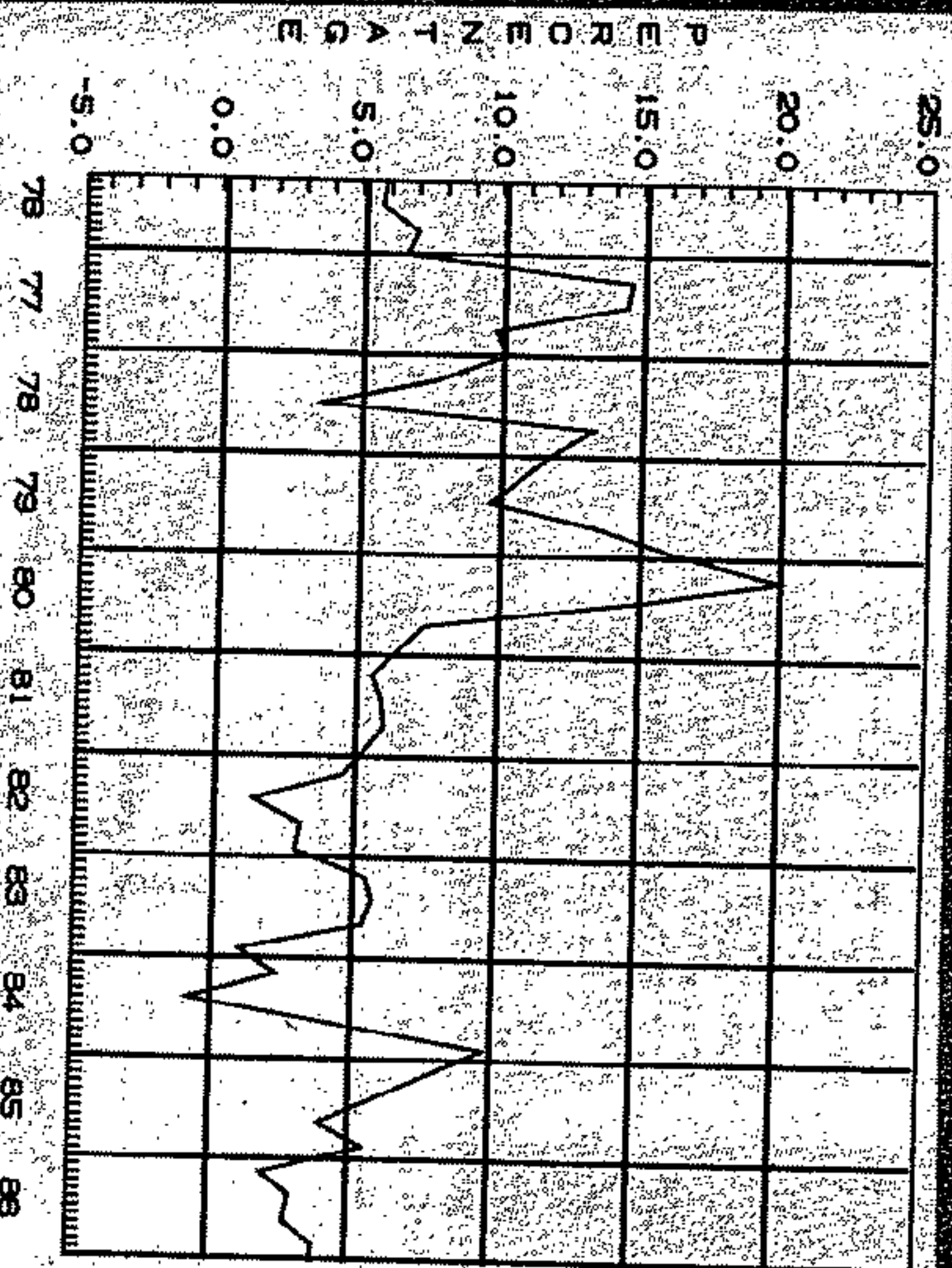
Mrs. Mackine's anguish was echoed by 72-year-old Mrs Kate Sithole, who is the sole breadwinner at her home.

"As we are not paid we are not only faced with hunger. We cannot pay our rent and lights bills and we may be threatened with eviction any time."

(300)
Mackine

Pensions — a bad investment?

PERSONAL SAVINGS



PERSONAL SAVINGS: South Africa has been forced by its major trading partners to tighten its belt and raise the level of savings. The debt standstill that had to be introduced when foreign banks cut off virtually all access to international capital markets has highlighted this country's ability to "pay it own way".

The graph shows the steady decline in personal savings as a percentage of disposable income and many would say this directly correlates with persistently high inflation and salary increases that have pushed tax payers into ever higher tax brackets, or what the experts call fiscal drag.

No country can survive without substantial levels of personal savings and the extent of savings is a good indicator of the ultimate growth potential of any economy.

Government spending and how this is budgeted for is the other side of the savings coin and in the last two years the largest item in the national budget has been the interest that has had to be paid to merely service the debt on borrowed money. The monetary authorities use such instruments as high interest rates to hammer the consuming public into spending less, but once again on the fiscal or state spending side this is left to the politicians.

By TREVOR WALKER
Business Staff

30/9/88

PENSION expertise and flexibility offered by private companies to middle and lower income earning staff is usury and antideluvian and the blame can be laid entirely at board and senior executive level influenced as they are by outdated actuarial concepts.

South Africa is now even lagging behind Australia in pension expertise and legislation and for a country that has consistently kept pace in banking and money expertise, the lack of dynamism and care shown by local management concerning pensions is pathetic.

CONGRATULATED

The union movement is to be congratulated on its fortitude in combating entrenched management perceptions of what benefits in enforced investment in a company are worth. It is just a pity that they are insisting on provident fund investment which does not have the same tax benefit as a pension fund investment.

The pension structure for middle income wage earners — those in that grey area between "the executive" and the blue collar worker now being increasingly protected by the unions — is still based on rules that originate from the time of Queen Victoria.

CHANGE JOBS

Victorian pension thinking was designed to lock the worker into the company for life. Worker stability was the aim and until well after World War 2 this was exactly what was achieved.

Today statistics show people tend to change jobs at least two or three times during their working lives, but the pension industry refuses to accommodate today's real world of job mobility. Statistics in the industry show that the average length of service at retirement is 15 years in the private sector.

The public sector shows less movement and with buy-back benefits available mobility in many instances is non-existent.

It is a curious fact that in any other industry ready acceptance of new ideas and increased efficiencies is the norm, but in the pension industry executives merely tinker with historical formulae such as last eight years to last four years and one sixtieth to one fortieth.

Even more curious is the fact that in the modern world of takeovers, mergers and group restructuring it is the senior executive who in fact would benefit most if his company had in place a modern flexible pension operation.

GLARING

One of the most glaring indictments is the fact that only nine percent of all pension fund members are financially independent at retirement.

While on the other end of the usury scale an employee on leaving a company where he was forced as a condition of employment to belong to the pension fund can legally be paid no interest at all on his contribution to the fund and always forfeits the company's contribution. Most companies actually pay a nominal four percent on employee contribution.

In the modern world of money this is virtually theft, especially in recent years when many funds have shown huge increases in returns on investments.

The preservation of pension benefits has not been solved by legislation in this country and yet there is sufficient scope within existing tax legislation to solve much of this problem.

What is not in place is any commitment on the part of company executives to new ideas.

To allow companies to offer their white collar staff a better deal, Willis Faber Dethoven have designed a back-to-back pension and provident fund scheme that goes a long way to truly helping

the pension investor as regards to transferability, flexibility, return on investment and broker expertise.

BULGING ASSETS

In an industry which is a store house of bulging assets, Willis Faber have introduced a scheme designed to maximise individual benefits as opposed to present schemes defined in terms of contribution, but which in today's world do not work.

The industry is still largely paternalistic unlike in the UK where the "cafeteria" system is operated and which allows the contributor a large freedom of choice as far as benefits are concerned.

Willis Faber's concept marketed under the title of Willsave has some interesting features that include:

- Contributions are stable and the employer does not have an open-ended liability as with final pay plans.
 - Members can retire at any time from age 55 and receive their full share of the plan.
 - Up to 67 percent may taken as a lump sum, twice as much as under conventional pension plans therefore allowing for greater flexibility.
 - Any surpluses generated are distributed equitably to members on retirement.
 - Member contributions are kept in a separate account and fully tax deductible up to limits laid down in the Act.
 - Employer contributions are kept separately and allocated to each member and fully tax deductible up to certain limits.
 - Members' contributions participate directly in the fortunes of the plan and on withdrawal contributions are refunded with full interest earned.
 - Provision is made for members to receive an increasing share of the employer-sponsored account in recognition of long service.
- There is no doubt that schemes such as this treat the employee as a serious investor.

hand clothing is subject to production of an import permit.

(2) No.

Ministerial offices/residences: supply of materials
1485. Mr P G SOAL asked the Minister of Public Works and Land Affairs:

- (1) Whether his Department (a) imports and (b) purchases supplies of a certain type of material, the name of which has been furnished to the Minister's Department for the purpose of his reply, for purposes of repairing or replacing curtaining and furniture coverings in Ministerial (i) offices and (ii) residences; if so, in respect of each of the latest specified five years for which information is available, (aa) what quantities were so acquired and (bb) at what cost; if not,

- (2) in respect of each of the above five years, (a) from whom, (b) in what quantities and (c) at what cost were supplies of this type of material obtained;

- (3) what is the brand of the material in question?

The MINISTER OF PUBLIC WORKS AND LAND AFFAIRS:

(1) No.

- (2) The Department does not purchase material for curtaining or upholstery purposes. A wide range of material is obtained per tender in the form of manufactured curtains and upholstered furniture. Details of the suppliers, costs and quantities of materials so obtained are not readily available.

- (3) Falls away.

Own Affairs:

Bris Rusoord: subsidy

171. Mr A GERBER asked the Minister of Health Services and Welfare:

- (1) Whether a certain home for the aged in

HOUSE OF ASSEMBLY

Howard

Bris, the name of which has been furnished to the Minister's Department for the purpose of his reply, is subsidized by the State; if so, (a) what is the name of this home and (b) what was the amount of this subsidy in each of the past three financial years;

- (2) whether it has been decided that this subsidy is to be cut; if so, (a) when was the decision made and (b) (i) by what amount is the subsidy to be cut and (ii) with effect from what date will it come into effect;

- (3) whether the contributions of residents of this home were increased this year; if so, (a) by what amounts, (b) with effect from what date and (c) why?

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) Yes

(a) Bris Rusoord

- (b) 1985/86 — R108 348,82
1986/87 — R321 914,63
1987/88 — R313 256,78

(2) No

- (3) The management of the home is an autonomous body and determined the contributions of residents themselves.

Teacher students: enrolled/qualified

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

- (1) How many persons studying to become (a) pre-primary, (b) primary and (c) secondary school teachers (i) were enrolled in, and (ii) qualified as teachers from, each specified teacher-training institution under the control of his Department in 1987;

- (2) (a) what total amount was spent by his Department on the training of teachers during the 1987-88 or latest specified financial year for which information is available and (b) what amount is it estimated will be spent on the training of teachers in the 1988-89 financial year?

The MINISTER OF EDUCATION AND CULTURE:

TRANSVAAL

CAPE

(1)

(a) Barkly House College of Education

(i) (ii)

(a) Ouderwyskollege Pretoria

(i) (ii)

(b) Paarl College of Education

132 62,

Ouderwyskollege Goudstad

25 21

Wellington College of Education

172 57

Potchefstroom

25 26

Oudshoorn College of Education

50 25

Johannesburg College of Education

382 339

Port Elizabeth College of Education

209 43

Pretoria College of Education

521 326

Cape Town College of Education

310 70,

Onderwyskollege Pretoria

105 87

Paarl College of Education

60 10

Onderwyskollege Goudstad

27 19

Oudshoorn College of Education

8 8;

Potchefstroom

0 0

(2) (a) R26 238 058,00,

Johannesburg College of Education

108 45

(b) R24 313 141,00.

Pretoria College of Education

31 13

NATAL

(1)

(a) Natal College of Education

19 19

Private schools

185. Mr R M BURROWS asked the Minister of Education and Culture:

(b) Natal College of Education

108 38

(1) How many private (a) pre-primary, (b) primary and (c) secondary schools are there in each province;

Edgewood College of Education

315 111

(2) how many pupils of each population group are there in each of these types of schools;

Durbanse Onderwyskollege

145 36,

(3) in respect of what date is this information furnished?

(c) Edgewood College of Education

97 41

The MINISTER OF EDUCATION AND CULTURE:

Durbanse Onderwyskollege

60 20;

Cape

(2) (a) R15 653 599,00,

(a) (b) (c)

(b) R16 475 890,00.

(1) (2) (3)

O.F.S.

Whites

(1) (a) Bloemfontein Teachers' College

20 20

Coloureds

(b) Bloemfontein Teachers' College

466 124

Indians

(c)

0 0

Blacks

(2) (a) R5 690 468,00

10 287

2 825

(b) R6 036 000,00

176 358

1 360

(3) 1 February 1988

26 77

294 434

HOUSE OF ASSEMBLY

Howard

Elderly wait for days to see 'miracle' doctor

By Toni Younghusband, Medical Reporter

306

Hundreds of sick, elderly patients have been sleeping in the open outside a Pretoria doctor's surgery in the belief that he has a "miracle cure" for hypertension.

The patients sleep on a sandy patch outside the Mabopane surgery. There are no toilets or eating facilities and some patients claim they have run out of food after waiting for treatment for up to three days.

However, Dr W Callender-Easby says he is helpless to provide a solution. "When I started up my practice I had no idea I would be so busy."

"Suddenly I found I was overcrowded, but I could not put up buildings and toilets before I knew how many people I would be treating," he said.

He says he is negotiating with the local mayor for better facilities.

And he does not have a "miracle cure" for hypertension. "I don't really know why I have got so many patients, but it is probably because I treat them like people and am nice to them. They seem to prefer to come here rather than to go to a hospital and they send their friends to me too."

BLOOD PRESSURE

About 30 percent of black South Africans suffer from hypertension, or high blood pressure.

Dr Callender-Easby sees about 80 patients a day. He says he works from 6 am to 6 pm. "I feel bad that I can't see more but I'm exhausted at the end of the day."

He says his consulting rooms are too small for a second doctor. "I am sorry about the situation, but if the matter cannot be resolved I will have to stop working here and go to a hospital."

Dead man might join pension plan

A FORMER Johannesburg mayor — who died before he could sign up for the controversial buy-back councillors' pension scheme — might now become a member.

This would mean ratepayers contributing R148 341 towards his estate.

According to confidential minutes of an August 29 meeting of the city's management committee, it has been resolved that the city secretary should report on whether the estate of Ormond Fenn "is entitled to any monies from the Councillors' Pension Fund".

If the management committee decides to approve Fenn's inclusion in the pension scheme it seems, according to

an official council memorandum, his estate would have to make a payment of R21 191 to receive a R169 533 lump sum.

Management committee chairman Obie Oberholzer said yesterday the investigation into Fenn's pension was continuing.

The minutes of the August 29 management committee meeting say Fenn had indicated his wish to join the controversial buy-back pension scheme "during his last illness".

It added: "Documents were sent to

● To Page 2

Dead man might join pension scheme

him for signature on the day before his death, but his condition between then and his death deteriorated so rapidly that he was unable to complete the necessary documentation."

The minutes note that on the day of his death Fenn signed a letter indicating he was prepared to join the fund.

The minutes state clearly, however, Fenn did not sign the agreement which would have enabled him to become a member of the scheme.

The management committee resolu-

tion comes as the latest twist in the saga of a controversial national buy-back pension scheme which has been described by former Sanlam chairman Andreas Wassenaar as "one of the biggest scandals in SA politics".

The scheme will eventually cost Johannesburg ratepayers R5m, an official city council memorandum says, while Wassenaar has conservatively estimated the cost of the scheme to the country at R45m annually.

● From Page 1

Council may let dead man earn pension

Municipal Reporter 300

An application made after the death of former Johannesburg mayor Mr Ormonde Fenn for him to join the council's buy-back pension scheme is being considered by the management committee.

According to the management committee's confidential minutes of August 29, Mr Fenn indicated that he wished to join the scheme, but he died before completing the necessary forms.

The minutes said: "Documents were sent to him for signature on the day before his death, but his condition deteriorated so rapidly that he was unable to complete the necessary documentation."

If accepted, the ratepayers would have to pay R148 341 to his estate which would contribute R21 191 in order to draw a lump sum of R169 533.

Management committee chairman Mr Francois Oberholzer said he had made the application, but a final decision had not been taken. He said certain assurances were connected with the matter.

Conservative Party regional chairman, Mr Fred Rundle, claimed if the documents were not signed before Mr Fenn's death, the application was "downright illegal" and should be dismissed.

Progressive Federal Party leader in the council, Mr Tony Leon, said he was reluctant to become involved.

The queues of despair

THOUSANDS of black pensioners are destitute cause of a vast bureaucratic bungle.

The authorities see it as a minor teething problem for the victims it has become quite literally a matter of life and death.

So desperate are some old folk that they fall easy prey to men and crooked officials — some of whom have allegedly taken bribes to allow pensioners to jump the queue.

Much of the problem has been caused by the transfer of responsibility for pension payouts from the Department of Home Affairs to the Transvaal Provincial Administration. The TPA's new scheme introduced over the past few months ostensibly to alleviate years of hardship for black pension-

— has wors-

ed the situation. Pensioners who support families by their bi-monthly allowances have had to wait without their financial assistance.

They have been

turned from one

to another as

they have failed

to be paid into

bank accounts or

vouchers have

been turned up with

pension cash

SPECIAL REPORT BY MANDLA TYALA

commonplace and some elderly folk have died while waiting.

The most recent case was that of Mrs Ellen Moncho, 86, who died of exhaustion after allegedly waiting in a queue in Soweto for more than 10 hours.

TPA spokesmen acknowledge problems occur on a large scale, and are quick to point out that they inherited them from Home Affairs.

Says Mr Mavuso: "It is general knowledge that people sometimes had to queue for long periods in bad weather."

"This was the result of a lack of proper facilities and amenities which again can be ascribed to a culmination of several historical factors."

Mr Wolmarans, conceding that human error contributes significantly, says this is only the teething stage.

"Our aim is to improve conditions and to cut out the red tape. We do not want people paid out on an open piece of ground where there are no toilets," he says.

The new plan calls for payout points to be centralised at municipal offices throughout the townships.

CHAOS

Soweto, for instance, will have nine simultaneous payouts in its nine zones. Previously, two or three teams carried out the payouts over 14 days throughout the township.

Mr Wolmarans says there was a "bit of chaos" when the new scheme was put into effect in July.

"More than 50 percent of the 110 000 pensioners in the Witwatersrand have the new ID book. The pay vouchers are printed by computer and bear the old reference book numbers. Then there was a problem at the payout points because there was no way of connecting the two numbers."

"People had to be turned

Some of the frail aged have been turned away from payout points after a two-month wait for their pensions because vouchers could not be traced or there were simply no records of the pensioners.

The much-vaunted new scheme got off to a chaotic start in July this year after the TPA took over the function of paying out black social pensions. The takeover is being done in stages and is expected to be completed by the end of the year.

TPA director of pensions and welfare Cornelius Wolmarans says the takeover was preceded by an extensive investigation.

Member of the Executive Committee John Mavuso says: "As the actual payment was spread over a period of two or three weeks every second month and undertaken over and above the normal daily workload, it often did not receive the attention it deserved."

SUFFER

Social pensions, seen as one of the festering sores of racial discrimination, have been the rallying point of many pressure groups in the black community.

"Even in their old age blacks are made to suffer stress, tension, exhaustion and death for a meagre, discriminating pension," the National Council of Trade Union has said on the plight of 220 000 black pensioners in the Transvaal.

While whites receive their pensions monthly in congenial surroundings at post offices and through financial institutions, blacks receive their R234 pensions once every two months in appalling conditions.

Sickly octogenarians have to contend with snaking queues exposed to the elements. Waits of up to eight hours are common and some people even queue overnight to get early attention.

BRIBES

There have been reports of corruption at certain payout centres. Ailing pensioners, unable to spend the day waiting, are made to pay small



300

SUNDAY TIM

REWARDS OF OLD AGE... black pensioners queue in the open for up to 10 hours every two months to receive their R234 — if they're lucky that day



Heunis 'answerable' for pensions scandal



CONSTITUTIONAL Development and Planning Minister Chris Heunis was ultimately answerable for the controversial buy-back pension scheme for city councillors that would cost SA ratepayers

● **WASSENAAR** R45m a year, former Sanlam chairman and pensions expert Andreas Wassenaar said yesterday.

Wassenaar, who is the author of a book on the Government service pension fund and a long-time critic of the Government pension policy, said that in terms of the legislation which was passed last year Heunis had the final

BRUCE ANDERSON

right of approval over municipal pension schemes.

The Government had received a "slap in the face" as a result of the Port Elizabeth City Council's decision to opt out of the buy-back pension scheme at the end of June, said Wassenaar.

However, the "biggest scandal of the lot", said Wassenaar, was the pensions MPs voted themselves in the Members of Parliament and Political Office-Bearers Pension Scheme Act of 1984.

Wassenaar pointed out that the creation of municipal buy-back pension schemes was aimed at satisfying town and city councillors following the "scan-

dalous" pensions which MPs — and more notably Cabinet Ministers — received in terms of the 1984 legislation.

He said his main objection to the buy-back schemes for councillors was that they "represented a basic deviation from the whole idea of a pension".

Most people only received a pension after a lifetime of full-time service, whereas councillors would now receive a pension after 15 years of part-time service, said Wassenaar.

Heunis could not be reached for comment.

□ Last night the Durban City Hall was hired by a leading Durban businessman for a ratepayers' protest meeting against the buy-back pension scheme.

SA debt to be the subject of talks

Rand/ton
6000

Republic copper
price

Pensions: Heunis opts out

Political Staff

12645 6/10/88 300
THE Minister of Constitutional Development, Mr Chris Heunis, today distanced himself from the controversial municipal pension fund, which is turning into a key issue in the municipal elections.

And increasing voter resistance to the generous scheme is forcing a rethink in Durban while Port Elizabeth's council has decided not to accept the pensions.

Last night more than 2 000 Durban ratepayers gave the scheme an angry thumbs-down at a public meeting.

The scheme has also come under fire from the former head of Sanlam, Dr Andreas Wassenaar, a constant critic of government economic policy who played a major part in exposing the parlous state and generous benefits of the public service pension scheme.

Dr Wassenaar strongly criticised both the government-created buy-back municipal scheme, which will cost ratepayers R54-million, and what he termed the "scandalous" pension scheme for Mem-

bers of Parliament and particularly government Ministers.

His main objection was that the funds deviated from the idea of a pension scheme, namely that it was a reward for a lifetime job.

Mr Heunis said Dr Wassenaar was "hardly known as a person who has any experience of local government affairs".

"Neither has he an excellent record of public service."

Mr Heunis denied claims by Dr Wassenaar that he was responsible for the approval of municipal pension schemes.

It was not true, as Dr Wassenaar had claimed, that he had any final say and neither was it a slap in the face for the government because Port Elizabeth had opted out.

● The Cape Town City Council has joined the fund with an option to "pay in" for past service.

The estimated annual cost to the city is about R300 000. In addition, R3,4-million of reserves has been earmarked for the "pay-in" benefit.

200

HELP THE OLD FOLK

Date is set for Nov 2

THE conciliation board appointed to resolve the dispute between the Chemical Workers' Industrial Union and nine petrol companies is scheduled to meet again on November 2. Negotiations at the conciliation board

OVER 620 000 of the one million aged in South Africa are blacks and there is an urgent need to develop services for them, regional director for Black Development branch of the South African National Council for the Aged, Mrs Thapelo Mzizi said this week.

The council which was started in 1958, but only opened a black service branch seven years ago, has taken the responsibility to protect and promote the interest and well-being of all the aged. It is an umbrella body for an estimated 500 wel-

They dance alone . . .

fare organisations and structures for the care of the aged.

"The council's major role is to act as a social advocate for retired people to eliminate their exploitation and poverty at all levels," said a statement by the council.

"The community must change the opinion that all the aged are sick and helpless. They must not be treated as a separate community. Long term solutions must be implemented and there should be even and fair distribution of national

resources to benefit all the aged."

To meet its aims the council has launched a National Plan of Action by assailants and burglars.

"We need to promote community services that will reach the aged at their homes," said Mrs Mzizi. "Supportive groups and infrastructures should be started." The council also fights for flexible retirement policies which allow for gradual retirement, job opportunities for those who want to continue

for all involved in caring for the aged. The action plan is to raise the financial standard of the aged through extensive and better pension schemes.

Health care is also given priority by the

council. It pleads for equal opportunities and access for all the health services, an affordable health care scheme and home nursing services.

The aged should have security against attacks

Accord

HARARE — The first formal trade agreement between Zimbabwe and Libya was signed here by Commerce Minister Oliver Munyaradzi and the secretary of the Libyan General People's

Committee of Economy and Trade, Dr Farhat Shernannah.

Speaking at the signing ceremony, Mr Munyaradzi said the agreement strengthened relations between the two countries and expressed their willingness to trade with one another. — Sapa.

working and better marketing of the skills of the aged.

"Public institutions must help to make available services to ease the needs of the aged in their communities. Social clubs should be started to support and motivate them and transport facilities should be improved to allow them to reach services easily," said a statement from the council.

Stage is set for CP

• From Page 9
After the Great European War false

Councils in disarray over funds

Heunis: I'm not to blame for pensions

CONTROVERSY over councils' buy-back pension schemes — which will cost ratepayers R45m — grew yesterday as Constitutional Development and Planning Minister Chris Heunis denied responsibility for approval of the schemes.

At the same time, infighting broke out in the Johannesburg City Council over the scheme.

The scheme, rejected by the Port Elizabeth City Council at the end of June after ratepayer opposition, and under reconsideration by the Durban City Council, has emerged as a major national issue in the run-up to the municipal elections.

Heunis was responding to a statement on Wednesday by former Sanlam chairman Andreas Wassenaar who said the



● HEUNIS

BRUCE ANDERSON

minister was ultimately answerable for approving the scheme.

Heunis said the decision of the PE council to opt out of the scheme did not represent "a slap in the face" for government as Wassenaar had alleged.

Meanwhile, a special meeting of the Durban council was called yesterday for councillors to decide whether to rescind a decision to opt into the scheme after 2 000 angry ratepayers rejected the scheme in a meeting in the Durban City Hall on Wednesday night.

Yesterday, Johannesburg council PFP leader Tony Leon joined the fray by attacking "the stealth and secrecy" with which the management committee introduced the scheme.

Leon said he had asked questions in June about the scheme and now de-

● To Page 2

Heunis: I'm not to blame for pensions

manded that those questions be answered by the management committee before the municipal election.

Leon and fellow PFP councillor Clair Quail are the only councillors in Johannesburg to opt out of the scheme.

Leon said his attitude to the scheme "is that you can't criticise government spending and the gravy train and benefit from it yourself".

However, retiring Johannesburg management committee chairman Obie Oberholzer responded by pointing out that all the PFP members in the council — except for Quail — had signed a petition asking government to approve the scheme for Johannesburg councillors.

Oberholzer said neither Leon, nor any

of his councillors, had asked questions about the scheme.

CP regional chairman Fred Rundle — who first leaked the details of the Johannesburg scheme to the media at the start of August — reiterated his earlier accusation of "a conspiracy of silence between the NP and the PFP on the buy-back pensions".

Rundle also said the management committee was being "deceitful" by saying the possibility of giving a pension to dead Johannesburg mayor Ormond Fenn was still being investigated by the city secretary.

● From Page 1

Municipal Reporter

PENSION buy-backs for councillors, which could cost Cape Town ratepayers up to R2,7 million, have not been much of an election issue in this city so far.

Other major centres, which did not follow Cape Town's lead in softening the terms of the scheme, are still in a furore over the pensions.

Durban ratepayers were shocked when their city council disclosed recently that R4,6 million from rates would be spent on "buying back" years of councillors' past service for pension purposes.

Port Elizabeth City Council has rejected the buy-back scheme; Durban is reconsidering after 2 000 angry ratepayers met in its city hall; and infighting has broken out in Johannesburg City Council over the buy-back issue.

Cape Town City Council was one of the first in the country to consider the issue, and some councillors, notably Mr Arthur Wienburg, ensured stern public pressure against the scheme.

Cape Town cool on pension issue

Cape Times 8/10/88 (300)

At first meetings at which pension decisions were taken were held behind closed doors, but later the council relented. A public information meeting was held, but was attended by only about 150 people.

Nonetheless the mayor, Mr Peter Muller, promised that notice would be taken of the feelings expressed at the meeting.

Two weeks later the council voted to soften the blow for the ratepayers by recommending several changes, one of them being to set a maximum of eight years of service which may be bought back, with a contribution from the council.

Councillors have to pay in 15% of their R1 000-a-month allowances towards the pension, while

the council contributes the equivalent of another 35%. Past service is bought back on the same terms.

Twenty-one city councillors have more than eight years of service each. If all of them were to "buy back" the eight years (though not all will), it would cost in the region of R700 000. Management committee members are eligible for pensions too.

But the council has put a limit of R2,7 million on the cost of the council contribution for the buy-back.

• Councillors who "buy back" eight years will get a cash gratuity of R6 400 ($\frac{8}{15} \times R12\ 000$) when they retire at 60, as well as $\frac{8}{15}$ of their monthly allowance each month.

Pensions now polls issue

8/10/88 300

WITH the October 26 municipal elections less than three weeks away, the controversial issue of pensions for councillors has again raised its head.

Around the country, indignation is being expressed about the scheme and the buy-back provisions expected to cost ratepayers nationwide billions of rand.

Pension benefits for councillors were first announced last year and a trickle of controversy has dogged its passage through various councils since.

But a flurry of activity this week has brought the debate back into the public eye on the eve of the municipal poll.

Among this week's incidents:

- Plans to make former Johannesburg mayor Ormond Fenn a member of the councillors' pension scheme — in spite of the fact that he is dead.
- A R100 000 golden handshake for Johannesburg management committee chief Francois Oberholzer on top of a pension worth over R500 000.

Heunis attacked

- An attack on Constitutional Development and Planning Minister Mr Chris Heunis for responsibility for the scheme — and a subsequent move by the minister to distance himself.
- An angry meeting in Durban forcing the city council to refer the scheme and its ramifications to the new management committee after the elections.
- Attacks on the press by aggrieved Durban city councillors.

These incidents also follow a R4-billion bonanza for public servants and pensioners announced by the State President, Mr P W Botha, last month and the storm at the leaking of secret documents which reveal the cost of the scheme to Johannesburg ratepayers will be nearly R5 million.

This week's uproar began on Tuesday when details were leaked of moves to ascertain whether the estate of Mr Fenn — who died earlier this year — was entitled to money from the Councillors' Pension Fund.

Confidential minutes of the August 29 meeting of the management committee instructed the treasurer to establish if Mr Fenn could be declared a member — meaning ratepayers contributing R148 341 to his estate.

Mr Oberholzer said Mr Fenn had indicated his desire to join the fund "during his last illness" but he had been

Fury over billions rat payers

Will pay

MARK GLEESON

unable to produce documentation.

Mr Oberholzer himself came under the spotlight when further leaked documents indicated he would receive a R100 000 golden handshake in addition to his pension worth R530 007.

In the meantime, former Sanlam chairman and address Wessenaar, who has been a critic of a scheme he describes as "one of the biggest scandals in South African politics", laid the blame for the approval of the municipal pension schemes at the door of Mr Heunis, who said a decision by Port Elizabeth to reject implementation of the scheme was a slap in the face for the Government.

Mr Heunis issued a statement distancing himself from the fund, which is turning in a key municipal election issue, and launched a personal attack on Dr Wessenaar, saying he "is hardly known as a person who has any expertise of local government affairs".

Mr Heunis said if his criticisms were correctly stated, then "accuracy is not one of its attributes either".

Fiasco

"The Government did not recommend the acceptance of the fund to any council. The act is an empowering act and the final decision rests with a local government."

In Durban, the council handed the fiasco to the next management committee to investigate, following a heated public meeting on Wednesday at which 2 000 angry ratepayers rejected the scheme.

A special meeting on Thursday passed a motion to reconsider the council's participation in the buy-back, with several councillors, who originally supported the scheme, now against it as they fear poll defeats.

'Beg pardon, old chap — that's my drink'



Not the sort of behaviour you would expect from thoroughbreds of the SA Ladies' Kennel Association — but then it was only a dress rehearsal as this standard poodle and golden spaniel seemed to have a slight difference of opinion yesterday. They and many others will be on parade tomorrow at the association's annual championship dog show at Gillooly's Farm, starting at 8 am.

● Photograph: Karen Fletcher.

Drinker acquitted — but still punished

SATURDAY STAR CORRESPONDENT

MARTZBURG — A 46-year-old man was yesterday acquitted of indecently assaulting his daughter — because he was so drunk he did not know what he was doing.

But he was convicted of contravening Act 1 of 1983 which makes him liable to be punished as if he were convicted of indecently assaulting her.

A section of the Act provides that a person who uses a substance that impairs his faculties, knowing that it affects him, and then commits a crime, may be found not guilty of

the crime but guilty of contravening Act 1 of 1983 and therefore liable to be punished as if he were guilty of the crime for which he was charged.

In the case before the court, regional magistrate Mr G J Barnard found the man guilty of infringing the new Act because he knew when he started drinking that alcohol im-

paired his faculties. The man's wife told the court he had been drinking heavily before she found him in bed with their partially naked daughter. The wife told the court that her husband had previously made advances to her (the wife) when he was in a state of intoxication but on the following mornings had not remembered having done so.

Mr Barnard said the accused might have believed his daughter was actually his wife. The case was adjourned to November 4.

Voters are just not interested

Pensions for councillors: Who cares?

(300)
B/day
13/10/88

JOHANNESBURG voters remain remarkably unmoved by the controversial councillors' pension fund, which is expected to cost ratepayers almost R5m in its first year of operation.

And it emerged this week, in a random survey of 15 NP and PFP candidates, that many of those standing for the first time knew little about the scheme. All reported that very few, if any, voters had asked them about the scheme and their personal positions.

Claire Quail, one of just two city councillors to opt out of the scheme, said she thought the low interest was possibly due to "the traditional exclusion of voters from the decision-making process".

Candidates said although the scheme had drawn fierce opposition

PETER DELMAR

in other centres, it simply was not an election issue in Johannesburg.

CP Johannesburg chairman Fred Rundle said the CP, which has no members in the council at present, had used pensions as an issue with which to knock both the NP and the PFP, alleging that the two parties were guilty of "collusion".

The city council has already decided to join the scheme and candidates elected for the first time later this month will automatically start paying 13% of their R1 000 monthly allowances on their first payday.

Of those interviewed, seven said they did not know the details of the scheme and had not been quizzed by their constituents on the issue.

The rest were split between those for and against.

THE provision of buy-back pensions was "an iniquitous system", Port Elizabeth mayor Solly Rubin told Business Day in an interview this week.

Mayor lashes out at buy-back pensions

19/10/88
BRUCE ANDERSON

Rubin made it clear the Port Elizabeth council, when it rejected the system of buy-back pensions in June this year, had "rejected pension schemes for councillors in toto."

Port Elizabeth ratepayers rejected the pension scheme mainly because they felt the majority of councillors performed their duties on a part-time basis, said Rubin.

"If a councillor comes forward to make a contribution to the city he should already have made a success of his own life, and should have enough

time to devote to council duties."

Clearly, said Rubin, people who had not already achieved a measure of financial success and expected their council pay to supplement their income were "just not good enough."

He said Port Elizabeth councillors were paid about R800 a month.

The leader of the PFP in the Johannesburg city council Tony Leon said yesterday a Johannesburg councillor received R1 000 a month. There was an argument for certain councillors receiving a pension, he said.

(2) (a) The Rooibos Tea Control Board as it existed as a body corporate immediately prior to the commencement date shall, notwithstanding the repeal of the Rooibos Tea Control Scheme, continue to exist and be deemed to have been established by section 6 of this Scheme.

(b) Any person who immediately prior to the commencement date was an appointed member or a co-opted advisory member of the Rooibos Tea Control Board shall be deemed to have been appointed as a member of the Board, and to have been co-opted under section 8 (3) of this Scheme, respectively, for the remaining portion of his period of office.

(c) The persons who immediately prior to the commencement date served as chairman and vice-chairman of the Rooibos Tea Control Board shall respectively be deemed to have been elected under section 12 (1) of this Scheme as chairman and vice-chairman of the Board, and shall serve in their respective offices for the period for which they would have served had section 12 (3) of this Scheme been applicable to them.

(3) A committee of the Rooibos Tea Control Board which immediately prior to the commencement date was appointed under section 12 of the Rooibos Tea Control Scheme and existed shall be deemed to have been appointed under section 18 (1) of this Scheme as a committee of the Board, and powers invested in it shall be deemed to have been so invested.

(4) Any person who immediately prior to the commencement date was appointed as an agent under section 15 (j) of the Rooibos Tea Control Scheme shall be deemed to have been so appointed under section 37 of this Scheme, and his appointment shall remain in force for a period of 12 months after the commencement date.

(5) Any person who immediately prior to the commencement date was registered subject to conditions in terms of section 21A of the Rooibos Tea Control Scheme to deal in the course of trade with rooibos tea shall be deemed to have been so registered under section 40 (2) of this Scheme: Provided that his registration may under section 40 (5) (c) of this Scheme be cancelled if he contravenes any such condition or fails to comply therewith and that, subject to any such withdrawal or any legal lapsing of his registration on any other ground, his registration shall lapse 12 months after the commencement date.

(6) Subject to the provisions of this section, any appointment made, decision taken, authority granted, levy or special levy imposed, fund established, registration made, prohibition imposed, prescription direction, provision or notice published, or any other thing done prior to the commencement date under a provision of the Rooibos Tea Control Scheme, and in force immediately prior to such commencement date shall be deemed to have been made, taken, granted, imposed, established, published or done under the corresponding provisions of this Scheme.

(7) Any action in relation to rooibos tea that has been instituted prior to the commencement date by the Rooibos Tea Control Board shall be deemed to have been instituted by the Board under the corresponding provision of this Scheme.

DEPARTMENT OF DEVELOPMENT AID

No. R. 2141

21 October 1988

BLACK AUTHORITIES' SERVICE PENSIONS ACT, 1971 (ACT 6 OF 1971)

AMENDMENT OF THE AUTHORITIES' SERVICE PENSION FUND REGULATIONS

Under the powers vested in me by section 5 of the Black Authorities' Service Pensions Act, 1971 (Act 6 of 1971), I, Gerrit van Niekerk Viljoen, Minister of Education and

(2) (a) Die Rooibosteebeheerraad soos dit onmiddellik voor die inwerkingtredingsdatum as 'n regspersoon bestaan het, bly ondanks die herroeping van die Rooibosteebeheerskema voortbestaan en word geag by artikel 6 van hierdie Skema ingestel te wees.

(b) 'n Persoon wat onmiddellik voor die inwerkingtredingsdatum 'n aangestelde lid of 'n gekoöpteerde adviseerende lid van die Rooibosteebeheerraad was, word geag onderskeidelik as lid van die Raad aangestel, en Kragtens artikel 8 (3) van hierdie Skema gekoöpteer te wees vir die oorblywende gedeelte van sy ampstermyn.

(c) Die persone wat onmiddellik voor die inwerkingtredingsdatum as voorsitter en ondervoorsitter van die Rooibosteebeheerraad gedien het, word geag kragtens artikel 12 (1) van hierdie Skema onderskeidelik as voorsitter en ondervoorsitter van die Raad verkies te wees, en dien in hul onderskeie ampte vir die tydperk waarvoor hulle sou gedien het indien artikel 12 (3) van hierdie Skema op hulle van toepassing was.

(3) 'n Komitee van die Rooibosteebeheerraad wat onmiddellik voor die inwerkingtredingsdatum kragtens artikel 12 van die Rooibosteebeheerskema benoem was en bestaan het, word geag kragtens artikel 18 (1) van hierdie Skema as 'n komitee van die Raad aangestel te wees, en bevoegdhede aan hom opgedra word geag aldus opgedra te wees.

(4) Iemand wat onmiddellik voor die inwerkingtredingsdatum kragtens artikel 15 (j) van die Rooibosteebeheerskema as agent aangestel was, word geag kragtens artikel 37 van hierdie Skema aldus aangestel te wees, en sy aanstelling bly vir 'n tydperk van 12 maande na die inwerkingtredingsdatum van krag.

(5) Iemand wat onmiddellik voor die inwerkingtredingsdatum ingevolge artikel 21A van die Rooibosteebeheerskema onderworpe aan voorwaardes geregistreer was om met rooibostee as 'n besigheid te handel, word geag aldus kragtens artikel 40 (2) van hierdie Skema geregistreer te wees: Met dien verstande dat sy registrasie kragtens artikel 40 (5) (c) van hierdie Skema ingetrek kan word indien hy 'n bedoelde voorwaarde oortree of versuim om daaraan te voldoen en dat, behoudens so 'n intrekking of 'n wettige verval van sy registrasie op 'n ander grond, sy registrasie 12 maande na die inwerkingtredingsdatum verval.

(6) Behoudens die bepalinge van hierdie artikel word enige aanstelling gemaak, besluit geneem, magtiging verleen, heffing of spesiale heffing opgelê, fonds ingestel, registrasie gemaak, verbod opgelê, voorskrif, lasgewing, bepaling of kennisgewing gepubliseer of enigiets anders gedoen, voor die inwerkingtredingsdatum kragtens 'n bepaling van die Rooibosteebeheerskema, en wat onmiddellik voor die inwerkingtredingsdatum van krag is, geag gemaak, geneem, verleen, opgelê, ingestel, gepubliseer of gedoen te wees kragtens die ooreenstemmende bepaling van hierdie Skema.

(7) Enige aksie met betrekking tot rooibostee wat voor die inwerkingtredingsdatum deur die Rooibosteebeheerraad ingestel is, word geag deur die Raad kragtens die ooreenstemmende bepaling van hierdie Skema ingestel te wees.

DEPARTEMENT VAN ONTWIKKELINGS- HULP

No. R. 2141

21 Oktober 1988

WET OP PENSIOENE VIR SWART OWERHEIDSDIENS, 1971 (WET 6 VAN 1971)

WYSIGING VAN DIE REGULAGIES BETREFFENDE DIE OWERHEIDSDIENSPENSIOENFONDS

Kragtens die bevoegdheid my verleen by artikel 5 van die Wet op Pensioene vir Swart Owerheidsdiens, 1971 (Wet 6 van 1971), wysig ek, Gerrit van Niekerk Viljoen, Minister

200

Star 21/10/88

GST increase to fund pay, pensions on cards

Political Staff 1,00

DURBAN — An increase in general sales tax to 14 percent is on the cards to help Government pay for the R4 000 million rise in the public service wage bill and for higher social pensions.

In an interview, the Minister of Finance, Mr Barend du Plessis, refused yesterday to comment on speculation that the Government intended to raise the money partially by putting up GST from its 12 percent level.

Mr Harry Schwarz, the Progressive Federal Party's spokesman on finance, accused the Government of making political decisions with an eye on the municipal elections that could seriously

damage the economy.

"Any business or individual knows that if you spend money you must know where it is coming from. It is fundamental to good government."

When President Botha announced the 15 percent increases for public servants he said it would cost R3 000 million for the public servants and R1 000 million for social pensioners.

Every one percent increase in GST brought in about R1 000 million a year.

Further revenue for the remaining R1 000 million could come from the 3c extra tax on to the last fuel price increase and from the 60 percent import surcharge.

More summonses for debt

Summonses and judgments for debt in August this year increased by 16,2 percent and 17,6 percent respectively compared to July.

Liquidations for the three months to September 1988 increased by 31 percent compared with the previous three months, but this was a decrease of 12,5 percent

compared with the same period last year.

The total number of insolvencies for the three months to August 1988 shows a decrease of 13,8 percent compared with the previous three months, and a decrease of 34,1 percent compared with the corresponding three months of the previous year.— Sapa.

Star 21/10/88

300/8/10/88 24/10/88

How Jo'burg councillors say they will reconsider pension scheme

Leaders of both major parties in the Johannesburg City Council have agreed to reconsider the controversial council-buy-back pension scheme which is expected to cost the city's ratepayers in its first year of operation.

The NP's council leader Danie van Zyl yesterday challenged PFP leader Tony Mtoya to persuade his caucus members to turn their decision earlier this year in the scheme.

PETER DELMAR

Leon gave him a unanimous written undertaking from the PFP that it was prepared to pull out of the scheme.

Of the council's 47 members, only two (Leon and another PFP councillor, Claire Quail) decided not to take up the much-criticised buy-back option.

Leon said yesterday he would be quite prepared to call a caucus meeting to discuss the issue, but said Van Zyl should first give a categorical undertaking that

he was prepared to forgo his pension, one of the biggest in the council.

Van Zyl issued his challenge to Leon because, he said, the impression had been created among voters that only the NP had approved the scheme.

He said a special meeting could be held before the council elections on Wednesday at which the council could overturn its earlier decision to join the fund.

Only a few municipalities have voted not to join the fund, which will cost ratepayers countrywide more than R45m, he said, he doubted whether the

council was legally capable of overturning its decision to join the fund. Membership of the fund will become compulsory for all councillors elected next week.

Durban ratepayers have reacted to the scheme and a meeting of 2 000 people recently demanded that its council refuse to affiliate.

However, in Johannesburg both the PFP and NP say the matter has not become a significant election issue. Yesterday's survey of two NP and PFP candidates in the city had encountered very little or no interest in the scheme.

during canvassing.

CP candidates refused to discuss the issue with Business Day, on instructions from their local leader Fred Rundle.

Rundle has accused the PFP and NP of collusion on the pensions issue.

Rundle, himself a candidate and the only official spokesman for the CP's 26 Johannesburg candidates, has cut off contact with Business Day after what he claimed was biased reporting.

Almost half of the non-incumbent candidates approached said they knew very little about the scheme.

Pension pull-out offers 'just a election ploy'

300
24/10/88
Municipal Reporter

A new Johannesburg row over membership of the controversial buy-back pension scheme for city councillors has been labelled by former management committee chairman, Dr Patrick Lewis, "a cheap election gimmick and a feeble attempt to win votes".

National Party council leader Mr Danie van Zyl has told PFP council chief Mr Tony Leon that if he were given a written undertaking that the PFP would pull out of the scheme his caucus was prepared to pull out too.

Dr Lewis said council pensions would be obligatory from November for all councillors voted in on October 26. He said the sitting councillors would fund their buy-backs by cash gratuities equal to 12 months' pension on leaving the council.

"This means their buy-backs will cost them virtually nothing."

Taxes, surcharges to fund pay rises

CHT-TMP 25/10/88
From NEIL JACOBSON

JOHANNESBURG. — Government is likely to raise more revenue than expected from income tax and the new import surcharges, which would be used to help fund the R4bn needed for pay increases for public servants and social pensions, Finance Minister Barend du Plessis said yesterday.

Du Plessis said Treasury was still examining the latest revenue figures, but early indications were that income would be higher than expected from the new Minimum Tax on Companies (MTC), the phasing out of the debtors allowance on GST, and perhaps also from the 60% import surcharges introduced to dampen imports and protect the balance of payments.

There was still also sufficient opportunity to "arrest certain expenditure tendencies and bring about additional savings," he said.

Some economic indicators were showing that the downturn in demand may be restimulated by the additional money pumped into the economy by government's 15% pay hikes for all its workers, and the concomitant ability to borrow. But other indicators, said Du Plessis, showed the opposite.

"The economic situation is delicately poised. We need to be standing on firmer ground before new policy decisions can be made."

About R750m needed to be raised in the current financial year to pay for the higher public service salaries, which was relatively modest, said Du Plessis.

The higher-than-expected revenue would assist in funding this, and in any case, some 25% would be self-financing through the recovery of personal income tax and gst from civil servants.

The bulk would then have to be structured into next year's budget, he said.

A revenue target of R350m was set in the March Budget when MTC was introduced. It is known that substantially more has been raised.

Most analysts put the figure at around R700m. It is not known how much additional revenue has been raised by the import surcharge figures.

The additional revenue may mean that government will delay rumoured hikes in GST to 14% until early next year, but Du Plessis yesterday refused to comment on the rumours of a hike in the sales tax rate.

Pensioners jailed

By ALI MPHAKI

TWO East Rand pensioners who owed rent to the Katlehong City Council spent terms in jail ranging from one month to three months after being found guilty of contempt of court.

The two are Mrs Alice Dikolometsa (60) and Mrs Mantloa Lizzy Lerutle (60), both of Motloung Section in Katlehong. Mrs Dikolometsa served a three-month term while Mrs Lerutle was imprisoned for a month.

Both were at the Diepkloof prison, near Johannesburg.

Arrears

Mrs Dikolometsa said she was served with documents stating she owed R5 700 while Mrs Lerutle was said to be in arrears of a few hundred rands.

The pensioners said they were arrested for contempt of court because they failed to respond to court summonses. Mrs Lerutle said at the time of her arrest she was ill at the Knights Hospital.

Speaking amid sobs she said: "I do not know what to do. I do not even receive my pension grant. What pains me is that I was not allowed to go to court and explain my side of the story. I hope someone will do something to correct this injustice."

Combined effort to help elderly

Insurance company Metropolitan Life, in conjunction with the South African National Council for the Aged, has produced a booklet for pensioners called "Never too old to learn", which will also serve as a reference guide for nurses and welfare bodies.

A spokesman for the company said today: "Metropolitan Life is well aware of the misconceptions that exist with regard to the aged."

The booklet is available from the Soweto Old Aged Home. *SA 2/11/88*

Goodies for pensioners

SUPERMARKET chain, Checkers, has embarked on a feeding scheme project to pensioners who queue for hours at payout points. The scheme

— the first of its kind in South Africa — was put to the test in Diepkloof, Soweto, this week. The managing director of

Checkers, Mr Clive Well, is dishing out some of the goodies to pensioners. *Sowetan 4/11/88*



8/21/84 (300)

Pensions included in Divorce Bill

CAPE TOWN — The pension benefits of a husband and wife may be regarded as an asset to be divided in a divorce, in terms of the Divorce Amendment Bill.

It stems from an investigation by the South African Law Commission into provision for a divorced woman to share in pension benefits of her former husband.

Another Bill, The Reciprocal Enforcement of Maintenance Orders (Countries in Africa) Bill, provides for reciprocal enforcement of maintenance orders made here and in certain African countries. — Sapa.

Plans to build a proper old age home

The aged in Alexandra are the ones most in need of care. (200)

Matron Majorie Manganye, one of The Star's Unsung Heroines, started a rescue mission among the aged of Alex several years ago and is now running an old age home for the destitute she found in scrap cars, drainpipes and boxes. Star 18/11/88

"Some of the old people we find on the streets are so down and out they have to be deloused before they can be given accommodation in our temporary homes," she said. "At the mo-

ment they are living in portable cabins (Zozo houses) but we hope to build a proper old age home soon."

Sandton Rotary Club has promised to help matron build on the property she has acquired for the purpose in Eighth Avenue, Alexandra, but she is committed to raising the running costs.

At the moment she can house 30 people, but when money is available a building to accommodate 60 will be erected.

Telephone her at 882-4228 or 443-1705 for further information.



Alex's old people ... in need of help.

Shots fired, 300 pensioners run for it

Masked gunmen in big pension snatch

S-Jov 23/11/88 (300)

PORT ELIZABETH — About 300 pensioners fled screaming from the Jubilee Hall in Uitenhage yesterday when masked gunmen burst in, shot two security guards, and snatched a R103 320 pension pay-out.

There was pandemonium as the gunmen rushed into the hall moments after the pension money, in two large grey metal padlocked boxes, was carried in.

Caretaker Mr Ivan Steelman, the first man the gunmen confronted, said one security guard was wounded in an arm and another guard was hit in a foot.

Robbery timetable

The gunmen — four men wearing balaclavas and boilersuits — commandeered a car and escaped through crowds running from the building before switching to another getaway car a kilometre from the hall.

Mr Steelman (44) said: "I had opened up the hall at 7.30 am and the people arrived with the money at 8.30 am. By this time the hall was full — about 300 people were waiting for the monthly pay-out.

Own Correspondent

"Normally when they come in with the money I always lock the door, but this time when I turned round a man came through the door and held me up with a revolver.

"Only one man came in at that point. Another stood by the inside door and the other two stayed outside.

"When I tried to get past them to phone the police they grabbed me and threw me on the ground and told me to lie down.

"The two then came in the door and told us to lie down. One security guard has his gun in his hand. They told him to drop the gun and he did so.

"The gunmen took the revolver from the other security guard and told them to lie down. They fired two shots, one hit guard in the foot, another hit the other guard in the arm.

"By this time there was wholesale panic among the pensioners and they all tried to get out at once. Women were screaming and they were all pushing each other to try to get through.

"The two security guards and the two people arranging the pay-out got down. All the people were rushing for the door.

"The gunmen then took the boxes and dashed out. They held a driver up at gunpoint. They took his keys and drove off in his car. It was a brown and yellow Granada."

Police said afterwards: "It would appear the men fled only about a kilometre from Jubilee Hall in the stolen car to another car waiting to pick them up, a yellow XR6 Cortina."

Names of guards

The four postal guards are:

- Mr Alwyn Herselman (50), who was robbed of a 0,32 gun and wounded in his left foot.
- Mr Barend Du Preez (53), who was robbed of a pistol and wounded in his left forearm.
- Mr Gary Bronkhorst (22), who was robbed of R51 650 and R10 in silver.
- Mr Herman Ketteldas, age unknown, who was also robbed of R51 650 and R10 in silver.

Mines chamber wins conciliation appeal

Pretoria Correspondent

The Chamber of Mines yesterday won an application setting aside a decision by the Minister of Manpower that refused a proposal by the Chamber for the establishment of a conciliation board.

The Chamber asked that a board be established to settle a dispute arising from a refusal by the Council of Mining Unions to admit blacks as members of the Mine Employees' Pension Fund.

Mr Justice Weyers ordered in the Pretoria Supreme Court that the Minister of Manpower establish a conciliation board.

On December 3 1986, the Chamber of Mines appealed for the appointment of a conciliation board to settle the dispute of this allegedly unfair labour practice, but the recommendation was turned down by the Minister.

The Council of Mining Unions has until now refused to allow black, coloured and Asian employees to join the pension fund, which is jointly controlled by the Chamber and the council, thus precluding them from benefiting from the fund like their white colleagues, who perform the same work.

Trampled in pension stampede

DURBAN. — A few months ago 74-year-old widow Mrs Flora Madlala was hosed with water by a pensions official in KwaMashu.

Last week, she had a horrifying death when she was crushed by people jumping the queue to collect their meagre pensions.

The incident took place at Nkanyisweni Hall on November 14 after the paymaster and his assistants arrived more than six hours late.

Digruled pensioners, some of them waiting in the queue for more than 10 hours, began to jump the line.

In the melee Madlala, a mother of seven children, was trampled to death.

Her 41-year-old daughter, Ms Themban Madlala, blamed the KwaZulu authorities for the incident.

"When the commotion began the KwaZulu officials simply packed their bags and left despite that it was their late arrival which led to the problems," she said.

"My mother was taken to the local community clinic by a private car, but was certified dead on arrival."

Ms Madlala, who had to be hospitalised for two days after her mother's death, said the KwaZulu government had promised sometime ago to organise a convenient system of

pension payouts but there was still no improvement.

The secretary of the Department of Pensions in Kwazulu, Mr M C du Plessis, said they were investigating the incident to see what assistance they can offer the family.

The Department was investigating the possibility of paying pensions into people's bank accounts to avoid queuing and long delays.

"We have a serious problem in Kwazulu. Therefore, it is important that all people, including families and friends, should assist in the upkeep of pensioners." — PTSA.

8 Jan 25/11/88

300

Aged must be kept active — Minister

South Africa cannot afford to continue building homes for relatively healthy senior citizens.

"It is therefore imperative that an effort be made to keep the ageing person an active member of society for as long as possible," said the Minister of National Health and Population Development, Dr W A van Niekerk.

Speaking yesterday at the inauguration of the frail care wing for 25 retired nurses at Huis Abrahamse in Pretoria, he said care of the aged should be viewed against the rapid increase in the number of elderly people.

COMMUNITY CENTRES

He said that as people grew older many experienced physical or mental deterioration, disability and financial problems, all of which limited their ability to function effectively without assistance.

A full range of community services

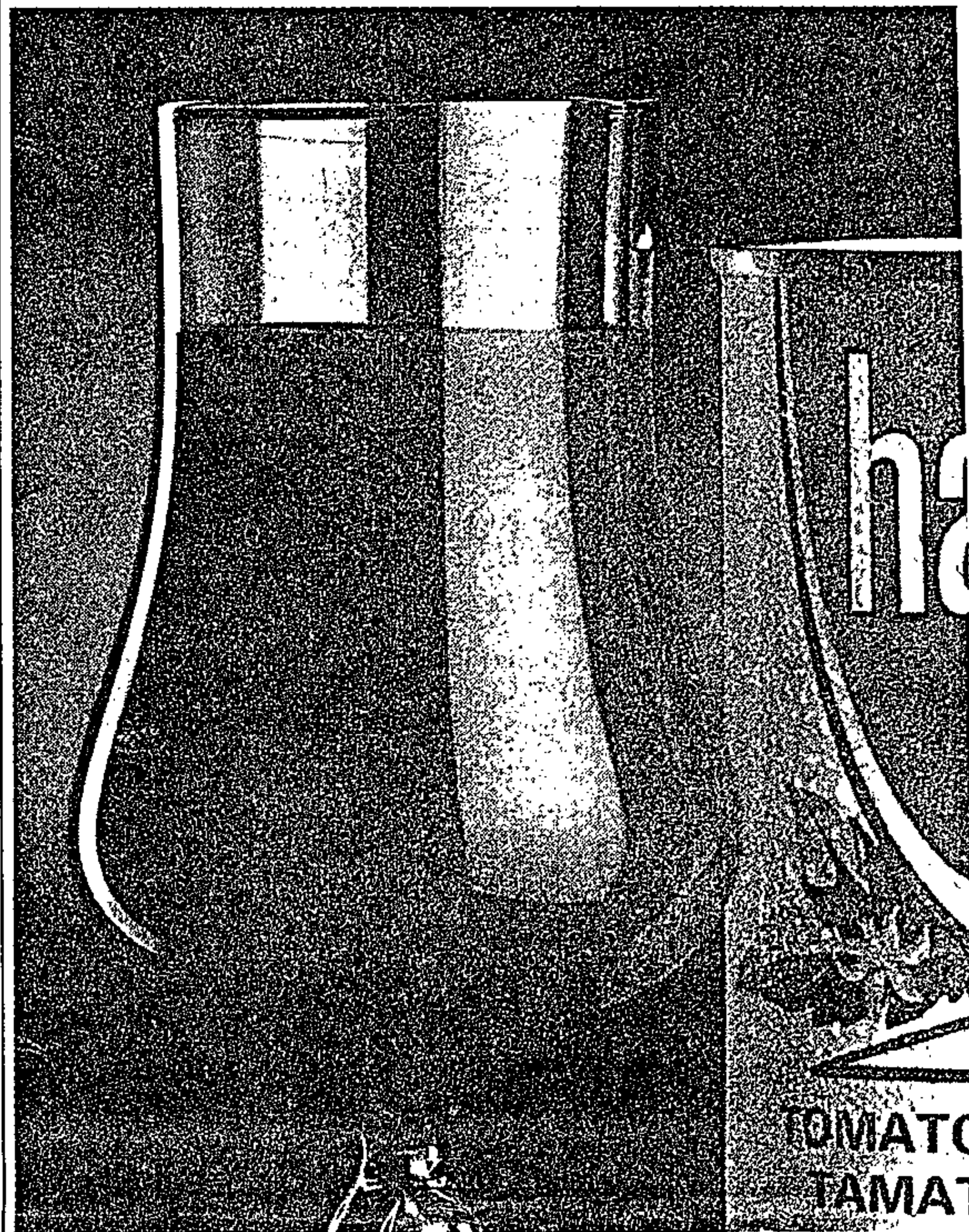
Pretoria Correspondent

and alternative housing schemes aimed at the particular needs of the aged and frail were needed to enable the elderly to lead a meaningful life and cope with the demands of everyday living, said the Minister.

"I would also like to emphasise that homes for the aged should not be for the exclusive use of the residents. They should also be used as a community resource for all elderly people living near the home," he added.

Huis Abrahamse, a home for retired nurses, was one of five administered by the South African Nurses' Trust Fund for Retired Nurses, which celebrated its 45th anniversary this year.

Huis Abrahamse was a fine example of community involvement by nurses, said the Minister.



TOMATO
TAMAT

Pension funds performance 'disturbing'

Own Correspondent

JOHANNESBURG. — Pension funds battling against high inflation and a bear market failed to achieve positive returns for the year to September.

The real rate of return achieved by pension funds in SA over the last 12 months was a negative 22%, statistics released by Ginsberg Life & Pension Advisors, an independent firm of pension fund consultants reveal.

The average pension fund performance for the period beginning just a fortnight before 1987's market crash, was a nominal, negative 11% when inflation averaged 12,4%.

However, in the two years to September 30, 22 pension funds covering the entire industry including life offices, merchant banks, trust companies and independent managers show a real rate of return at negative 1,1% a year.

The margin over the inflation rate, measured since January 1980, is 3% a year.

Ginsberg director James Downie described the figures for the past year as disturbing, although he pointed out they did not affect the solvency of the funds as managers always took a more longer-term view.

Downie said January 1980 had been chosen as the survey's starting point as SA had experienced several bull and bear markets since then and it was necessary to appraise funds over at least one full cycle.

Barplats deal approved

JOHANNESBURG. — Barplats shareholders have approved the takeover of Lefkochrysos platinum venture.

At a meeting here yesterday shareholders representing 85% of the shares, gave the go-ahead to the deal which gives Barplats 72,6% of Lefko.

The offer of 450c a share to minorities was also approved as well as the arrangement to reverse Barplats platinum mining subsidiary, Rhodium Reefs, into Lefko.

Lefko shareholders will consider the scheme on December 5. — Sapa

Pensions will cost YOU an extra R164 000 a year

Municipal Reporter

THE councillors' pension scheme, which has already cost Cape Town more than R2-million, will add R164 600 a year. And that is almost sure to go up in line with council allowances.

The City Council has paid R1 678 369,68 to buy back service for 17 councillors and R460 060 for 26 management committee members.

It was planned to use the city reserves to pay for the buy-back.

In addition, monthly contributions to this national fund will cost the city R114 400 for councillors and R50 200 for management committee members.

These details were released at yesterday's monthly council meeting in reply to questions by councillor Mr Arthur Wienburg.

The cost of the scheme was based on councillors' allowances, which varied according to the offices they occupied. Up

to eight years of service could be bought back.

Executive Committee chairman Mr Dick Friedlander, with two years each as mayor, deputy-mayor, Executive Committee chairman, four years as deputy-chairman and two years as an Exco member, is in line for the biggest payout.

BIGGEST PAY-OUT

The city has paid R266 702,31 as its 87,5 percent share of his past service purchased. Mr Friedlander's 12,5 percent contribution is about R38 100.

The council's 87,5 percent contributions for the others who bought back, all at 12,5 percent, are:

Mr Louis Kreiner R226 502,54, Mrs Eulalie Stott R212 284,80, Mr Emil Riese R184 983,75, Mr David Bloomberg R130 126,50, Mr Kosie van Zyl R121 451,40, Mr Leon Markovitz R97 991,99.

Mrs Joan Kantey R78 926,40, Dr John Sonnenberg R78 926,40, Dr Jack Joffe R70 761,60, Mr Sol Kreiner R67 954,95, Mr Joe

Rabinowitz R59 194,80.

Mr Peter Muller R32 489,10, Mr Norman Osburn R21 772,80, Mr Chris Joubert R18 054,64, Mr Ken Penkin R10 241,70.

These amounts were calculated for the council by an actuary.

Mr Clive Keegan joined the fund but did not buy back and new councillor Mr Klaas Basson joined but, not having past service, did not qualify for the buy-back.

Vice-Admiral James Johnson also elected to pay in but lost his Ward 17 seat and was disqualified because he did not have enough service.

In future the council will pay R325 a month as its share to individual councillors who are members of the pension fund.

However, senior councillors such as the Executive Committee chairman will receive considerably more. The contribution for Exco chairman Mr Friedlander and the Mayor, Mr Peter Muller, is R1 300 a month.

AKGUS 30/11/88

203
300

'Buy-back' to cost R1,7m

By PETER DENNEHY

RATEPAYERS will have to foot a whopping R1,7 million bill to cover their share of the cost of Cape Town city councillors' buying-back their past service for the purposes of a controversial pension scheme.

This was disclosed at the City Council meeting yesterday in response to a question by Mr Arthur Wienburg, who has vociferously opposed the councillors' pension scheme all along and will not participate in it.

When a councillor buys back his years of service, he pays 12,5% of the current cost of contributions, and the City Council has to provide the other 87,5%.

The cost to the council for each councillor who bought back service is as follows: David Bloom-

berg (who has nearly 20 years service) R130 126,50; Richard Friedlander (nearly 28 years service) R226 702,31; Dr Jack Joffe (no longer on council) R70 761,60; Chris Joubert (nearly five years) R18 058,64; Joan Kantey (16 years) R78 926,40; Louis Kreiner (14 years) R226 502,54; Sol Kreiner (12 years) R67 954,95; Leon Markovitz (eight years) R97 991,99; Peter Muller (10 years) R32 489,10; Norman Osburn (10½ years) R21 772,80; Kenneth Penkin (nearly two years) 10 241,70; Joe Rabinowitz (16 years) R59 194,80; Emil Riese (16 years, no longer on council) R184 983,75; Dr John Sonnenberg (16 years) R78 926,40; Mrs Eulalie Stott (over 27 years) R212 284,80; and Mr Kosie van Zyl (14 years, no longer on council) R121 451,40.

Councillors may buy back only eight years of service, and it has

to be service which has actually been rendered.

The only one of the ten new councillors who has joined the fund is Mr N J S Basson.

Mr Clive Keegan has kept to his promise not to participate in the buy-back option.

Each month, the council pays in R8 937,50 to the fund for all its members as its share of the total contributions. In the 1988/9 financial year, it will pay R114 400 for all of them.

The council contribution towards the pension fund is R325 a month for each ordinary councillor, and more for the executive committee and the Mayor.

And, thus far 26 management committee members have joined the fund too, and the council has spent another R460 060 as its share of their bought-back service.

(300) FMMML 2/12/88

Endorsing a crisis

In an aggressive move, new Actuarial Society of SA president Donald Fabian has endorsed the findings of Andreas Wassenaar that government's pension system has hit a crisis.

To some, the news will come as a sermon to the converted. But dissatisfaction expressed by a leader of a professional group may have some impact in the Union Buildings.

Wassenaar's controversial book, *En Route to Fairyland*, showed that the State pension fund system was in a chaotic state because it was based on outdated — and incorrect — principles. The suggestion was that the fund needed a fundamental overhaul, which required an unprecedented political will.

Said Fabian, addressing 160 actuaries at the society's annual convention: "There are those who have accused Dr Wassenaar of exaggerated presentation and hyperbole. But I do not think those criticisms are justified.

"On the contrary, we should be proud that an actuary has stated publicly what many of us have said privately. There is a view that more is achieved by private representations to government than by public ones. In some circumstances that may be true.

"But when matters of public concern are involved, I think it is better that we should speak up as a profession and give all the benefit of our expertise ..."

Fabian's support of Wassenaar echoes the growing concern of actuaries — and others — over laws pertaining to SA's pension system in general.

Discussing theories of pension funds, Fabian referred to the "promise-in-advance"

principle. "Only if a scheme is funded can there properly be a promise-in-advance."

Crucial is the meaning of "funded." While it is theoretically possible to fund a State scheme, the difficulty is to maintain the integrity of the accumulated fund, without which the concept of funding is "nonsense."

Said Fabian: "The fund must be a real fund invested in real assets *additional* to those that would otherwise have been created. For, if the income of the fund is used as it arises to meet current expenditure, and so-called investments are nothing more than government paper receipts, then the productiveness of the fund is a fiction."

SA's State fund now sits with this dilemma. But there is a solution that, according to Fabian, "requires difficult political decisions. Consumption must be reduced and large numbers of workers switched from consumption to capital industry.

"The State could run a funded scheme for a small section of the community, but not the whole community — unless there was a wave of resolution among its citizens comparable to that evoked by war."

So nobody should be impressed by any partial funding of the liabilities of the State fund — unless the assets are real assets.

Fabian noted the recent statement of a senior government official that the deficit of the fund is not a problem — it is simply a matter of "making a book entry"; in other words the fund is credited and the national debt is debited. This, said Fabian, is patently incorrect, given that the State fund has to have real assets to have a real future.

"The true costs of the fund are the costs of providing real benefits for real people that will have to be paid in due course in hard cash. Even a book debt will require servicing — an aspect that was not mentioned (by the government official). It also has to be redeemed one day, unless we are again to meet it on the never-never."

"The problems," said Fabian, "have arisen partly because government officials decided to stop taking actuarial advice, so they did not know what benefits were costing."

This has changed, of course, but the problems are a long way from being solved. Fabian said that the best conceptual way of finding a solution is by recognising that equity is more important than the letter of the law. It will need tremendous political will. ■



Two senior citizens who enjoyed The Star promotions department's party, Mr Israel Herr and his wife Mary, pose with Johannesburg mayor David Nèppe. ● Picture by Stephen Davimes.

Pensioners given festive treat

8156
21/12/88 By Grant Shimmin

300

About 1 000 Johannesburg pensioners were fed and entertained at a Christmas party given by The Star in the Johannesburg City Hall yesterday.

The needy senior citizens were addressed by Johannesburg mayor, Councillor David Nèppe, and the Editor-in-Chief of the Star, Mr Harvey Tyson.

Richard Loring, Dianne Chandler and the group Blend — who all offered their services free of charge — kept the happy crowd entertained.

Checkers donated a massive cake and Coca-Cola contributed liquid refreshments. Transport for the pensioners was organised by The Star in conjunction with the Johannesburg City Council.

Christmas hampers, financed by The Star Christmas Hamper Fund, were handed out to the pensioners at the end of the party.

(300) Star 7/12/88

SA Police concerned at attacks on elderly

By Norman Chandler

More than 340 people over the age of 50 had been murdered, raped, robbed or seriously injured by criminals in South Africa in the past nine months, the Deputy Commissioner of Police, Lieutenant-General Mulder van Eyk, said in Johannesburg yesterday.

"We are concerned about our senior citizens. We are concerned at the number of people being attacked, the elderly are so vulnerable, so unsuspecting," he told a media function marking the success of the Whistle Alarm campaign.

The campaign was started earlier this year by the SA National Council for the Aged, the Checkers supermarket chain and the police.

Mr Clive Weil, managing director of Checkers, presented a R25 000 cheque yesterday to Council for the Aged director Mr Syd Eckley to assist in providing services for the elderly. The money was collected from the sale of thousands of whistles at the company's 171 stores.

General Van Eyk said that the victimisation of the elderly had to come to an end.

27 murdered

He revealed that 344 people over the age of 50 had been attacked this year.

Of these, 27 had been murdered in the nine-month period ending on November 30 and there had also been 25 rapes and 213 robberies. Forty-two victims had been seriously injured in attacks.

"In 24,2 percent of the cases, entry to homes was obtained through doors left open or unlocked, 10 percent of the attackers had gained entry through open windows, while 11,5 percent had committed crimes through having gained entry by knocking on the door or through one or other trick," General Van Eyk said.

He said threequarters of the attacks had been committed in daylight. He appealed to the elderly not to open their doors to people who could not identify themselves.

Mr Eckley said the Council for the Aged wanted to make the country's 1,2 million elderly aware of security measures they should take.



The managing director of Checkers, Mr Clive Weil (centre), with the Deputy Commissioner of the South African Police, Lieutenant-General Mulder van Eyk (left), and Mr Syd Eckley, director of the South African National Council for the Aged, after presenting a R25 000 cheque to Sanca.

R25 000 boost 300 for the aged

THE coffers of the South African National Council for the Aged rose by R25 000 this week when Checkers made the generous donation to mark the closing of its welfare projects for the aged this year. Since the beginning of the year the chain store has provided soup kitchens for pensioners at Soweto pay points, worked jointly with the police to combat crime against the aged, held seminars to create security awareness for the aged and promoted Sanca's fundraising schemes.

THE South African National Council for the Aged director, Mr Syd Eckley (left), this week received the R25 000 cheque from Checkers' managing director, Mr Clive Well at a function held in Johannesburg.



Boost for the elderly

The Association of Retired Persons and Pensioners (ARP&P), with the help of the Cape Town City Council, could be breaking new ground in the provision of low-cost accommodation for pensioners.

The non-profit ARP&P, with a membership of more than 14 000, is, thanks to the council, making land available at minimal cost, and is apparently able to offer affordable housing to its members in a new Cape retirement village which will be 25% cheaper than anything comparable.

According to ARP&P Housing Board chairman Basil Kantey, the development, to be known as Woodlands Village is located on 4,2 ha in a semi-rural environment in Woodlands Road, Ottery. A total of 120 units will be built with 74 in the first phase. The association has an option of another 18 ha. "This means that the scheme could eventually grow to provide nearly 600 units in four villages, with adequate communal and recreation facilities," he says.

Prices will start from R36 000 and units will vary in size, from bedsitters to two-bedroomed cottages. Each will have its own bathroom and kitchen. All units will be single storey and will have their own private gardens and kitchen yards. The village will include frail care, a community centre and a recreation area.

Kantey says that the Cape Town City Council has been "magnificently co-operative," and that without its help the association would never have been able to offer units at such low prices. "It gave us land on very favourable terms."

Kantey says as a result of this achievement, ARP&P can now exert pressure on other municipalities to follow Cape Town's example and grant land either free or at low cost. "This will make it possible to build retirement centres at prices which pensioners can afford."

Kantey says that the need for low-cost accommodation for pensioners is now critical because the incomes of the elderly have been severely hit by inflation.

"With this project," he says, "it should be

(300) Fm ML
9/12/88

possible for them to sell their present houses or flats, buy here at favourable prices and invest the 'windfall profit' to produce additional income for the future." ■



Zeph (300)

donates

Soweto 14/12/88
R2 000

to aged

Mr ZEPHANIA Mothopeng, the Pan Africanist Congress leader who was recently released from jail, yesterday donated R2 000 to the Soweto Old Age Home. Mr Mothopeng, (extreme right) and his wife, Urbania (left), presented the cheque to the residents of the home.

The money donated was given to Mr Mothopeng by the Chief Minister of KwaZulu, Chief Gatsha Buthelezi, as the "cleansing" money on his visit last week to Johannesburg.

On donating the money, that was a gift to him, Mr Mothopeng said: "I am giving the aged this money because they need it more than I do."

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PRETORIA, 23 DECEMBER 1988
DESEMBER

No. 11632

GOVERNMENT NOTICES

ADMINISTRATION: HOUSE OF ASSEMBLY

DEPARTMENT OF HEALTH SERVICES AND WELFARE

No. R. 2595

23 December 1988

REGULATIONS UNDER THE SOCIAL PENSIONS ACT, 1973.—AMENDMENT

The Minister of Health Services and Welfare in the House of Assembly has, by virtue of the powers vested in him under section 17 of the Social Pensions Act, 1973 (Act 37 of 1973), made the regulations set out in the Schedule hereto.

SCHEDULE

1. In this Schedule "the Regulations" shall mean the regulations published under Government Notice R. 140 of 1 February 1974, as amended.

2. Regulation 14 of the Regulations is hereby amended—

(a) by the substitution in subregulation (1) (a) for the expression "R2 616" of the expression "R3 024";

(b) by the substitution in subregulation (1) (b) for the expression "R3 696" of the expression "R4 092";

(c) by the substitution in subregulation (1) (c) for the expression "R2 616" of the expression "R3 024";

(d) by the substitution of the following subregulation for subregulation (2) (d) (i):

"(i) In determining an applicant's other means account shall be taken of any assets donated by him or his spouse to any other person, or any assets of which he or his spouse held usufruct which has been relinquished, or the difference between selling price of an immovable property and the amount on which transfer duties were paid where the selling price is less than the amount on which transfer duties were paid.";

GOEWERMENSKENNISGEWINGS

ADMINISTRASIE: VOLKSRAAD

DEPARTEMENT VAN GESONDHEIDSDIENSTE EN WELSYN

No. R. 2595

23 Desember 1988

REGULASIES KRAGTENS DIE WET OP MAAT- SKAPLIKE PENSIOENE, 1973.—WYSIGING

Die Minister van Gesondheidsdienste en Welsyn in die Volksraad het kragtens die bevoegdheid hom verleen by artikel 17 van die Wet op Maatskaplike Pensioene, 1973 (Wet 37 van 1973), die regulasies in die Bylae hiervan aangegee, aangevaan.

BYLAE

1. In hierdie Bylae beteken "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing R. 140 van 1 Februarie 1974, soos gewysig.

2. Regulasie 14 van die Regulasies word hierby gewysig—

(a) deur in subregulasie (1) (a) die uitdrukking "R2 616" deur die uitdrukking "R3 024" te vervang;

(b) deur in subregulasie (1) (b) die uitdrukking "R3 696" deur die uitdrukking "R4 092" te vervang;

(c) deur in subregulasie (1) (c) die uitdrukking "R2 616" deur die uitdrukking "R3 024" te vervang;

(d) deur subregulasie (2) (d) (i) deur die volgende te vervang:

"(i) By die bepaling van 'n aansoeker se ander middele word enige bates wat hy of sy eggenote aan iemand anders geskenk het, of enige bates waarvan hy of sy eggenote vruggebruik gehou het waarvan afstand gedoen is, of die verskil tussen die verkoopprys van 'n onroerende eindom en die bedrag waarop hereregte betaal is waar die verkoopprys minder is as die bedrag waarop hereregte betaal is, in aanmerking geneem.";

SOCIAL SECURITY- PENSIONS (AND CARE OF THE AGED)

1989

JANUARY — JUNE

South Africans need better pension cover

CHET TAYLOR

3/1/84

360

JOHANNESBURG. — The average South African can expect to change jobs anything up to six times in his working lifetime — or even more if he is a migratory type moving from position to position for minor salary adjustments.

As a result, such individuals will not build up a substantial pension base with a single company and can expect to retire on a mere fraction of their final retirement salaries.

The mooted transferability of pension funds, introduced in 1981 but since scrapped, is in theory the answer. Ideally the concept allows a worker to take his pension fund with

him, irrespective of where he works. Thus at the end of his working life he is paid a bigger pension and is less of a burden on family and State.

In practice, transferability is a pipedream, says Standard General's Eric Goodall. "Simple demographics will tell you that it will never work in SA — at least not in its original format".

The chief problem is black opposition to transferability, essentially because of differences in working conditions.

Manual workers for example did not regard the retirement age of 65 as realistic and there were objections to the low rate of interest to be paid on withdrawal re-funds.

There was also a view, perhaps not unfounded, that tracing the beneficiaries of a pension fund through their numerous job changes was not practicable.

A more emotive argument goes along the lines that "it's our money, why should we leave it in your (the employers) hands?"

These arguments basically made it impossible for a general implementation of transferability.

There was some argument however for its introduction among the white workforce. Even then it would have to be on a voluntary basis and not compulsory as in the UK.

It could not be compulsory for some parts of the workforce and not for others, Goodall points out.

In the UK, membership of the State Pension Fund was compulsory. Thereafter workers had a choice of either belonging to a company pension fund or to a pension fund of their own — provided either was at least equal in benefits to the State fund.

However, the UK workforce is far more homogenous in terms of levels of education and understanding of the working of a welfare state.

"In SA, where government does little to look after the interests of the aged, the concept of 'Big brother is looking out for you' simply does not exist. In fact the worker/government relationship is adversarial".

The answer, says Goodall, is to educate employees and employers as to the options available to meet future retirement needs — the ideal situation being a company pension fund in conjunction with "top up" benefits provided by individual retirement annuities.

Such benefits at retirement should allow for escalation while in the course of payment. The employer should

furthermore consider granting future increases to his former employees by means of single premiums, cash-flow allowing, on an annual basis, thereby creating, effectively, an inflation adjusting pension fund which will realize far better retirement benefits than a series of interrupted services.

Goodall admits that this will be difficult to achieve.

He believes however that the insurance world and government should embark on an intensive education programme towards this end before, as he put it, "it is too late". — Sapa

Pensions plan mooted

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He admits that this will be difficult to achieve and find acceptance for, but believes that the insurance world and government should embark on an intensive education programme towards this end. — Sapa.

(300)

NO CHANCE OF DECENT PENSION

Somefan 4/1/89

300

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SAPA

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These arguments basically made it impossible for a general implementation of transferability. There was some argument however for its introduction among the white working force. Even then it would have to be on a voluntary basis and not compulsory as in the UK.

Choice

It could not be compulsory for some parts of the workforce and not for others, points out Mr Goodall.

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Mr Goodall admits that this will be difficult to achieve and find acceptance for. He believes however that the insurance world and government should embark on an intensive education programme towards this end before, as he put it, "it is too late". — Sapa.

Divorce Bill affects pensionable assets

CAPE TOWN — The accumulated pensions of a husband and wife are to be considered as assets in future divorce actions in terms of a new Bill which was tabled in Parliament yesterday.

The changes proposed in the Divorce Amendment Bill follow an investigation by the SA Law Commission into the possibility of enabling a divorced woman to share in the pension benefits of her former husband.

The commission decided that because a growing number of women were entering the labour market and built up pensions which could exceed those of their husbands, both parties' pension benefits should be considered.

It also came to the conclusion that the exist-

ing financial arrangements on divorce were unfair because a party's pension benefits were presently not regarded as an asset in a divorce.

□ Meanwhile, Manpower Minister Pietie du Plessis said yesterday the Helderberg air disaster had dramatically highlighted the conflict between the Machinery and Occupational Safety Act and the Aviation Act. As a result the Machinery and Occupational Safety Amendment Bill was tabled in Parliament yesterday. It proposed to exclude aviation accident reports from the Occupational Safety Act.

Political Staff

Pensions to be assets in divorces: New bill

By BARRY STREEK

ACCUMULATED pensions of both husbands and wives will be considered assets in future divorce actions, a bill tabled in Parliament yesterday proposes.

The changes contained in the Divorce Amendment Bill follow an investigation by the South African Law Commission into the possibility of making provision for a divorced woman to share in the pension benefits of her former husband.

The commission decided that the large number of working women meant both partners' pension benefits should be considered.

It said the existing financial ar-

rangements in divorce were unfair, because pension benefits were presently not regarded as an asset.

A memorandum attached to the bill explained that it envisaged that "the accumulated pension interest of a party to a divorce action shall, for the purpose of the division of the assets of the parties, be deemed to be an asset of his estate".

"Pension interest" was defined as the amount a member of a pension fund would have received if he had resigned from the fund on the date of his divorce.

The bill still has to be considered by a standing committee before being submitted to Parliament.

ay, January 6, 1989



Wheels for the aged . . .

WHEELS for the Aged of Vosloorus . . . The general manager of Boksburg Pick 'n Pay, Mr Mike van der Merwe, this week presented a bakkie to Mr Albert Theko (receiving keys) and Mr Thabo Chebeletsane of the Vosloorus Society for the Aged. This follows a year of fundraising for the under-privileged. (300)

Stuurman 6/1/89

Desperate need for old-age home

Star 11/1/89 302



Plea for funds by Rotarians

By Winnie Graham

The number of old people living in hovels of corrugated iron and sacks, in the rusting shells of old cars and in all manner of improvised shelters, prompted the Rotary Club of Sandton to survey the need for an old-age home in Alexandra.

That was in 1982. The findings so appalled the Rotarians that they decided immediately to do something to alleviate the hardship and suffering.

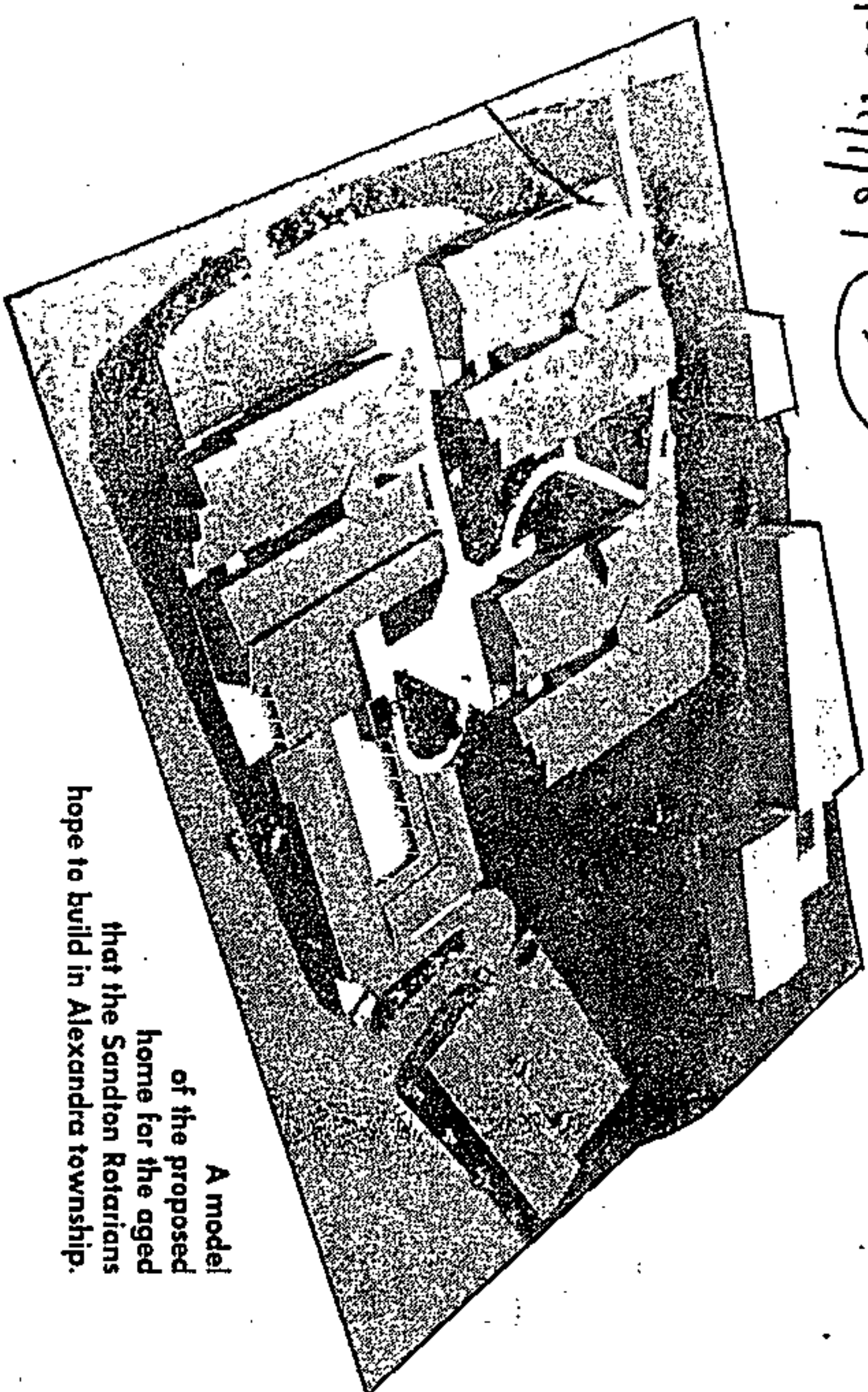
Mr Alan Brooke, the past president of the club said yesterday that temporary accommodation for 30 of the most deserving cases was found immediately through the provision of portacabin units. Then an all-out drive to raise funds for a permanent home started.

COST ESTIMATES SOAR

"When fund-raising began the cost of a residence accommodating 60 people was estimated at about R700 000," he said. "Now the cost of each of the three residences is estimated at round R1 300 000. If we are to provide the accommodation so urgently needed, we will have to act fast before prices escalate further."

To make matters worse, growing homelessness has aggravated the problem. The Rotarians estimate the problem in Alexandra has "increased seven-fold" since 1982.

"From the beginning we had no illusion about the



A model of the proposed home for the aged that the Sandton Rotarians hope to build in Alexandra township.

magnitude of the project," Mr Brooke said. "We plan to build a large complex accommodation 180 in different phases. It will be modular in design so that we can complete one section at a time as money comes in." Each unit will be self-contained and will incorporate cooking, dining and recreation facilities.

The Sandton Rotarians have already bought land in Alexandra. A model of the proposed old age home has been built and the fund-raising drive is being intensified. They have been promised support by the Anglo-American and De Beers Chairman's Fund, the Liber-

ty Life Group Community Fund, South African Breweries and JCI.

The money received so far, however, is still insufficient to start the first phase of construction.

"Most of the people who need our help are too old to work to infirm to care for themselves," Mr Brooke said. "The callous abandonment of the aged is a growing Third World phenomenon."

The administration of the temporary old age home was handed over to a black self-help organisation, Itlhokomeleng, as soon as the first residents moved in and is being ably managed by Mrs Marjorie Manganye and her team.

FAR FROM IDEAL

The units in which the old people live are far from ideal: in summer they are hot and in winter cold, but they provide shelter which seems almost luxurious to folk who have been rescued from the veld, from ditches and even rubbish dumps.

Three old women, knitting together in one of the cabins, told me: "For the first time in our lives someone is looking after us."

Further information is available from Mr Brooke at telephone 011 803-2502.

WE MADE LIGHTWORK

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Pensions for the little 'uns

(300)
S/Times 5/1/89

A PENSION plan for employees of small firms has been launched by First Bowling Associates (FBA).

First Pension Plan — underwritten by AA Life — gives employees pension fund benefits equal to those of large companies. It can be tailored to any size of business and is flexible.

The employer can decide on the membership categories, any employee is eligible to join, contributions — normally 5% to 7.5% — can be

changed and extra money can be paid to bolster individual pensions.

FBA will administer the plan through Mercers-FBA, the specialist employee benefit consultant in the FBA group which has 20 branches.

Mercers-FBA deputy managing director Madge Goosen says: "We make analyses of client companies and adapt the pension plan to their requirements. We can adjust it later to fit changing needs."

Considerable confusion

over the benefits of retirement annuities

WEEK END
ARCUS 21/1/89

JUDGING by the reader reaction I am getting to my series of articles on retirement annuities, there is still considerable confusion about the subject.

One reader angrily claimed that up to R300 000 of the value of an RA can be taken with you when you emigrate, while another said he had been told by his auditors he could export all his RA benefits if he settled abroad.

What are the facts?

The R300 000 limit applies to transmission overseas of the INCOME earned from investment of the BLOCKED ASSETS of former residents.

Lump sum

The situation of RAs is a little complicated, so perhaps I should spell it out.

When an RA matures, you have the option of taking up to one-third of the accumulated value of your benefits as a lump sum.

The balance must be used to buy an annuity (pension).

The annuity itself consists of two elements — a capital portion, representing repayment of the capital, and an interest portion, representing income earned from investment of the remaining capital.

Component elements

In most cases annuitants aren't even aware of this, as they receive a single sum ("pension") without the two component elements being separately identified.

The difference is only important in two instances — when the annuity is voluntary (which an RA annuity is not), because only the interest portion of a voluntary annuity is taxed; and (sometimes) if the beneficiary is emigrating.

Both the capital and interest elements are calculated on the basis of the average lifetime of RA annuitants as a whole (not for each individual annuitant), and of the forecast average income to be earned on the capital over that period.

When you immigrate, the LUMP-SUM portion of any RA benefits you have drawn is treated no differently from your other general assets for exchange control purposes.

That is, you are allowed a settling-in allowance of R50 000 if you are single, or R100 000 for a family, which may only be converted into foreign currency at the financial rand rate.

In US terms, those settling-in allowances become \$12 500 and \$25 000 respectively.

So if your RA lump sum is part of your assets in excess of your foreign exchange allowances, you have to leave it behind in South Africa as a blocked-rand asset.

As I have said, income from investment of such assets may be exported up to a maximum of R300 000 a year, at the commercial rand rate.

The annuity bought with your RA funds is generally treated more liberally by exchange control.

I say "generally" because whereas remittance overseas of a pension is automatic under interna-

tional agreement, an annuity is not.

Its remittance is subject to exchange control permission, though fortunately in practice this is nearly always granted.

Only if the RA contract was originally entered into within a period shorter than three years prior to date of emigration, will Exchange Control normally apply a restriction on remittance of its annuity benefits.

If no restriction is applied, the annuity may be transferred overseas in full, as is usually the case.

Where a restriction is applied, only the interest portion of the annuity is allowed to be exported. That capital portion has to accumulate in the emigrant's blocked rand assets.

For most people, of course, this is all of academic interest, as they intend to stay in South Africa and retire here.

As I have said, when your contract matures — any time after the age of 55 has been reached, but not later than the age of 70 — you have the choice of drawing in cash up to one-third of the capital sum that has accumulated in your name.

Certain limit

That amount, taken together with all other lump-sum benefits from approved retirement funds (except deferred compensation), is tax free within a certain limit.

That limit is a maximum of R120 000, or R4 500 times the number of continuous years you contributed to the RA fund, if the latter figure be greater.

Any amount by which the lump sum exceeds the tax free limit is taxed preferentially at the average rate of tax you bear in the tax year in which it accrues, instead of at the marginal rate that would normally apply to additions to your income.

If, for example, you receive taxable earnings of R60 000 in your year of retirement, you are a married taxpayer, and the taxable surplus of your lump-sum RA benefit is R30 000, your surplus will be taxed at 31 percent (the average rate of tax on R60 000), not at 44 percent (the rate that would result if the R30 000 were merely added to the R60 000, giving a tax base of R90 000).

Strongest argument

The remaining two-thirds of your capital in the RA fund (or whatever larger proportion you choose not to draw in cash) must be used to buy an annuity ("pension") that you receive for life.

You have the option to extend this so it continues to be paid to your wife for the balance of her life, if she survives you, and/or for a limited period to your heirs after both your deaths.

This annuity is taxable in the hands of the recipient at his or her normal rate of tax.

However, it is likely that your tax rate after retirement will be lower than the rate at which you were taxed when you contributed, and on which your tax relief is calculated — this is one of the strongest arguments for RAs.

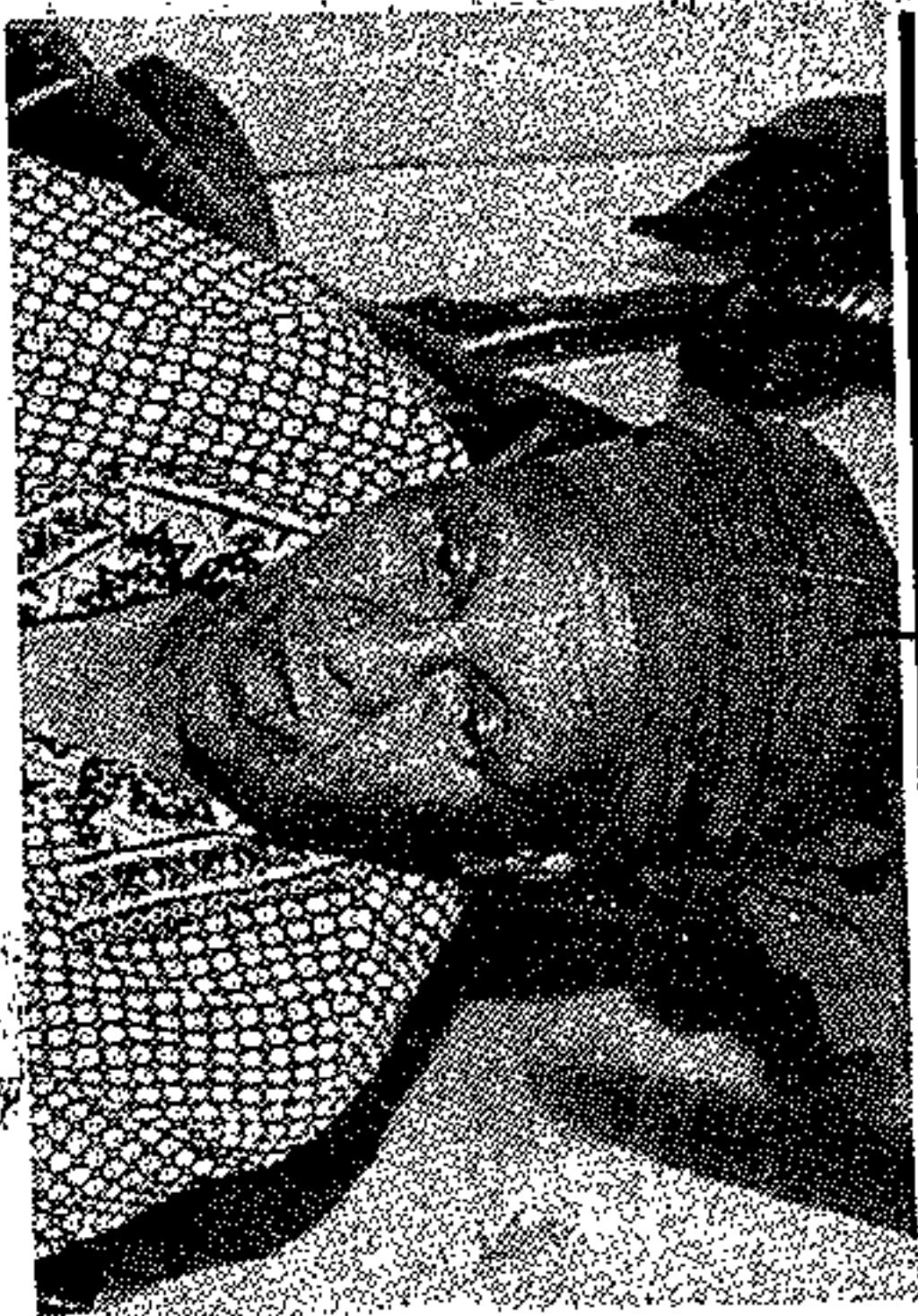
● Martin Spring is editor of *Personal Finance Newsletter*.

MONEY
AND
YOUR
LIFE

Martin
Spring



300



MRS Belinda Modise (62) no pension money since May last year.
Pic: MBUZENI ZULU

No pension for 14 months

TWO grannies have not received their bi-monthly pensions for the past 14 months.

And after making a dozen unsuccessful trips to inquire about their money, both Mrs Esther Mashobane (65) and Mrs Belinda Modise (62), are still in the lurch.

Mrs Mashobane of Duduza is deaf and dumb. She has been like that since she was nine-years-old. For more than 25 years she has been receiving a disability grant — which has also been stopped. She last received both her

Grannies suffer

By PHANGISILE MTSHALI

pension and disability grant in July last year.

Mrs Modise is a sickly person and is presently living with her son in Protea North, Soweto. She received her last R290 pension grant in May last year.

In December last year the *Sowetan* published her plight in a front page article. An official of the Transvaal Provincial Administration made a

commitment that her case will be attended to promptly. But to date, she has not yet been paid.

Asked to comment, a spokesman for the TPA said his department encountered problems when it took control of black pensions in May last year. He said Mrs Modise's pension card may have been misplaced during that time.

"I am shocked that she

has not been paid for such a long time. Please advise her to come to our offices at Albert Street and we will certainly attend to her problem as a matter of urgency," the spokesman said.

On Mrs Mashobane's case, a spokesman for the Nigel Department of Pensions said they have already started investigating the matter. He said Mrs Mashobane is not the only person who has not received her money for the past few months.

"We are doing all we can to solve her problem," he said.



MRS Esther Mashobane... deaf and dumb with no pension money.

Pensioners live in fear of pay-out days

By BRONWYN DAVIDS
Staff Reporter

TOWNSHIP pensioners say they live in fear of being robbed of their meagre R130 State pensions because the money cannot be deposited directly into bank accounts.

On pension day, gangs prey on pensioners collecting their money from payment points at community centres or post offices.

Granny H. of Elsies River, a pensioner robbed recently, applied to have her money deposited directly into a bank account.

She was told by the House of Representatives pensions department that such a facility did not exist for coloured pensioners.

Granny H. who did not want to be named for fear of victimisation from gangs in her area, said: "My pension was stolen this month. I really needed it to pay extra accounts after the festive season."

"Several pensioners have been mugged in our area. The police have been unable to do anything about it."

A few months ago, she applied to have her money paid directly into a bank account after hearing that this facility was available for white state pensioners.

"When I did not receive a reply from Pretoria, I contacted the House of Representatives' pensions department. They informed me this service was not given to coloureds," she said.

"I find this strange because we are people who live among the 'won't-work types', the muggers and thieves."

"I live in constant fear, especially when I have to brace myself to go out on pension day," said Granny H.

"Surely, we coloured pensioners should not be discriminated against in this manner. As workers, we also paid taxes to the State," Granny H said.

Several pensioners had asked for their money to be paid directly into bank accounts, said Mrs Ansie Strydom, public relations officer for the Department of Health and Welfare in the House of Representatives.

"The Community Advisory Committee approached Minister Chris April and he instructed us to develop a computer programme for pension pay-outs to bank accounts. We are considering adapting the House of Assembly programme for this purpose."

"The programme will be phased in over a long period. We will keep the public informed."

Police liaison officer Lieutenant Attie Laubscher said only a few cases of pensioners being mugged were reported to the police. These had been solved.

"Some of the perpetrators were gang members who admitted snatching pensioners' handbags," he said.

"The muggings are not a daily occurrence, just few cases here and there."

Pension payout move

THE Transvaal Provincial Administration has accepted a proposal by veteran Meadowlands civic leader, Mr M J Khumalo, to pay pensioners living in Meadowlands according to the zones in which they live.

From March 1 pensioners living in Zone 1 will be paid on March 1, those in Zone 2 on March 2, in Zone 3 on March 3 up until all the 10 Zones are paid out.

SOWETAN Reporter

This was confirmed yesterday by Mr P C J Loots, assistant director of the TPA in Johannesburg, who said the scheme applies only to Meadowlands because the area had 10 zones and the administration 10 days in which to make its payouts.

Mr Khumalo, who is a councillor in the

Diepmeadow council said he decided to plead with the authorities after he saw the hardships the pensioners experienced during their payouts in the past few months.

"Some have been thrown from pillar to post, not knowing when they would get their payment. It makes it much easier if pensioners living in Zone 1 know that they are the first".

ing new way

Pensioner dies in stampede

SDWetan 26/1/81
THE mayor of KwaGuqa near Witbank, Mr S Masango, has appealed to the Transvaal Provincial Administration to review their pension payout system following the death of a pensioner at the council offices last week.

The pensioner, Mr Elias Lusiba Mashilwane (60), died amid pushing, jostling and a stampede by the crowd at the payout point on January 16.

Mr Mashilwane was too weak for the heavy stampede and he collapsed and died.

Mayor Mr Masango, said disabled people are compelled by officers who pay pensions to be carried to the payout points. Even people from the surrounding mines and farms all come for their payments at the KwaGuqa council offices.

He said TPA officers no longer go to farms to pay pensioners and "the

officers who pay out are themselves ageing people who are unable to be fast in paying out the pensioners".

"There is all the jostling and stampeding as people try to make way towards their money. It is indeed the survival of the fittest when the sea of humanity pushes its way into the gates of the township offices," Mr Masango said.

He further recommended that TPA officials should supervise the pay points; increase the number of staff handling payments; increase the number of pay days for pensioners; pay KwaGuqa pensioners separately and sectionally; stop paying the surrounding farms and mines together with KwaGuqa pensioners and supply cards made out for all KwaGuqa pensioners in order to know and identify them.

The old man who died was a breadwinner to the family through his pension money.

Sanlam enters market for retirement villages

Finance Staff

Sanlam plans to launch retirement villages that will offer life-long care and financial peace of mind for the aged.

Dr Fred du Plessis, chairman, announced at a meeting of policy-owners in Sandton last night that Sanlam had decided to enter this market after intensive investigations and had purchased 13,5 hectares in Bryanston for the development of such a village. Building operations will start in January 1989.

According to Dr du Plessis, this will be a pilot project, ultimately leading to similar developments countrywide. Sanlam policy-owners will be given the first option to purchase.

Dr du Plessis referred to the unfortunate actions of some opportunistic developers who have thrust old people into financial turmoil, owing to poor management and the inability to meet promises of care for the sick.

As such actions have tainted the image of the retirement village industry, Sanlam hopes its entry will serve as a stab-

lising factor.

To ensure long-term financial stability, Sanlam intends managing the villages itself and to sell the units on the basis of a life-long interest. This means that in most cases the original purchase price will be paid to the deceased's estate in the event of death.

Another advantage is that the monthly levy payable by the occupants will be determined in advance for the rest of their lives, eliminating the fear of increases linked to inflation.

One and two-bedroomed town houses will be built for those who are self-sufficient and wish to live completely independently but within the security of the village. They may naturally make use of any of the facilities offered by the village.

However, for those who, though still active, are no longer interested in doing their own housekeeping, there will be a number of one-bedroomed flats that will be regularly serviced, with meals available from the community centre.

'Scandal politicians should lose benefits'

Star 31/1/84 Political Reporter 300

The Conservative Party has criticised the Government for paying gratuities and pensions to politicians who resign "under a cloud of scandals, corruption, abuses of their positions, fraud or perjury".

In a clear reference to the controversial resignations of the former Minister of Manpower, Mr Pietie du Plessis and former East London City National Party MP Mr Peet de Pontes, the CP's MP for Pietersburg, Dr Willie Snyman, said yesterday the system of continued remuneration to politicians who resigned under such circumstances was presently receiving the CP's urgent attention.

"If civil servants stand down under such circumstances, either by being fired or by resigning, they forfeit their pension benefits.

"Even in the private sector a professional person, a salesman or a clerk will forfeit his benefits if he loses his job through a scandal."

However, Dr Snyman said, Ministers and MPs still received their full benefits "despite the injury and shame caused to themselves, the country and its taxpayers".

He said it was expected of taxpayers to pay thousands of rands "to someone who has cost the country thousands or possibly millions of rands".

Sandton (288) council (300) reviews 31/1/89 pensions

Staff Reporter

The Sandton Town Council is to continue its investigation into methods of withdrawing from the controversial municipal pension scheme for councillors.

The council last night voted to check what progress the Durban Corporation had made in its attempts to withdraw from the fund and to take advice from a consulting actuary on the feasibility and costs to the council of terminating its participation in the fund.

An earlier motion by Mrs E Clogg that the council make no further attempts to withdraw from the fund was defeated.

In July last year the previous council resolved to establish the fund with other municipalities and to allow its members to purchase past unbroken service to a maximum of 15 years.

In November the new council resolved that a full report be submitted to the council on all the implications of the scheme with specific reference to the buy-back provision and whether the council was entitled to rescind its previous decision.

Those over age 65

(300) 2/29/89

AT the turn of the century, the average expectation of life at birth was only 48 years for men and 52 for women. Now it is 72 for men and 77 for women.

This leap of 50 percent in a very short period is unprecedented in human history. This is the trend and the pattern for the foreseeable future so long as human kind is not decimated by nuclear holocaust, subject to some new and virulent plague, or turns to more health-threatening lifestyles.

We used to describe the age structure of the population as a pyramid.

Broadly based with infusions of newly born children, the numbers decreased in size in every 10-year age group. By the time the pinnacle of this triangle was reached the numbers beyond retirement ages (65 for men and 60 for women) were very small.

In 1901 only one person in 20 was in this group; today it is almost one in five, 10-million people are in the retirement band and increasing numbers of them are living healthily into their ninth and 10th decade. The pyramid has become almost a rectangle.

On current demographic trends, given expected advances in medical-biological research to control the major causes of premature death (heart disease and cancers in particular) along with better diet, lifestyles, housing and work conditions, by 2050 living to 130 is a reasonable prediction. No more than a tiny biological elite of today's children will have the right genetic inheritance and propitious life experience. They will be the equivalent of those late Victorians who are now over 100.

It is not my intention to paint an over-optimistic view of later life either now or in the future. Over a third of currently retired people are officially at or below the poverty line. More than half have physical ailments which limit their activities. Depression is an endemic condition, while dementia of the Alzheimer's type will affect between five and 15 percent of people over 75. Relatives are the principal providers of care but one third of the over 75s have no immediate family. These selected indicators evidence the disadvantages many of our elders have to endure.

On the positive side, research shows that many who live beyond 75 remain healthy and active until late in their lives. A study in Germany reported that 60 percent of the over-80s had no evidence of heart disease; that joint complaints and back pains do not increase after 70 and that ageing processes play a minor role in cancer. This evidence supports earlier American claims that the period of heavy dependency and ill health is being compressed into the last three or four years before death, however old you survive to be. Longer life means longer healthier life.

Rapid population ageing is not confined to the developed world. It is a worldwide phenomenon and the most rapid change is taking place mostly in the poorest nations. China, India, the Soviet Union and

The elderly are with us longer and longer, and they're no longer willing to be wheeled off into retirement homes.

By MALCOLM JOHNSON

British expert on problems of the aged

the United States manifest the largest elderly populations. Those coming up rapidly are, in ranking order, Japan, Brazil, Indonesia, Pakistan, Mexico, Bangladesh and Nigeria. In all these countries the numbers of people aged 60 and over will multiply by between three and six times between 1975 and 2025.

Not only is the proportion of older people rising, the growth is most rapid in the older age groups. In Britain by 2025 there will be two million people over 80, China will have 25-million over 80, India 10-million and US 7.6-million.

As the current cohort of 75-year-olds, born before World War I, is replaced with succeeding more privileged groups, their accumulated biological experience will travel with them along the lifespan. By the time those of us who were students in the 1960s enter retirement in the early years of the next century we shall carry with us the benefits of more prosperous times, greater education and articulacy and a heightened sense of our rights as citizens and consumers. Old age itself will be different.

More older people there will be, but their capacity to continue contributing positively to society will, on average, be much greater. In these circumstances fixed retirement at the present ages begins to look ludicrous in social as well as economic terms.

An area of increasing ambiguity will be that of family responsibility for older relatives. Most of these family carers are middle-aged women who are returning to the labour force in larger numbers, making themselves less available for unpaid family care. With one in three marriages ending in divorce and re-marriage at over 90 percent, serial marriage constitutes the new normality. This will extend the number of kin an elderly person may have, but the taboos and animosities associated with re-marriages may serve to distance former sons and daughters-in-law and the old person's grandchildren, leaving them with not more, but fewer potential carers.

As the face of human societies change it will take an effort of political will to realign the generations so that they complement each other. This will involve a re-examination of current arrangements, but the resulting patterns must have moral integrity as well as economic rationale. Many of the answers are already at hand. Are the politicians ready to listen? *The Guardian, London*

Professor Malcolm Johnson is director of the Department of health and social welfare at the Open University.



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Facing the twilight years in poverty

What happens to Johannesburg's old black people when they can no longer work for a living? **WINNIE GRAHAM** discovered that the majority end their days destitute and alone.

Mrs Sophie Malotsi (70) was living in a cardboard box under a tree in Mayfair, Johannesburg, when she was found a few months ago. A kindly housewife in the suburb kept the homeless — and penniless — old woman supplied with bread and milk until she was finally "rescued".

Today she is being temporarily accommodated at the Naledi transit "camp" in Soweto. The camp, in fact, is simply an enlarged council house where destitute old people wait for their documents to be sorted out so that they can be rehoused.

If Mrs Malotsi is lucky, her papers will qualify her for an old-age pension which, in turn, will enable her to apply for accommodation at the newly-built Soweto Old Age Home. The home is not in a financial position to provide accommodation for the destitute.

In the meantime, Mrs Malotsi survives on food supplied by a church's meals on wheels programme and the Soweto Black Housewives League.

Another resident at the Naledi camp is Mrs Miriam Mthombi (now over 80). She was a domestic helper for a white Johannesburg family for 45 years before her aged employers gave up their house to move into an old-age home.

Unfortunately there was no place for Miriam to go: she was left to find her own way ... destitute and helpless, she too waits in hope of a pension.

Of the eight or 10 people at Block 1726, Naledi, none has any means of support. For 11 months of the year they receive their main meal of the day from a church group, but that service ceases for about a month on December 14 when the old people have to rely on members of the Black Housewives League for food.

The dilemma of Soweto's



aged was highlighted by Mr Ben Nteso, a social worker for the Transvaal Provincial Administration's Community Services, who said in an interview this week that thousands of destitute elderly black people had no homes.

"There are old people who sleep in the veld round Soweto, in narrow passages in the city, in toilets, on mine dumps, under the motorway, even in the posh northern suburbs of Johannesburg," he said. "They are our twilight aged — people without shelter, food or hope."

Black housewives, he added, were doing all they could to help but they too were beginning to feel the pinch. They needed support.

Mrs Betty Nene, who keeps a constant eye on the Naledi transit "camp", said the housewives league provided meals for residents at weekends and again during the Christmas holidays.

"Firms such as Pick 'n Pay and Checkers have helped by providing food for the people but by mid-January supplies have run low and I have to buy tinned provisions for them myself," she added. "They are short of everything."

Mr Nteso said the problem of sorting out documents for the elderly was enormous.

He said there were hundreds of old people who needed help getting their papers in order. Many needed transport to pay-out centres to receive their pensions (R234 every two months). Some were blind, others crippled.

Another "transit camp" in Mofolo, Soweto, is being converted into an old-age home by the Salvation Army. It was



Penniless and homeless, Mrs Sophie Malotsi lived under a tree in Mayfair until she received help.

started years ago when the black aged were automatically returned to the homelands.

Problems arose when old folks who had lived in the city all their lives refused to go to a homeland they had never known. Many returned as soon as they could.

Plans to build an old-age home in Soweto started more than 10 years ago. It was opened in September last year and though it can accommodate about 120, it has only about 20 residents.

Mr Nteso said the home —

faced with an enormous burden of repaying the building loan — could take only old people with pensions. The destitute aged had to be "helped" to get a pension before they could be accommodated.

"That is why we are appealing for volunteers to help transport these old people," he said. "We simply haven't enough social workers to cope with the problem."

Would-be volunteers should telephone Mrs T Mzizi at the National Council for the Care of the Aged: (011) 23-6146.

MPs' pensions — the cloud with a golden lining

CAPE TOWN — Every parliamentary cloud has a silver lining — no matter how dark.

This has been proved once again by the sudden departure of former Mahpower Minister Mr. Pieter du Plessis and former Nationalist MP for East London, Mr. Pieter de Ponce, after his association with a convicted drug dealer.

The silver lining — some would call it a golden lining — is the parliamentary pension scheme.

The idiom, however, did not apply to former Nationalist MP for Hillbrow, Mr. Leon de Beer, convicted of electoral fraud, who had not sat in Parliament for the minimum 7½ years.

However, Mr. du Plessis received a golden-handshake of at least R250 000 and Mr. de Ponce about R60 000.

The scheme, often described by MPs as the best pension-scheme in the world, has caused public ire on more than one occasion — not only because of its generosity, but also because a person receives it no matter what the circumstances surrounding his departure from Parliament.

Unlike in private enterprise, where wrongdoing results in loss of pension benefits, it does not matter how heinous an ill-doing of a former member under current rules, he will get the pension and a gratuity. Way back in 1978 when former Minister of Information

Political Staffer BRUCE CAMERON looks at the much vexed question of parliamentary pensions.

Dr. Connie Mulder, left under the cloud of the into debacle, not only did he get a fat pension but the gratuities were introduced for the first time retrospectively after he left to include him in the net.

Mr. Harry Schwarz MP (FRP Yeoville) feels a code of conduct for MPs should be introduced and anyone contravening the code should at least lose the gratuity if the offence is sufficient to force his withdrawal from Parliament.

He was supported in Parliament by Dr. Andries Treurnicht, leader of the CP.

The pension itself is based on a formula on a base of 15 years.

Members qualify after seven years and six months or after serving for two Parliaments (being elected twice).

They must be full parliamentary elections and not elections for a particular House of Parliament. For instance, last year's whites-only elections did not count.

There are other factors that can contribute. Any previous service in either the President's Council, any of the now-defunct provincial councils or the similarly defunct South African Indian Council or

Coloured Representative Council, is taken into account. But in these instances two years' service is counted as one parliamentary year.

The pension is based on a factor of 15. After 15 years an MP receives a pension equal to the salary he was receiving on retirement. At current rates of MPs' salaries, that would mean a pension of about R70 000.

Between 7½ years and 15 years, the pension is directly proportional as a fraction of 15 — for example, eight years' service equals a pension of eight-fifteenths of the salary he was earning on retirement.

The generous pension is not the end of the story. Again, unlike in the private sector where lump sum payments on retirement come from commuting a portion of a pension, MPs are handed a generous golden handshake.

The handshake has no limits. It is also worked on a base of 15 multiplied by two. But here if an MP has 20 years' service, he will receive 20 fifteenths — for example, the salary of R70 000 multiplied by two to give him a gratuity of R140 000.

And for all of this, he pays 10 percent of his parliamentary salary for 12 years — after that the taxpayer contributes everything.

An MP who retired this year would, if he had qualified for a full pension, have paid about R50 000 in

contributions — not nearly enough even to cover the R140 000 golden handshake, let alone the R70 000 a year for life.

The pensions are increased annually but not at the same rate as the salaries of MPs and also not at the same rate as the inflation rate.

The benefits for MPs also increase depending on what position they hold in the power structure.

Pensions are then based on the higher salaries paid to committee chairmen, to parliamentary whips of all parties, to opposition party leaders, to members of the Cabinet and their deputies.

And there are quirks in the system from which MPs can benefit.

The prime example was President Botha when he resigned from Parliament to become the first executive President. He received a gratuity of R300 000, despite his job remaining basically the same.

Mr. Amichand Rajbansi, sacked chairman of the Indian Ministers' Council, is receiving a pension of at least R61 000 a year for his years as a Minister, on top of his MP's salary of R70 000 a year. He will also receive a gratuity of R122 000.

The one piece of good news for taxpayers is that at least half the MPs on current statistics don't receive pensions, because they don't manage to hold their seats for the required minimum period.

Govt probes pension payout controversy

By Peter Fabricius,
Political Correspondent

15/2/89 300
The Government has ordered a probe to decide if MPs and political officials who resign under a cloud should still receive pensions and "golden handshakes".

This follows the recent outcry about Ministers and MPs who left public life in controversial circumstances, but still received large pensions and gratuities, or golden handshakes.

Acting State President Mr Chris Heunis announced yesterday that the Cabinet had asked Parliament to form an ad-hoc joint committee to investigate the matter.

A statement was read to Parliament by Minister of Transport Mr Eli Louw. Although it does not mention the recent controversy over the payouts to Ministers and MPs, it is clear this has prompted the inquiry.

ADVOCATE-GENERAL'S INQUIRY

One was Minister of Manpower and Public Works Mr Pietie du Plessis, who resigned as a result of an Advocate-General's inquiry into the leasing of a building to his department by his son.

It was also disclosed recently that Mr Amichand Rajbansi, former Cabinet Minister and chairman of the Ministers' Council in the House of Delegates, would receive pension payouts although he had been fired from office.

The former National Party MP for East London City Mr Peet de Pontes, is also due to receive payouts.

Probe into pensions for disgraced politicians

CAPE TOWN — After weeks of controversy about disgraced politicians still receiving pensions and golden handshakes, the Cabinet has asked for a parliamentary inquiry into this.

Transport Minister Eli Louw, government's last speaker in the joint debate on the acting President's opening speech to Parliament, made this surprise announcement yesterday.

Government came under heavy pressure during the debate about allegations of corruption in high places and the resignation of MPs under a cloud.

There has been widespread public comment on former House of Delegates Ministers' Council chairman and Minister Amichand Rajbansi, criticised by the James Commission, receiving a golden handshake of more than R70 000.

There has also been reaction to former MP Peet de Pontes receiving a substantial pension and handshake after resigning following the Harms Commission finding that *prima facie* cases of several offences had been identified

against him.

Louw said: "The Cabinet has decided to ask Parliament to appoint an ad hoc committee to investigate and make recommendations on the question of whether there should be provision for the withdrawal of pensions and gratuities payable in terms of the Members of Parliament and Political Office-bearers Pension Scheme Act, and, if so, under what circumstances."

Since the controversy erupted, there have been calls for a code of conduct for politicians and office bearers.

Elderly are victims of 100 killings

By Helen Grange

Statistics made available to the Rand Supreme Court yesterday in the trial of Mr Jacob Oupa Tloome show that 100 elderly people were murdered between the beginning of 1987 and the end of 1988 on the Witwatersrand.

Elderly people were the victims of 416 robberies, 57 rapes and 111 serious assaults during the same period, according to the statistics on crimes against the elderly, provided by Colonel Floris Mostert from the Brixton Murder and Robbery Unit.

Of the 685 cases of murder, robbery, rape and serious assaults during this period, 337 victims were women.

The statistics show there has been a steady increase in all four crimes listed since 1986, especially robbery.

The Brixton Murder and Robbery Unit is investigating 22 murders between the beginning of 1986 and the end of 1987. Eight of these victims were women.

During 1988, six murder cases were investigated.

Death sentence imposed four times

Murderer of two old people to hang

By Helen Grange

A 29-year-old Soweto man convicted of the murder and robbery of two elderly Johannesburg people was sentenced to death four times in the Rand Supreme Court yesterday.

Jacob Oupa Tloome received two death sentences for the murders and two death sentences for two counts of robbery with aggravating circumstances.

He received a further six years' imprisonment for a conviction of theft.

Tloome murdered Mrs Elizabeth Maria Ferguson (67) at her home in Elton road, Rewlatch, in Johannesburg on November 26, 1987. He had throttled her and stabbed her several times with a knife before robbing her of her car and other household goods.

Two weeks later, he murdered

Mr Nicolas van der Riet (66) at his home near Roseacres in Johannesburg — and then robbed him of various household items.

Mr van der Riet also died as a result of throttling.

On June 3, 1987 near Suidheuwels in Johannesburg, Tloome broke into the home of Mr Willie Reynolds and stole about 22 items.

'Appalling record'

Mr Justice O Donovan said when handing down sentence that Tloome was a recidivist (repetitive criminal) of the worst order with an appalling record of previous convictions, including house-breaking and theft as well as one count of assault.

"The attack on the two deceased was brutal and merciless.

Mrs Ferguson was slightly built and elderly and Mr van der Riet was also elderly with no hope of resisting the attack," Mr Justice O Donovan said.

An important feature in the sentence was that Tloome showed no remorse over his actions. He had brutally killed Mrs Ferguson and then committed an essentially similar crime two weeks later. The crimes were pre-meditated actions which followed a pattern all too familiar.

It followed that the death sentence for the two counts of robbery with aggravating circumstances was the only appropriate sentence.

Mr Justice O Donovan added that it was tragic that elderly people were the target of so many attacks in their own homes during the day where they were supposed to be safe.

WIDOWS PERSONAL FINANCIAL PLANNING

INVESTMENT planning is for everyone, not merely for the breadwinner of the family. Take the case of Mrs Jones. Her husband died, leaving her and an 11-year-old son.

Mrs Jones is 39 and worked part time and was not entitled to join the company's pension scheme. Her son is above average at school and she would like him to attend university in seven years' time.

Mrs Jones elects to take up full-time employment for R2 200 a month, and join the company's pension fund.

Orphan

Bond cover ensured that her house is paid for. Mrs Jones also receives R80 000 from a group life-assurance scheme, R500 a month widow's pension and an orphan's allowance of R110 until her son is 21 or becomes self-supporting. The money will provide for day-to-day living expenses.

Paul Fyfe of AFC Investments considers Mrs Jones to be a medium-risk investor. She has no requirements of additional income on her current standard of living, but there are areas for concern.

In terms of the pension-fund rules, she will retire at the age of 60 after 21 years of service on 42% of her final salary. The last thing a person wants to do is to retire and receive less than half the normal requirements, says Mr Fyfe.

Second, her son will be going to university in seven years' time. Mrs Jones needs to plan to realise the amount which should be sufficient for his education.

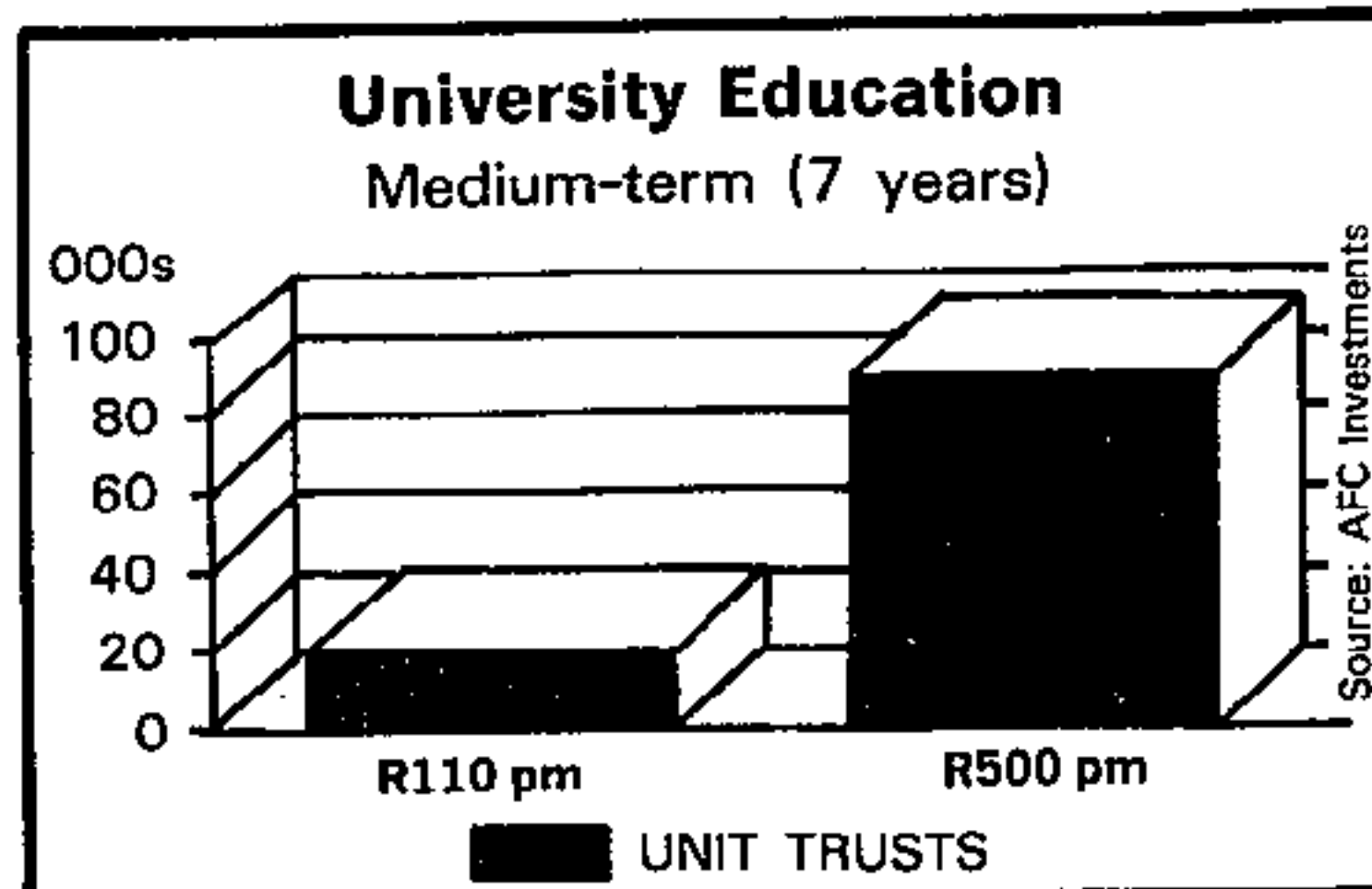
Reserve

Third, it is important that Mrs Jones draw up a will, and because the child is a minor, set up a trust for his benefit. As she is the guardian it would also be wise to appoint new guardians in the event of her death before his reaching majority.

Mr Fyfe's suggested investment plan:

Mrs Jones should place R10 000 on call or 31-day deposit as a reserve against emergencies.

More than a mite for widowed Mrs Jones



She should invest the balance in capital growth assets. Historically, the JSE has been a top performer. Because the outstanding R70 000 is too small to be placed with an investment manager to have a personalised portfolio, Mr Fyfe believes unit trusts offer the answer.

A total of R70 000 might seem large, but to buy only 100 blue-chip shares, such as Anglo American, would cost about R7 000. Mr Fyfe does not recommend that all the balance be put into unit trusts, suggesting R40 000 is a reasonable amount. The risk is much higher where an individual buys only a handful of blue-chip shares than when his funds are spread across a wide range of equities.

This investment should be considered long term to supplement Mrs Jones's pension on retirement. Unit trusts offer Mrs Jones the expertise of professional investment management.

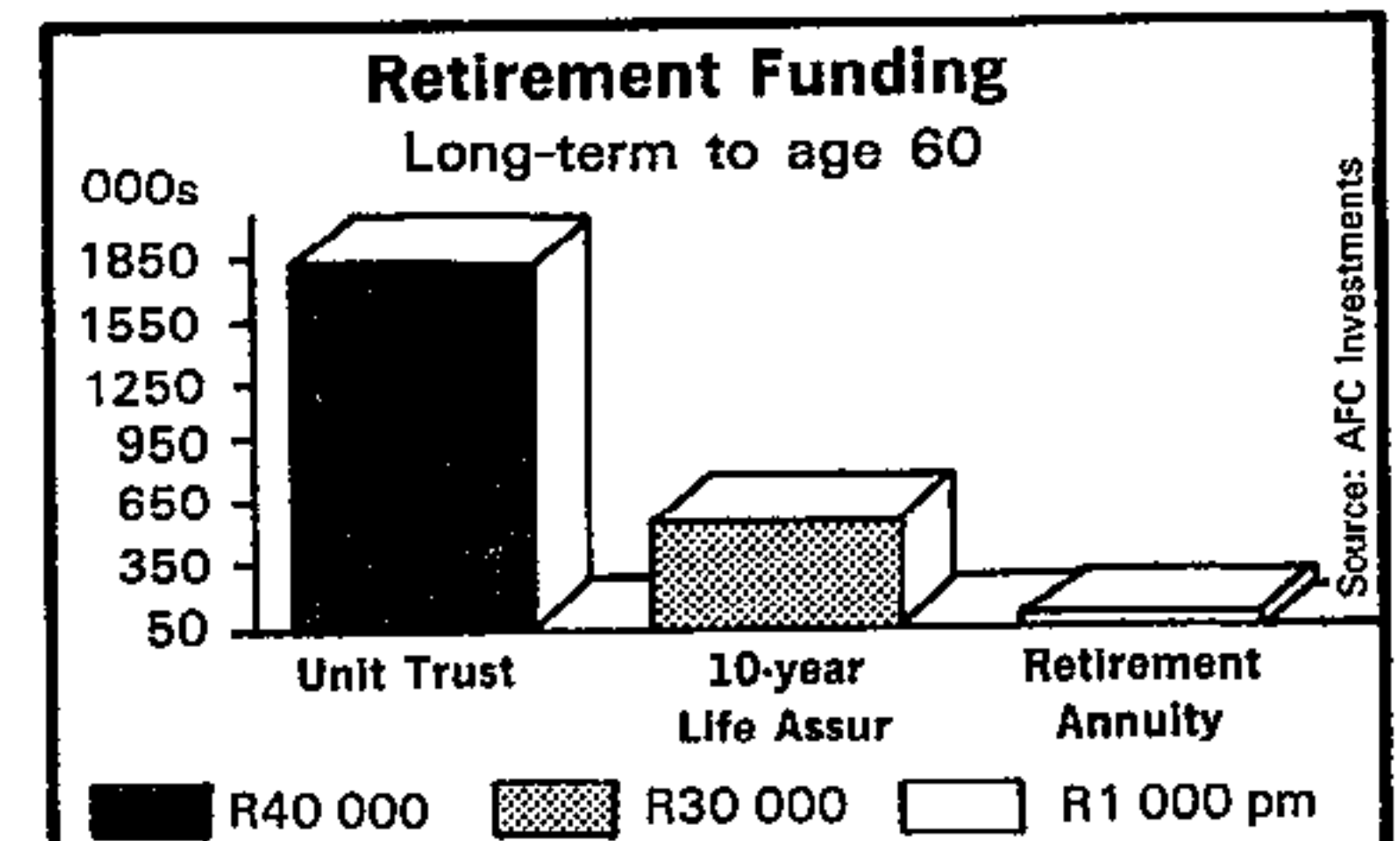
Being a medium-risk investor, Mrs Jones should invest in a 10-year life-assurance plan. Unlike unit trusts, which invest mainly in equities, life-assurance plans are spread across property, fixed investments and shares on the JSE. These plans are investments of at least 10 years whereafter Mrs Jones would be entitled to a tax-free income.

This investment offers her security, a guaranteed maturity value and capital growth which over the last 10 years has beaten inflation.

To supplement her pension and to take advantage of the tax deductibility, Mrs Jones should invest in a retirement annuity. The income from the R10 000 short-term deposit can be used for it.

Marginal

The Receiver of Revenue would refund to Mrs Jones an amount equal to her marginal tax rate times her annual premium. Looking at a marginal rate of 35% Mrs Jones will effectively contribute only R650 a year to the retirement annuity, but the insurance company will give her full



credit for the R1 000.

With regard to hers and the orphan pension, Mr Fyfe suggests Mrs Jones invest these amounts in unit trusts monthly.

"Once again, going for a growth investment, little liability for tax is attracted. The orphan's amount is payable to the son in his own right, and the dividend from the unit trust is entirely tax free.

"The amount invested on behalf of the child would be earmarked for his university education and any shortfall could be funded out of the capital growth on either the R40 000 unit trust investment or the R500 a month paid in."

Mr Fyfe bases his returns for the investment plan on these assumptions:

- Fixed investment yield 10% a year;
- Unit-trust compound return 20% a year;
- Life assurance 15% a year;
- Retirement annuity 15% a year.

A three-year university course costs R7 000 a year. Escalated at 15% a year it will have reached R16 100 in seven years. The capital available from investing the pensions in unit trusts would be sufficient to cover the cost of education.

Although the capital sum invested in unit trusts should be regarded as long term, it is available should additional liquidity be required.

Mrs Jones's pension is supplemented by the income from unit trusts, life assurance and retirement annuities.

Domestic pensions

AS attitudes to employees change for the better, many people are considering a pension fund for their domestic employees.

Federated Life was the first group to introduce the Domestic Pension Fund. The premium income is invested in the same way as any other pension fund handled by the group, and its record of growth has been strong.

The minimum contribution is only R15 a month. No medical examination is required, and disability and life assurance start immediately. Life and disability pensions are paid for life. An additional R3 000 is paid into the account should death or disability occur.

Premiums are increased automatically by 12% a year. Employees can retire at any time between the ages of 55 and 70 years and a third of the pension's value can be taken in cash.

RAs for the future

THE ordinary man has little chance of accumulating the capital he will need to live on in his retirement, says Paul Clipsham, deputy general manager of Fedlife and president of the Institute for Life and Pension Advisers. if the lump sum is put into a retirement annuity as a single premium. Otherwise, the first R1 800 is tax free, and the balance is taxed at the average rate applicable to the individual. 300

Mr Clipsham stresses the importance of preserving pension that has been accumulated when an employee changes jobs. "Tax is not paid out as early as possible to try to make up the expected shortfall on retirement."

Rainy-day funds for all

WILLIAM Wolke, general manager of marketing at Sage's FPS personal financial planning company, says everybody should have an emergency fund of three to six months' salary in a savings account where accessibility is more important than interest rates. Alternatively, an overdraft facility could be arranged to provide the funds should the need arise.

"For economically active

people, usually in the 25-55 year bracket, deriving an income from an investment is not usually the determining factor in deciding on a suitable investment medium. Their objectives are to accumulate the capital to fulfil dreams and desires.

"The dream is often a home — and it is a fact that home ownership is the primary wealth creator in SA."

But for older individuals

there is almost always a need for additional income and the investment medium they select even in the short term will be based on the ability to produce this income.

He warns to be careful of organisations offering investors a very high rate of return in the very short term. Remember, the higher the return, the higher the risk.

Call for pensions parity

CH Times

14/2/89

Political Staff

300

TO provide parity in pensions for people of all races would cost the state 2% of the total budget but would allow those involved in negotiation to reap the rewards, the MP for Yeoville, Mr Harry Schwarz, said yesterday.

Speaking in the mini-budget debate, Mr Schwarz, the PFP's spokesman on finance, said the disparity could be removed at a lower cost than anything else particularly education. The crucial problem was whether negotiation or revolution would be the instrument of change.

Job-hoppers jumping to buy back pensions

15/Day 14/2/89

300

PRIVATE pension scheme buy-backs to preserve benefits have become increasingly popular as more and more employees job hop.

In addition, says Southern Life senior manager: legal and tax services Nigel Scott, making arrear contributions also helps preserve pension payouts against inflation and replace lost benefits for employees changing jobs.

And there is a tax benefit — arrear contributions up to R1 800 can be deducted for tax purposes over and above current membership.

Highlighting the ravages of inflation on a pension, Southern Life assistant GM: life marketing Peter Atkinson says unless a 25-year-old has accumulated several million rands by retirement, a pauper's lifestyle

KAY TURVEY

could follow.

Assuming inflation at a rate of 13% a year, the value of a monthly income of around R16 500 derived from capital of R1m today will equate to an income of R125 a month by the time the 25-year-old retires at 65.

To produce a pension equal to 100% of salary at retirement, a person retiring at 65 will have had to have saved 10,5% of his income for 40 years, or 15% for 30 years or 25,5% for 20 years.

Federated Life assistant GM: pension development Bob Woodgate says employees fail to realise that pensions are a function of both salary and years of service.

Pension fund 'is a separate entity'

16/2/89
300

Municipal Reporter

The Johannesburg City Council's flat refusal to answer Progressive Federal Party questions on the "Saan affair" has been backed by its pension fund manager who has claimed the fund is a separate legal entity and may act independently of the council.

REGISTERED

Reacting to PFP attempts to clear up doubts over the fund's re-purchase of the South African Associated Newspapers building for R8,75 million, having earlier cancelled a deal for R7,25 million, Mr Willie Siebert said the fund was registered in terms of the Pension Funds Act.

As a body corporate it could sue or be sued and the rules provided that it should be administered by a committee of management, six elected by the members and six nominated by the council.

The 12 management members nominated the four-man executive committee, all councillors or officials and possibly one pensioner.

The executive committee invested money as determined by the committee of management, but not subject to council approval.

Pension fund staff had been with the City Treasurer's Department and were now under the Funds and Licensing Department, he said.



Three-year pensions wait



Pictures:
DION TROMP, The Argus.

PENSION PATIENCE: Waiting for her pension is Mrs Nothembile Ngozi, 75, of B49, Khayelitsha. With her, from left, are Mr Mbelese Simayile, Mr Kulwini Qingana, Mr Zililbele Matyesini, Mrs Nolwandle Simayile, Mrs A Qingana and Mrs Nothembile Yoyo.

By BRONWYN DAVIDS
False Bay Bureau

MANY Khayelitsha elderly eligible for state pensions of R234 every two months have been waiting for up to three years for payments to start.

Case histories of people waiting for pensions were read out at the Khayelitsha Advice Bureau at E505.

Mrs Noel Robb of the Black Sash advice office said that when inquiries were made the Provincial Administration's Department of Community Services gave answers like: "The application form has been lost" or: "The person is the wrong age".

The Province's Department of Community Services took over pensions payments for blacks from the Department of Home Affairs in 1987.

Mrs Robb said Mrs Nothembile Ngozi, 75, of B49 first applied for a pension in May 1986.

Food vouchers

In January 1987 she received a letter from the Department of Home Affairs saying she could receive a pension.

By January 1 last year there had still been no money in her name at the payment point, but she had received food parcel vouchers.

The Department of Community Services had told her later her age was "wrong". She had reapplied for a pension in September last year but had not yet heard anything.

Mrs Ngozi said: "My daughter looks after me. She does not work but she gets maintenance from her husband."

"There are eight people in our household and my daughter has to support everyone. There isn't enough money to feed us all."

Mrs Robb said Mrs Gladys Yoyo's husband was disabled but was not yet old enough to receive a pension.

Pensionable age was 65 for men and 60 for women.

Mrs Yoyo was born in 1922 — which was confirmed by her marriage certificate. She had applied for a pension in October 1986. The department had granted this in November 1987.

She had gone to the payment point at the Resources Centre, Khayelitsha but had been told there was no money for her.

She had had to make two trips to the Department of Community Services offices in Observatory before being told a pension had been approved for her in March 1987 but had later been cancelled.

After reapplying she had received R101 in September last year and R200 in November.

In January she had been told her name was not on the list and she would not be able to get any money. She had not received any back payments.

Mr Mbelese Simayile, 70, of Y121, Site B, Khayelitsha had applied for a pension in July 1986. He had been told his application "could not be found."

The department owed Mr Zililbele Matyesini, 69, of M73 of Site B about R2 620 in back payments. He had applied for a pension in May 1986.

No records

There were no records of his application at the department, but he was receiving food parcels from the Khaya Bazaar.

He had eventually received payments of R700 and R234 but was still owed the back payments.

Mrs Robb said if people were receiving food parcels it meant they were on the department's records because food vouchers were handed out only to those who had applied for a pension.

Mrs Nolwandle Simayile, 65, of Y121, Site B, Mrs Madamba Mhlahlo, 65, of B706, Mrs Esther Yonze, 74, of F329, Site B and Mr Kulwini Qingana, 67, of Site B had all applied for pensions in 1986 but had so far heard nothing.

● A list of questions about pension payments was sent to the department by The Argus more than a week ago. There has been no reply.

Anderson says: 31 percent of working pay levels," says Mr Liebenberg. — Sapa-Reuter.

Industry must protect public, says LOA chief

15W 22/2/89
Finance Staff
The life insurance industry is an excellent example of the success with which some sections of the private sector can exercise self-restraint in the public interest, says Mr Pierre Steyn, chairman of the Life Offices' Association (LOA).

Speaking at a meeting of the LOA management committee, Mr Steyn said the LOA members had on a number of occasions entered into agreements to ensure that the life insurance industry was not used in any manner that would not be beneficial to the South African community. The LOA is one of the most successful self-regulating bodies in the country.

Among examples of agreements entered into in the public interest that have come to light are the agreements not to allow people to circumvent South African taxation through the misuse of policies issued in the Ciskei tax haven, and the agreement to limit the use of

deferred compensation policies in order to exclude certain tax avoidance schemes.

The most important of these agreements is possibly the so-called Short-term Investment Policies Agreement. The purpose of this agreement is to demarcate a boundary between business conducted by banks and building societies, on the one hand, and life insurers, on the other.

The agreement stipulates that life insurers will not issue life policies or annuity contracts for a term of less than five years, nor policies that offer attractive surrender values.

This agreement was entered into specifically to allow marketing space for the building society industry. It has for some time been unable to offer to depositors an after-tax return that beats inflation. Consequently, it has attracted a decreasing percentage of the country's savings.

Protea policies blossom

FIGURES released earlier this month by Protea Assurance show the company's investment team received exceptional returns for policy holders during the 12 months to December.

Policy holders paying monthly pre-

miums into the Prosure retirement annuity fund saw their investment grow by 32%, while holders of taxable endowment policies whose premiums were directed into the Investor portfolio earned 28% on their investments.

These figures were achieved despite restrictions placed on the investment team by the statutory prescribed asset requirements applicable to life insurance products.

Jim Brayson, senior executive of Protea's life division, points out that holders of the company's Prospector 2000 Universal series of policies have several different portfolio options available.

"In addition to the Protea-managed funds, policy holders can select the UAL unit trust portfolio, the Smooth Growth and Deposit portfolios, the new UAL unitised property portfolio or a combination of these.

"We are particularly delighted with the performance of the unitised property portfolio which, although introduced only six months ago, has chalked up an annualised return of 48%," he says.

Protea is currently the only life assurer in the country able to offer its policy holders a number of investment options on a single contract, with an option to alter the investment mix throughout the life of the contract.

"This means the policy holder can react to changing market conditions," comments Brayson.

"For example, if the equity market is depressed, he could channel his premiums into the property portfolio. Conversely, if the equity market is performing well, he could direct his premiums into the Investor fund or the UAL unit trusts, or a combination of these.

"The Smooth Growth and Deposit portfolios cater for a more conservative investment requirement."

THE BIG DROP ⁽³⁰⁰⁾ 1/10/24 22/2/89

LESS than 10% of working South Africans retire financially independent, because of inadequate retirement planning, says Old Mutual's assistant GM marketing Stuart Fish.

Even those who are members of company pension schemes — and only half of the working population has a corporate pensions package — face a major drop in income when they retire. In many cases this is more than 50%.

An employee with 30 years' service will receive a pension some 40% below his salary, and relatively few workers have even 20 years' pensionable service.

Rising inflation and taxation whittle away the pensioner's buying power when he has little prospect of increasing his income. A 15% inflation rate — well below

the current figure — halves the value of a pension every five years.

The solution is to start building a retirement nest egg which will show capital growth above the inflation rate. For most, this is more easily said than done, with inflation and rising tax, through fiscal drag, cutting take-home pay.

"The tax man helps by allowing some retirement funding to be deducted from income before taxes are levied. This brings about a tax saving, with the Receiver effectively paying part of the cost of the pension," comments Fish.

Retirement annuities are flexible as capital-builders, lowering tax and providing returns well above inflation.

One of the most flexible methods of building



STUART FISH

capital for retirement is a retirement annuity, which lowers tax and — judging by results thus far — provides returns well above inflation.

6/Day 22/2/87

RE



□ PETER ATKINSON ... "lack of rigid financial discipline"

RETIREMENT planning probably makes up the bulk of the life assurer's business, according to Peter Atkinson, assistant GM: life marketing, at Southern Life.

"One could say that all long-term saving is really geared towards retirement planning, and that life assurance simply adds the extra prices to cover the death or disability of the breadwinner if that happens prior to retirement," he explains.

Yet, according to Atkinson, modern society is characterised by a lack of the "rigid financial discipline" needed to ensure future financial stability.

"Modern society lives life to the full, with every cent earned used to boost living standards.

"This creates a double problem in retirement in that, firstly, finances are insufficient and, secondly, the expected lifestyle is too expensive to maintain in retirement," Atkinson adds.

Over the years, pension funds have been under pressure to improve their benefits to members — in terms of both immediate retirement benefits and ad hoc increases to help those in retirement cope with the increasing cost of living.

But, Atkinson stresses, pension funds

EVERYBODY³⁰⁰ 'NEEDS' TO BE A MILLIONAIRE

cannot be considered an adequate provision for future financial needs.

"The cost of providing a financially-safe retirement is staggering in these inflationary times, and at best group pension schemes can be expected to provide only a basic income for average needs.

"In addition, job changes in mid-career further limit the pension benefits accruing to an individual, especially where he fails to invest his withdrawal benefit suitably, to preserve at least a part of lost benefits," he adds.

While compulsory pension preservation has been mooted as a possible solution, in practice Atkinson believes it is each person's responsibility to control his own future.

However, he points out, many people fail to realise the need for regular retirement savings starting at a young

PLANNING for retirement involves choosing from a number of long-term savings vehicles — ranging from basic pension and retirement annuity funds to a variety of less conventional schemes.

For a long-term savings programme an ordinary retirement annuity offers numerous advantages.

The amount deductible from taxable income comprises 15% of non-pension-paying income, or R3 500 less pension fund contributions, or R1 750, whichever is greater. It is secure in that it cannot be attached in case of insolvency.

The investment returns almost invariably beat inflation — and the real return is further improved as a result of the tax advantages it offers.

A retirement annuity also represents a valuable form of "forced saving" — of particular benefit when people's needs or desires put their incomes under pressure. Legally, it can be withdrawn only between the ages of 55 and 70, except in the case of death or disability.

There are essentially three kinds of annuity: a straight investment with no life cover, with simply the capital balance going to the policy holder's dependents on his death; a retirement annuity with a death benefit; and a retirement annuity with death and disability.

Once an individual's basic long term security has been assured by means of a pension fund and annuity,

Unusual schemes can pay

(300)
12/Dec/22/84

it often pays to look to alternative forms of investment to balance out the investment portfolio.

Provident fund umbrella schemes lost credibility on the market during the 1970s, until the collective bargaining machine gained muscle to influence decisions. Indications are that these funds are particularly useful at the two highly mobile ends of the employment spectrum — blue collar workers and executives.

Instead of investing in normal equities and government stocks, the provident fund buys individual life policies on the lives of its members. When the member retires, the fund cedes the policy to him, thereby providing a valuable tax shelter.

After 10 years members can withdraw contributions — with earnings — tax free.

Unit trusts are another favoured form of investment, which over the long term consistently out-perform most other investment media. Part of their popularity is due to the fact that they can readily be made liquid.

LONGEVITY RISK ³⁰⁰

61501 22/2/87
A RETIREMENT annuity can help you lessen the biggest financial risk after retirement — that of living too long, says Jacques de Villiers, senior manager (product development) at Sanlam.

"Unless you plan to counteract the effects of inflation, the buying power of your retirement income will be relentlessly reduced."

"The longer you live, the more the situation will deteriorate. For example, at an annual inflation rate of 15% the buying power of a fixed income drops to a quarter of its original value after only 10 years," he comments.

"Pensioners simply cannot afford to disregard inflation — and this applies to the self-employed, who have to make their own retirement provision, as well as those who belong to pension funds," he says.

He believes pension fund members tend to have a false sense of security regarding their pension provision.

"Although 91% of pension funds provide for increases after retirement, these increases lag far behind inflation."

"A retirement annuity is the ideal way to provide for retirement — for the self-employed, and as a supplement to pensions for pension fund members. It is tax efficient and has a record of inflation-beating returns on contributions."

According to De Villiers, simply by reducing the initial value of a pension it is possible to buy a growing fund that

will help guard against a drop in standard of living.

Under such a system, a constant pension would pay R100 a month, for example, from the age of 65 until the pensioner's death.

An equivalent pension growing at 5% a year would start at R80 and grow to R102 after five years. After 10 years it will be paying R130 a month, and after 15 years R166.

And if the growth rate is 10% a year, it would start at R60 a month and, after 10 years, will have reached R251 a month, overtaking a fixed pension after five or six years. It would also usually reduce tax liabilities.

"Later, when other sources of income may have dried up, the growing pension will be higher than a fixed pension would have been and it will keep growing."

A short-term retirement annuity can also be used effectively after retirement to combat inflation.

"Contributions to a retirement annuity may not only be deducted from earned income to qualify for tax relief; they may also be offset against, for example, investment income and pensions."

"Someone who retires with an ample income could put some of his discretionary income into a retirement annuity policy that matures before his 70th birthday. When the policy matures, he will have given himself a substantial raise," he explains.

ES

Monday 22/2/89 300

Changing jobs may cost in the future

JOB mobility is often seen as the hallmark of the successful yuppie, but it can bear hidden costs which make themselves felt only on retirement.

A leading insurance company says the cost of changing jobs at the age of 30, after five years with a previous employer, could result in a loss of benefits amounting to 12.5%.

The estimate is based on the usual scheme benefit, which amounts to 2% of the employee's annual salary multiplied by the number of years with the scheme.

At the age of 25, the average employee has an expected 40 years of service, at the end of which his pension would amount to 80% of his salary.

But if he changes his job after five years and withdraws his accumulated pension contributions, he can expect to have only 35 years in service, at the end of which his pension would amount to only 70% of his final salary.

The main portion of the responsibility for preventing this from happening lies with the employee. Many financial ad-

visors deplore the common tendency to regard pension refunds when changing jobs as useful cash to be spent on luxuries.

One consultant stresses that it is essential that people recognise the need to preserve their pension fund withdrawals — either by transferring them to their next employer's pension fund or by investing them in some other long term scheme.

In addition, he believes people should replace benefits lost as a result of their move.

"A withdrawal of as little as R750 could, 35 years down the track, cost the pensioner R1 808 off his monthly income," he comments.

"On the other hand, in the case of someone with 15 years to go before retirement at the time of changing jobs, his expected benefit would amount to 60% of his final salary.

"To increase this figure to 80%, he needs to invest about 7.5% of his monthly salary in an additional long term scheme such as a retirement annuity."

Employers are under pressure to refund their own contributions to the employee's pension fund as well as the employee's contributions. There are two points of view regarding this issue.

On the one hand, the employer's contribution could be regarded as part of the employee's total remuneration package; while on the other, it could be seen as a lump sum contribution based on the total salary payout, and made to benefit the company's workforce as a whole.

It has been suggested that the employer's contribution should be paid out, in part or in full, only when the employee concerned transfers the full sum involved to another pension scheme.

However, that would not seem a very satisfactory solution. If the employer recognises that the money in fact belongs to the individual employee rather than to the firm's workforce as a whole, its right to dictate how he spends it must — in a capitalist environment — be open to question.

ANNUITIES

1/Day 22/2/84

RETIREMENT planning should involve more than contributing to a pension or buying a retirement annuity; it is a complete exercise, taking into account the circumstances and expectations of each individual.

"We try to take account of a variety of personal factors, such as the individual's health, how he plans to spend his leisure, his hobbies and even his level of community involvement — all of which centre around his financial situation," comments Peter Atkinson, Southern Life life marketing assistant GM.

PLANNING (300) NEEDS CARE

"In fact, all too often we find people don't even know what their basic pension fund provides," he says.

The financial planning process goes through a series of stages, he adds. Goal setting is followed by planning, after which financial discipline is necessary to make it possible to make and maintain the right choices.

"In building up retire-

ment capital, it is essential to connect capital with the income it yields. The investor must have readily convertible assets," he says.

"The portfolio must also be balanced. Pension funds and retirement annuities don't necessarily represent the best investment in terms of high returns, but they provide a solid bedrock on which one can build other more high risk, high return investments.

"In SA, however, the tendency is to go for the 'fast buck' — possibly as a result of the general feeling of uncertainty surrounding the future."

fy is

3/Day 22/2/89

RETIREMENT AN

RA season nears peak as year ends

AS the current financial year draws to a close, "RA season" is approaching its customary annual peak, with numerous investors hurrying to maximise the number of deductibles for their tax returns.

According to Michael Belling, Sage Live marketing communications manager, however, February 28 is not the only deadline to bear in mind when considering investing in a retirement annuity.

Far more expensive, he says, is the cost of delay. A

40-year-old delaying contributions of R100 a month for a year could lose more than R144 000.

"Many people decide on an RA for the sake of tax relief on contributions," comments Belling.

"They often overlook the primary purpose of an RA — to provide a retirement income — and remain blissfully unaware of the effect a delay of even one year can have on that income."

Nine out of 10 South Africans, he says, lack financial security when they retire, although many have cover to protect their dependents when they die.

"Living too long is no less important than dying too soon. It is essential to plan and save for both, and the consequences of failing to provide for retirement as soon as possible can be alarming," he adds.

Further, Belling points out that being a member of a pension fund can lead to the delusion that no further retirement provision is necessary.

"In most cases, the opposite is true. The average pension is less than 30% of the final remuneration package," he says.

Under these circumstances, the earlier an individual begins to save for retirement — and to allow long-term compound interest to take effect — the better.

Even in volatile markets, the regular monthly or annual savings aspect of most retirement annuity plans works in favour of the investor, due to rand cost averaging. Hence it can provide good returns even when markets are down.

"Conversely, a delay in beginning a retirement plan can be very expensive in the long term," Belling

explains.

For example, a 40-year-old investing R100 a month for 25 years, assuming 15% growth and 15% contribution increases, would receive R876 076 at the end of the term.

"A postponement of one year would reduce the fund by 16.53% to R731 287, making the cost of delay in that year R144 789. And a delay of four years could mean a loss of more than half the fund."



□ MICHAEL BELLING

**HOW MUCH
SHOULD
WE BE
SAVING?**

Our policy first to be

Understanding the average insurance policy is akin to interpreting ancient hieroglyphics.

Well we believe that as THE new you force in the Life Insurance business — back one of South Africa's largest insurance groups — we should respect the right of every policyholder to UNDERSTAND what he's buying. That we're dedicated to eradicating the jargon and bring you policies that not only offer unrivalled FLEXIBILITY in meeting your specific needs that you'll find EASY READING.

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- ★ Home Loan Protection ★ Investment Plans
- ★ All Other Life Insurance Needs

THE NEW UNDERSTANDING



LONG WAIT: Mr John Cheou who has won a war veteran's pension 43 years after World War 2 ended.

Mcus 24/2/89 300

War veteran to get his pension after 43 years

The Argus Correspondent

JOHANNESBURG. — A forty-three-year struggle to get a war veterans' pension has finally been resolved for Mr John Choeu, 70, who fought for South Africa in World War 2.

The Department of Foreign Affairs informed the Wits Campus Law Clinic (WCLC) which acts on behalf of Mr Choeu, that funds were available to the TBVC states to pay equal pensions to all war veterans.

Mr Marius Moller, deputy director of the department, said the government sent additional funds to the states at the beginning of January to bring their war veterans pension payout on a par with those of their white counterparts.

Mr Choeu had struggled for 43 years to get his war veterans' pension, said the WCLC.

"His personal application for a war pension was turned down by, among others, the SADF, a Vryburg magistrate, and three commissioners for the department of Co-operation and Development," said the WCLC.

Fought for SA

His problem apparently became more complicated when his home town Madibogo in the northern Cape was included in Bophuthatswana when the homeland gained independence 12 years ago.

Mr Moller said he was uncertain what transpired 34 years before Bophuthatswana gained independence, but Mr Choeu had refused to apply for a pension in Bophuthatswana, saying that he had fought for South Africa and not the homeland.

About 444 war veterans who live in Bophuthatswana could apply at the Internal Affairs Department at Mmabatho. Bophuthatswana authorities promised to help them acquire their pensions. The same applies to war veterans in other TBVC states, said Mr Moller.

Changing jobs and your pension

Star 25/4/89
MODERN retirement annuities are very flexible products and you can add disability and death coverage.

For the majority who work for an employer the company pension fund is the major source of retirement income.

If you are not a member of your company pension fund or your employer does not have a fund you should ask, why not?

If nothing can be done your solution is also a retirement annuity fund.

Pension fund membership is a particularly effective method of retirement provision.

Usually your employer pays more than half the costs. It is also very tax effective. Your contributions up to 7,5 percent of salary are deductible from your taxable income.

Your employer can

also deduct his contributions to the fund which makes a pension fund attractive to him.

There is however a problem with many pensions funds. Nowadays people tend to change jobs. There is nothing wrong with that.

If your employer cannot fully utilise your talents you must go where you can earn more.

In fact, this mobility is good for the national economy as it ensures maximum utilisation of limited resources.

The problem is that pension funds were designed with the aim of retaining employees, and thus the benefit on leaving service is often only a return of your own contributions plus a low rate of interest.

This wasn't a particular problem in the old days but inflation has changed that.

If you change jobs you should find out what benefits you are entitled to. Often it is only a return of your own contributions in the fund, but in many cases if you are prepared to leave your contributions in the fund, you will be entitled to a benefit based on your own and your employer's contributions plus investment earnings when you eventually reach retirement age.

This alternative is well worth considering.

However, even the cash withdrawal benefit, particularly over the short term, is not a bad benefit.

Consider the man earning R4 000 a month. He contributes 7,5 percent of his salary — R300 a month, to the pension fund. A year later he decides to change his job.

His withdrawal benefit

is a return of his own contributions plus, let us say, 3 percent interest. He thus gets R3 658,24. He still has to pay tax at his average rate on that portion of the withdrawal benefit which exceeds R1 800. (The first R1 800 is tax free).

Thus he eventually only receives R3 181,60. But, we have to consider, what else could he have done with his R300 a month?

In the first place, if it was not used as a tax deductible contribution, he would have paid R120 a month tax on it, leaving him with R180 to invest.

Even if he earned 1 percent interest on this money he would only have accumulated R2 365 at the end of the year. This doesn't compare at all well with the R3 181,60 received from the pension fund.

do so because the implication is... [Time expired.]

Mr J B DE R VAN GEND: Mr Chairman, what really concerns us on this side of the House is that if one looks at the evidence of the Harms Commission, it reads like a Who's Who of top Government officials and of Cabinet Ministers, and one really wonders why these people were involved when the man was so patently dishonest for a considerable period of time.

Dr de Kock of the Reserve Bank actually conducted an official opening of one of Vermaas's game farms on which he lavished favours on his important and no doubt useful friends including our Ministers. Both the departments of Defence and of Foreign Affairs have used Mr Vermaas's businesses, hiring an aircraft at, I believe, considerably well above the going commercial rates. Our Minister of Foreign Affairs has admitted that he and Mr Vermaas are close friends of many years standing and that they were involved in joint strategies to circumvent what he refers to as international sanctions. Did our Ministers really not see through this man? Were his criminal and other shady dealings not so patently obvious to at least demand caution?

Dr M S BARNARD: Have they woken up?

Mr J B DE R VAN GEND: It would appear not. On Sunday, 20 November 1988, the very day before the commission was due to commence its investigations into Vermaas, his close friend the hon the Minister of Foreign Affairs arranged through the hon the Minister of Finance for Vermaas to receive the help and advice of Mr Van Greunen, a top Reserve Bank official—on that very same night, Sunday night, as a matter of urgency—presumably in connection with his fraudulent foreign exchange dealings. Why else would Vermaas run for help the night before the commission is due to start its hearing? Why did it have to be conducted on a Sunday night? Was it that urgent?

Even after failing to submit tax returns for 10 years, there was no investigation let alone a prosecution. This meant a potential R44 million loss in tax to the Receiver of Revenue, let alone all the money this country is going to lose through his foreign exchange dealing. [Time expired.]

Mr D J DALLING: Mr Chairman, I believe that whatever is said about this matter, the intervention by the hon the Minister in the decisions of

this Attorney-General is an unprecedented one. I believe that a precedent has been created in this. I want to say immediately that I think that the hon the Minister acted correctly in intervening as he did. Previously, when the hon the Minister has been questioned about what an attorney-general has decided, said, done or what he should do, he has always pleaded that an attorney-general is independent; that the Minister has no power to intervene; that the decisions made are those of that Attorney-General and not of the Minister. The question I have to ask has a bearing on his administration of justice and that is, is an attorney-general independent or is he not; and, if he intervened, under what powers did he so intervene? [Time expired.]

The MINISTER OF JUSTICE: Mr Chairman, there really is a peculiar relationship between the hon member for Sandton and myself because he asks the right question at the right time which enables me to make a policy statement. I can assure hon members that I have not arranged this with him beforehand. However, let me first say, he is so predictable. That is the point.

If the hon member for Groote Schuur had held forth outside Parliament as he has been holding forth in this House, he would have rendered himself liable to prosecution under the Commissions Act because he has now sat as a commissioner. He has evaluated the evidence. He has come to a conclusion—a finding. [Interjections.] He has levelled a charge. He is the commissioner, he gave evidence again and he interpreted the evidence. It is patently not applicable to this case. He does not have the power and it is most inappropriate.

According to the Criminal Procedure Act, an attorney-general exercises his authority and performs his functions under the Act, subject to the control and directions of the Minister of Justice. This is what section 3 says.

Successive governments and Ministers of Justice have interpreted this provision to mean and applied it in such a way that attorneys-general are recognized and respected as fearlessly independent and must be seen to be so. In my experience, attorneys-general exercise their discretion to prosecute or not in a professional and objective manner and they should be allowed to continue to do so without being subjected to undue pressure from whatever source.

The relationship between attorneys-general and the Minister of Justice is indicative of the whole approach to criminal justice in our country. Our courts and our judicial functionaries dispense justice fairly between man and man and they do so independently of executive control or pressure. [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply

General Affairs:

Criticism of Government prohibited

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

Whether any persons or organisations were prohibited from issuing or making statements critical of the Government in 1988; if so, (a) what persons or organisations, (b) when, (c) why, (d) in terms of what statutory provisions and (e) who took the decision in this regard? B137E

THE MINISTER OF LAW AND ORDER:

(a) to (e)

In respect of persons — no

In respect of organisations I refer the hon member to *Government Gazette* numbers:

- 11340 and 11344 dated 10 June 1988
- 1148 dated 24 August 1988
- 11561 dated 25 October 1988
- 11569 dated 31 October 1988
- 11592 dated 11 November 1988
- 11623 dated 8 December 1988
- 11627 dated 13 December 1988
- 11655 dated 29 December 1988
- 11671 dated 16 January 1989.

Persons arrested for attending illegal gatherings

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

How many persons were arrested by the security forces in 1988 for allegedly attending gatherings prohibited in terms of (a) section 46 of the Internal Security Act, No 74 of 1982, and

(b) the emergency regulations? B138E

†THE MINISTER OF LAW AND ORDER:

- (a) 194 persons
- (b) 3 persons

SADF pensioners: medical arrangements

*3. Mr D J N MALCOMESS asked the Minister of Defence:

- (1) What medical arrangements are made for South African Defence Force pensioners who require operations;
- (2) whether such pensioners are obliged to have operations at military hospitals; if not, what are the relevant details? B139E

THE DEPUTY MINISTER OF DEFENCE:

(1) and (2) The medical expenses of members of the Permanent Force who retire with pension, is borne by the Permanent Force Medical Continuation Fund. These members must, where possible, make use of the facilities of Military Hospitals. If this is not possible, for example in areas where no Military Hospital exists, Provincial Hospitals may be used and the cost will be borne by the Permanent Force Medical Continuation Fund.

Military pensioners who receive a pension in terms of the War Pension Act, receive their medical treatment at the expense of the Department of National Health and Population Development at their nearest Provincial or Military Hospital.

Mr D J N MALCOMESS: Mr Chairman, arising from the reply given by the hon the Deputy Minister, is he aware that in some instances Defence Force pensioners, not the second category he mentioned but the first category, have been told they have to go for operations to No 1 or 2 Military Hospital, when they are in fact resident in Port Elizabeth and that under those circumstances they are in a strange community with nobody to visit them in hospital? Could he investigate the situation with the view to preventing it in future?

The DEPUTY MINISTER: Mr Chairman, I want to point out that they do have a choice. If the hon member will make this information available to me, I will certainly investigate the matter.

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

No.

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

High school teachers retrenched

*12. Mr K M ANDREW asked the Minister of Education and Development Aid:

Whether any high school teachers in South Africa were retrenched or made redundant in or at the end of 1988; if so, (a) how many, (b) why and (c) how many of these teachers were fully qualified?

B221E

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

Yes

(a) 22

(b) (i) Eleven unqualified teachers were retrenched, to accommodate teachers who completed their studies at teacher training colleges during 1988 and who are contractually bound by the department.

(ii) Eleven temporary teachers were retrenched during 1988 because they chose not to join the service of the Owa-Owa Self Governing Territory because of the take-over of the Boshabelo territory. They were also not prepared to accept posts elsewhere in the Orange Free State-Region.

(c) Nine of the teachers who were dismissed, are professionally qualified.

South African Development Trust: purchase of land

*13. Mr P G SOAL asked the Minister of Education and Development Aid:

- (1) Whether the South African Development Trust has purchased portions 2, 3 and 5 of farm 303 in the district of East London; if so.
- (2) whether it is the intention to extend Newlands; if not.
- (3) whether it is the intention to incorporate (a) farm 303 and (b) Newlands into Ciskei;

HOUSE OF ASSEMBLY

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

B222E

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(1) The Remainder of Portion 2, the Remainder of Portion 3 and Portion 5 of Farm 303 in the District of East London were purchased by the South African Development Trust.

(2) and (3) (a) and (b) The portions of the above-mentioned properties situated to the south of the East London/King William's Town highway will, in terms of the RSA/Ciskei Land Agreement, be incorporated in the judicial area of Ciskei. The portion of the above-mentioned properties situated to the north of the East London/King William's Town highway will be proclaimed for disposal by the State (RSA) and will not be incorporated into the Newlands area. The Newlands area will, in terms of the Government's decision, remain as a Black area within the RSA and will not be incorporated into Ciskei.

(4) No.

Ciskei: incorporation of Needs Camp

*14. Mr P G SOAL asked the Minister of Education and Development Aid:

Whether it is the intention of the (a) Government and/or (b) South African Development Trust to incorporate the area known as Needs Camp into Ciskei; if so, what is the intention with regard to the approximately 7 000 individuals evicted from Ciskei?

B223E

The MINISTER OF EDUCATION AND DEVELOPMENT AID:

(a) and (b) No.

Supply/maintenance of computers: recommendations by committee

*15. Mr R M BURROWS asked the Minister of National Education:

(1) Whether the Committee of Heads of Education Departments appointed a committee to inquire into the supply and maintenance of computers; if so,

(2) whether this committee has reported; if not, why not; if so, (a) when did it report and (b) what were the main recommendations contained in the report;

(3) whether the executive education department has taken any action to implement any or all of the recommendations of the said committee; if not, why not; if so, what action?

B226E

The MINISTER OF NATIONAL EDUCATION:

(1) Yes. Two committees have already been instructed to undertake investigations in this regard.

(2) The one committee has been appointed by the four departments of State responsible for education to evaluate the potential role of computer-aided education systems. This committee intends to commence its investigation once a report of the Human Sciences Research Council regarding the evaluation of the computer-aided education systems of the Department of Education and Training has been received. The committee has not received this report yet.

The other committee has (a) reported on 24 June 1986 on (b) recommendations regarding minimum standards for computer hardware and accompanying system and other software in education.

Within the education sector, a high priority is awarded to the fields of activity of these committees.

(3) No, in respect of the former committee, since it has not commenced with its investigation yet. In respect of the recommendations of the latter committee, this question should be put to each department of State responsible for education.

Government Service Pension Fund: buying back of pensionable service

*16. Mr R M BURROWS asked the Minister of National Health and Population Development:

(1) Whether finally has been reached on the matter of applications for the buying-back of pensionable service in the Government Service Pension Fund which were in the possession of employing departments as at

21 September 1987; if not, why not; if so, (a) what final decision has been reached and (b) what body made this decision;

(2) (a) what total number of applications held by employing department as at 21 September 1987 were provisionally rejected and (b) what total amount would be required to be paid by the State for the purpose of pension benefits in respect of the applications so rejected?

B227E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) No, the funding of the financial implications of a possible concession to the relative applicants is still being investigated, (a) and (b) fall away;

(2) (a) 6 865.

(b) R256,7 million.

Pietermaritzburg: backlog in telephone applications

*17. Mr M J ELLIS asked the Minister of Communications:

Whether there is a backlog at present in dealing with telephone applications in the Greater Pietermaritzburg area; if so, (a) what is the extent of the backlog, (b) what are the reasons for it and (c) when is it anticipated that the backlog will be eliminated?

B228E

The MINISTER OF COMMUNICATIONS:

Yes;

(a) 1 494 waiting applicants as at 31 January 1989,

(b) a lack of spare cable leads and in some cases a shortage of exchange equipment, and

(c) service will be provided progressively as cable works are completed and exchange equipment augmented. It is anticipated that all the present waiting applicants will be provided with service by June 1990.

Brackenfell: medium wave radio transmitter closed down

*18. Mr J VAN ECK asked the Minister of Information, Broadcasting Services and the Film Industry:

HOUSE OF ASSEMBLY

By REHANA ROSSOUW
Staff Reporter

THE Cape Provincial Administration has admitted there is a "considerable backlog" in black pension applications, with some people waiting up to three years for payments to begin.

This disclosure followed an Argus report highlighting the plight of elderly pensioners.

The administration responded to queries about individual pensioners, but did not indicate what steps it would take to solve the problem.

It said the backlog had occurred because the responsibility for pensions was handed to the Provincial Administration only in November 1986.

Last week The Argus published details of Khayelitsha pensioners who had been waiting up to three years for payments to begin.

Advice bureau

Case histories on people waiting for pensions were highlighted by Mrs Noel Robb, of the Black Sash's Advice Bureau in Khayelitsha.

The Province's Department of Community Services took over pensions from the Department of Constitutional Development and Planning on November 1 1986.

Province MEC Mr T W Nyati responded to individual pensioners highlighted in The Argus report.

Mrs Nothembele Ngozi said she had applied for a pension in May 1986. She said she was living with her daughter who supported a family of eight on a maintenance allowance.

Mr Nyati said Mrs Ngozi first applied on August 4 1986 while in possession of a Transkei/Ciskei travelling document. An applicant had to have a South African identity document before a pension could be considered, and she was told to apply for one, he said.

"Mrs Ngozi reapplied for a pension on December 6 1988 after she was issued with an identity number and was noti-

fied in writing on January 28 1989 that her application was approved," Mr Nyati said.

"An arrears amount of R267 for the period December 6 1988 to January 28 1989, in addition to an amount of R300 for January and February 1989 was payable during February."

He said Mrs Ngozi's first application for a pension was regarded as invalid as it could be considered only from the date of reapplication.

Mr Mbelese Simayile said he applied for a pension in July 1986 and was told his application "could not be found".

Mr Nyati said Mr Simayile had also applied for an identity document and was notified on January 28 that his application for a pension had been approved.

He said the Administration experienced a considerable backlog in pension payments.

"This function was only devolved to this department during November 1986, and a new department was since established to handle this function," Mr Nyati said.

Teething problems

"Obviously with newly-appointed staff it is only to be expected that teething problems could be experienced."

Mr Nyati said an application form explaining the benefits of pension payments into a banking or savings account was handed to every pensioner in November 1988.

"Although the reaction to this effort was quite encouraging, problems occurred in isolated cases where account numbers were quoted which were no longer active, or incorrect numbers were quoted.

"The Administration obviously cannot accept responsibility for this."

Words banned

TOKYO. — Textbook publishers have been told to drop the words "slave coast", "Hottentot" and "Bushmen" from Japanese schoolbooks because they are discriminatory, an education ministry spokesman has said. — Sapa-Reuter.

CPA admits lengthy backlog of pensions

M645 1/3/89 300

WORLD



NATIONAL

The Argus, Wednesday

HOUSE OF REPRESENTATIVES

QUESTIONS

Indicates translated version.

For written reply:

General Affairs:

Black pensions/grants: maximum amounts payable

3. Mr W J DIETRICH asked the Minister of Constitutional Development and Planning:

- (1) What are the maximum amounts payable per annum to Black persons in respect of (a) old-age pensions, (b) blind persons' pensions, (c) war veterans' pensions, (d) disability grants and (e) maintenance grants;
- (2) whether it is the intention to increase any
- (3) No.

of the amounts; if not, why not; if so, (a) when, and (b) by how much, in each case;

(3) whether he will make a statement on thematter?

The MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) (a) R1 800 per annum
- (b) R1 800 per annum
- (c) R3 192 per annum
- (d) R1 800 per annum
- (e) (i) Parents' Grants = R1 800 per annum
- (ii) Childrens' Grants = R492 per annum
- (iii) Foster Care Grants = R1 224 per annum

INTERPELLATIONS UNDER NAME OF MEMBER

Abrahams, Mr T—

General Affairs:

Constitutional Development and Planning, 45

Langley, Mr T—

General Affairs:

Foreign Affairs, 1

Barnard, Dr M S—

General Affairs:

National Health and Population Development, 7

Rajab, Mr M—

General Affairs:

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Burrows, Mr R M—

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Coetzee, Mr H J—

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Reddy, Dr J N—

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De Jager, Mr C D—

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Suzman, Mrs H—

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Johnson, Mr J D—

Own Affairs:

Budget, 181

Van Gend, Mr J B de R—

General Affairs:

Justice, 142

Threat to traders

STW
+13184

SUE VALENTINE

2000
300

SHOPKEEPERS on farms in the Conservative Party-controlled constituency of Zeerust have been threatened that they will lose their trading licences unless they evict black pensioners from their land.

One trader in the area, Mr Menezes, who sells mainly sorghum beer, says about 10 black pensioners — who have lived on his land all their lives with his permission — have nowhere else to go and are panicking in the face of the threats.

Attempts to contact the CP MP for the area, Mr Berdie Hartzenberg, last night were unsuccessful.

Are pension funds worth belonging to?

CAT Times 7/3/89 300

By BARRY
McMILLAN, FILPA,
of Sanlam

THIS is a question that is fairly often asked. The answer, nearly always, is yes.

I can't say it is always the case because pension funds differ, each one having its own rules.

Lurking out there, there may be one or two funds which are not worth belonging to, however, they are extremely rare creatures.

The main reason why pension funds are worth belonging to is that you get something extra, that which your employer puts in.

Your benefit is bought by your contributions and your employer's contributions.

A simple test of a pension fund is to ask what the employer is paying?

This is usually expressed as a percentage of salary.

As long as it is of the same order or more than your own contributions



Barry McMillan

the fund is definitely worth belonging to.

Besides the advantages derived from your employer's contributions, pension funds are a particularly efficient, and in particular, tax efficient means of accumulating retirement benefits.

In the first place your contributions up to 7½% of your salary are deductible from your taxable income.

Thus, for example, if you are lucky enough to have a marginal tax rate of 45%, an investment of R1 000 in a pension fund only costs you R550 as you would otherwise have paid R450 tax on the R1 000.

You are also not taxed on your employer's contributions in respect of yourself, making a pension fund one of the few untaxed fringe benefits.

The investment income on your pension fund investment is also not taxed.

When you retire you can take up to one third of your benefit in cash;

the balance must be used to buy a pension.

Either the first R120 000, or R4 500 x years of membership of the fund, whichever is the greater — the lump sum benefit is tax free.

The balance is taxed at your average rate which is a considerable advantage. Your pension will be taxed as normal income, but at that stage your tax rate is likely to be lower.

Consider the man earning R4 000 a month. He contributes 7,5% of his salary — R300 a month, to a pension fund. A year later he decides to change his job. His withdrawal benefit is a return of his own contributions plus, let us say, 3% interest. He thus gets R3 658,24. He still has to pay tax at his average rate on that portion of the withdrawal benefit which exceeds R1 800. (The first R1 800 is tax free.) Thus he eventually only receives R3 181,60. But, we have to consider, what else could he have done with his R300 a month?

In the first place, if it was not used as a tax deductible contribution he would have paid R120 a month tax on it, leaving him with R180 to invest. Even if he earned 18% interest on this money he would only have accumulated R2 365 at the end of the year.

This doesn't compare at all well with the R3 181,60 received from the pension fund.

It must be said that for people in lower tax brackets or over longer periods the effects are not so spectacular.

lot should?

e

Louw denies big pension backlog

By REHANA ROSSOUW
Staff Reporter

MR Gene Louw, Cape Administrator, denies there is a backlog of up to three years in processing black pensions and says a correct application is dealt with in 14 days.

He was responding to an Argus report highlighting the plight of pensioners.

The Khayelitsha Advice Bureau documented case histories of residents eligible for State pensions of R234 every two months who had been waiting for up to three years for payments to begin.

Five pensioners told how they had been living on food vouchers and relying on their families to support them while they were waiting for their pensions.

MEC Mr T W Nyati said last week that the Provincial Administration had had a substantial backlog in pension applications.

He said the backlog was because the responsibility for pensions was handed to the administration only in November 1986.

IDENTIFICATION

Mr Louw said any applicants claiming lengthy delays in pension payments should "look to themselves".

"This is usually attributable to (them) not being in possession of identity documents, to an incomplete application form or failure to resubmit a complete application form."

More than 120 000 pension files were transferred to the CPA in August 1987 after it began administering pension payments.

"UP TO DATE"

"The CPA inherited a substantial backlog of approximately 37 000 pension applications," Mr Louw said.

"The backlog was cleared by September 1988 and the CPA is up to date with the handling of all outstanding applications."

By March 1 1989, 3 068 pension applications had not been completed. Mr Louw said this figure was "normal" as many required small adjustments which were dealt with departmentally.

He said 17 percent of new applications were incomplete and were returned.

"Everything possible is done to prevent the public being inconvenienced by delays," Mr Louw said.

"An objective has been set to introduce a system of monthly payment and a target date has been set for April 1."

BYLAE

Pos	Subpos	T. S.	Artikel Beskrywing	Statistiese Eenheid	Skaal van Reg	Annotasies
39.19			Deur subpos No. 3919.90.60 deur die volgende te vervang:			
	“.60	1	Van rubberhidrochloried, met 'n dikte van meer as 0,05 mm	m ²	20%”	
82.11			Deur subpos No. 8211.93.30 deur die volgende te vervang:			
	“.30	8	Ander voubare messe met 'een of meer lemme met 'n snykant van minstens 25 mm maar hoogstens 100 mm, nie met edelmetaal geplateer nie (uitgesonderd handvatsels daarvoor)	getal	20% of 70c elk min 80%.”	

- Opmerking.*—1. Die bewoording van die Engelse teks van subpos No. 3919.90.60 word in lyn gebring met die bewoording van die Afrikaanse teks en die toetsyfer in beide tekste word reggestel.
2. Die omvang van subpos No. 8211.93.30 word tot voubare messe beperk.
3. Hierdie wysigings het terugwerkende krag tot 1 Januarie 1988.

DEPARTMENT OF NATIONAL HEALTH AND POPULATION DEVELOPMENT

No. R. 388

10 March 1989

DETERMINATION OF AMOUNTS FOR THE PURPOSES OF THE MILITARY PENSIONS ACT, 1976

1. The Minister of National Health and Population Development has, in terms of the provisions of section 1 of the Military Pensions Act, 1976 (Act 84 of 1976), determined that—

(1) with effect from 1 January 1989—

(a) for the purposes of Formula I, as defined in section 1 of the said Act, Factor A of the said formula shall represent the following:

(i) R15 180 in the case of a member who can prove to the satisfaction of the Director-General that he is in the possession of at least a three-year bachelor's degree or any other qualification which the Director-General regards as equivalent to the said qualification;

(ii) R11 385 in the case of a member who can prove to the satisfaction of the Director-General that he is in the possession of a matriculation certificate or any other qualification which the Director-General regards as equivalent to the said qualification; and

(iii) R9 108 in all other cases;

(b) for the purposes of Formula II, as defined in section 1 of the said Act, Factor C of the said formula shall represent the amount of R1 518.

2. In this notice any word or expression to which a meaning has been assigned in section 1 of the said Act, shall bear such meaning.

3. Government Notice R. 2505 of 13 November 1987 is hereby withdrawn.

W. A. VAN NIEKERK,

Minister of National Health and Population Development.
20/1/89.

DEPARTEMENT VAN NASIONALE GESONDHEID EN BEVOLKINGS-ONTWIKKELING

No. R. 388

10 Maart 1989

BEPALING VAN BEDRAE VIR DOELEINDES VAN DIE WET OP MILITÊRE PENSIOENE, 1976

1. Die Minister van Nasionale Gesondheid en Bevolkingsontwikkeling het kragtens die bepalings van artikel 1 van die Wet op Militêre Pensioene, 1976 (Wet 84 van 1976), bepaal dat—

(1) met ingang van 1 Januarie 1989—

(a) vir doeleindes van Formule I, soos omskryf in artikel 1 van gemelde Wet, Faktor A van bedoelde formule die volgende bedrae voorstel:

(i) R15 180 in die geval van 'n lid wat tot tevredenheid van die Direkteur-generaal bewys lewer dat hy oor minstens 'n driejarige baccalaureusgraad beskik of oor enige ander kwalifikasie wat die Direkteur-generaal as gelykwaardig daarmee beskou;

(ii) R11 385 in die geval van 'n lid wat tot tevredenheid van die Direkteur-generaal bewys lewer dat hy oor 'n matrikulasiesertifikaat beskik of oor enige ander kwalifikasie wat die Direkteur-generaal as gelykwaardig daarmee beskou; en

(iii) R9 108 in alle ander gevalle;

(b) vir doeleindes van Formule II, soos omskryf in artikel 1 van gemelde Wet, Faktor C van bedoelde formule die bedrag van R1 518 voorstel.

2. In hierdie kennisgewing het 'n woord of 'n uitdrukking waaraan in artikel 1 van gemelde Wet 'n betekenis geheg is, daardie betekenis.

3. Goewermentskennisgewing R. 2505 van 13 November 1987 word hierby ingetrek.

W. A. VAN NIEKERK,

Minister van Nasionale Gesondheid en Bevolkingsontwikkeling.
20/1/89.

Budget may bring relief to pensioners

By Peter Fabricius, Political Correspondent

The main budget that Minister of Finance Mr Barend du Plessis presents next week is going to be "conservative, and neutral" but with some relief for social pensioners, Government sources say.

Apart from that, tax relief or tax increases seem equally unlikely and the Government will instead try to balance its books by curbing government spending.

However, defence spending will probably increase as already indicated in a memorandum to the defence additional budget presented last month.

It showed that the Defence Force had overshot its 1988/89 budget by some R460 million — mostly because of the costs of pulling back from Angola and Namibia, hardening defences around bases in Namibia and developing conventional weapon systems neglected during the war.

A TOUGH BUDGET

However black education — one of the big spenders in recent budgets — will get no increase of significance this year, sources said.

They have dismissed speculation that GST will be increased three points to 15 percent, as predicted by many observers.

Mr Harry Schwarz, Progressive Federal Party finance spokesman, said he believed Mr du Plessis would present a tough budget — "in the hope that when an election comes, the public will have forgotten about it".

He warned that increases to GST would be counter-productive and would spur inflation.

He felt any increase in Government spending should be no more than 10 percent — well below the projected inflation rate of 15 percent.

Fight inflation in retirement

Star 11/3/89 300

INFLATION is one of the most serious problems facing people planning their retirement.

Unbridled inflation has persisted for five years and forced those making financial arrangements for their later years to re-plan.

AA Life has devoted in-depth attention to the problem.

A retirement annuity (RA) investment could be the answer for retirement planners, according to Mr Bruce Howard, deputy general manager (marketing) at AA Life.

Said Mr Howard: "Generally, the person retiring goes on a fixed pension, with perhaps a 5 to 7 percent annual increase as provision for inflation.

"Often a retired person can initially manage on less than his full pension and tries to save the surplus, as well as his retirement capital, to provide additional income in future when his pension's buying power falls."

An example illustrates one scenario:

A company manager re-

tires at 63, receiving a R100 000 pension fund lump sum and a R3 000 monthly pension.

Previously, he did not consider investing in an RA, or, if he had, his investment was probably R1 750 a year (maximum tax deduction being the greater of R3 500 less deductible pension contributions, or R1 750).

Said Mr Howard: "His pension is now 'non-retirement funding income' and qualifies for the 15 percent retirement annuity deduction.

"Therefore, he can deduct a retirement annuity contribution of up to 15 percent of his pension (R36 000 a year). At least R5 400 will qualify for tax deduction, perhaps more if he also invests 15 percent of his other investment income under the 1988/89 tax tables.

"Marginal tax rate is about 38 percent and he can invest his retirement annuity contribution annually or monthly, with a 38 percent subsidy from the Receiver."

He added: "He will be building up a 'reserve pension' fund until he is

69 last birthday (latest retirement age under retirement annuity fund rules) or earlier, if needed, to supplement his pension when inflation eats into it.

"The investment returns on this 'reserve pension fund' will probably be much greater than any alternative."

Or, if the person needs all his pension income, he or she can make the retirement annuity investment through an annual contribution from retirement capital.

So, the person funds the retirement annuity out of his capital and for every R62 invested, the Receiver invests R38.

Said Mr Howard: "The retired person will be building up a much greater amount of capital than otherwise and, as tax rates tend to reduce over time, the rate of tax saved on the deduction of retirement annuity contributions can be expected to be greater than the rate of tax paid in future when the person draws a pension from the retirement annuity fund he has built up."

SAA denies cutback on pensioners' flights

^{6 (Day) 14/3/84}
DURBAN — SAA has denied travel agents' claims that pensioners' discount flights have been cut down to enable the airline to cope with brisk Easter holiday bookings.

A Cape travel agent, who asked not to be named, said yesterday it was virtually impossible to get "M-class" bookings.

M-class bookings entitle pensioners to a 40% reduction in air fare.

He said he believed the reason for this

~~Life~~ Own Correspondent ~~30-2~~

was that SAA was battling to cope with the demand for tickets by Easter holidaymakers, and that full-fare passengers were being given preference.

SAA spokeswoman Zelda Roux said M-class tickets were allocated to flights according to supply and demand.

Pension pay-out problems



ABOVE: ... Curious at unaccustomed attention, this pensioner was among hundreds waiting in the rain outside the Ikwezi Community Centre yesterday. **BELOW:** After several hours of waiting, this woman watches as an official counts out her R300 bi-monthly pension in Guguletu yesterday.



Elderly wait in queues for up to seven hours

By CHRIS BATEMAN

BLACK pensioners, hundreds of whom collect bi-monthly cheques in the Peninsula this week, are waiting for up to seven hours at pay-out points and scores are reporting problems with a newly introduced bank pay-out scheme.

This emerged from interviews with social workers, security guards and at least a dozen pensioners at the Ikwezi Community Centre in Guguletu where "pension week" began on Monday.

Several pensioners said they were caught between a newly introduced computerised banking system and the paymasters of the Department of Community Services.

A social worker, who declined to be named, said: "Officials tell them it's in the bank and the bank tells them it's not through yet."

The most common complaint emerged from among hundreds of people sheltering from Monday's rain in a hall. That people on board free City Tramways buses were being given preferential treatment and were being paid first.

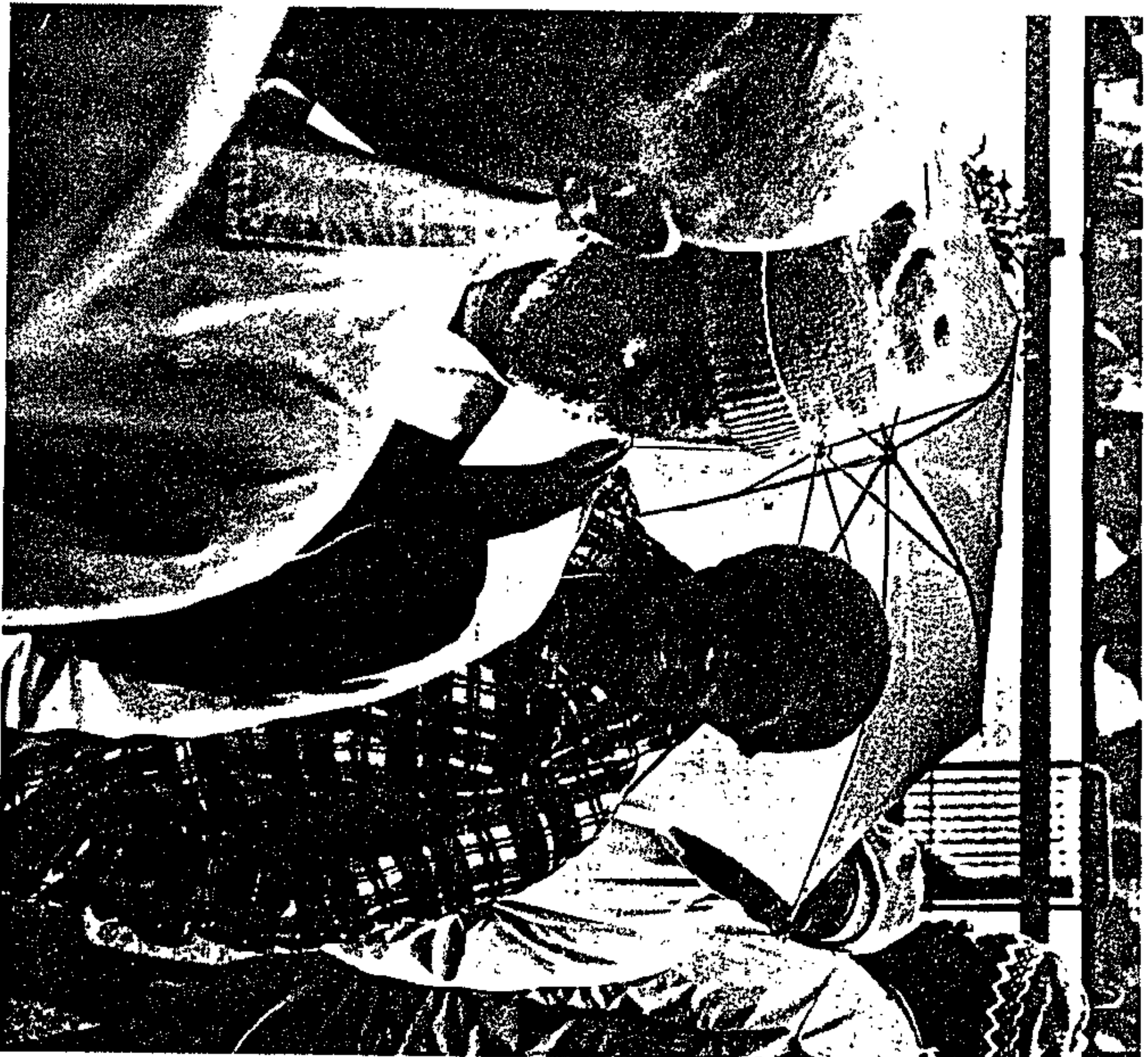
Pensioner Mr Donald Tsyulu, 70, said he woke up at 5.30am to be among the first in the queue — only to find himself sidelined by bus commuters.

Mrs Wilhelmina Brian, chairperson of the Abadala Caring Committee, said bus passengers had to be processed quickly to enable their return and allow for others to be picked up. The buses were introduced in September last year.

"People have been conditioned to come early because in the past there were cases of money running out. That no longer happens," she added. The Abadala committee represents all the Peninsula's organisations for the elderly.

White pensioners receive R251, coloured and Indian pensioners R200, while African pensioners receive R150 a month, Mrs Brian said.

Strong resistance to attempts at streamlining the system by computerised bank pay-outs emerged during interviews, especially among those per-



WET WAIT ... Some of the several hundred pensioners outside the Ikwezi Community Centre in Guguletu yesterday.

sioners using the bus system, which they felt offered protection from "skollies". Tramways bus driver Mr Richard Pkashhe said he transported some 800 pensioners back and forth, picking up many at their front doors. The Red Cross provided several mini-buses to transport the sick and disabled. Spokesperson for the Department of Community Services Dr Annalie Rabie promised to "send an

officer over there to see for themselves — we'll investigate but it's difficult without names". She confirmed that Mr D Genis, Regional Director of Welfare Services, would meet the Abadala Committee tomorrow to discuss the new system. In a recent press release, Administrator of the Cape Mr Eugene Louw said it was hoped that by next month black pension pay-outs would occur monthly.

Pictures: CHRIS BATEMAN

Life and pension funds have role to play in housing

By Frank Jeans

A plan will have to be worked out to mobilise the vast funds of life and pension fund institutions for the country's housing needs.

And while it might be arguable that direct involvement by the institutions in homebuilding is inappropriate, there is scope to expand their role in the provision of housing finance through, for example, a "meaningful secondary mortgage market".

These points were thumped home at the annual meeting of the National Association of Home Builders in Johannesburg last night by the chairman, Mr Riley Schachat.

"There has been much debate on the potential role of the life insurance and pension fund industries in contributing more significantly in meeting the housing challenge," he said.

"This is a complex subject with many contradictory views. However, these major investment institutions are the primary channel for the savings of South Africa.

"Because of this, and the vital socio-political need to satisfy housing demand, it is essential that a mutually-acceptable solution for increased participation be found."

Commenting on the amendments to the Government's first-time home subsidy scheme which has "long needed significant revision", Mr Schachat said they have had a marked effect on the home-buying public and, consequently, the industry.

Original objective

He pointed out, too, that when the scheme was introduced in 1983, the prime objective was to create employment and increase the housing stock, predominantly in the white sector.

"With the recent proposed amendments, however, activity under the scheme has virtually come to a standstill," said Mr Schachat.

"To meet the stated objectives, the authorities will have to increase the budget allocated to the scheme significantly."

The NAHB chairman was bullish over economic prospects and believes a satisfactory growth rate can be achieved and maintained.

He is encouraged, too, by the positive flow of immigrants and the clear signs of a decrease in vacant housing stock.

Another plus factor was the marked shift towards black housing.

"By November last year, black housing development accounted for 55,4 percent of the total," said Mr Schachat.

"On the basis of value of plans passed, black housing represented 24 percent. With innovative design, construction and financing packages, these percentages can be considerably increased.

"However, high volumes are required to make development in this market sector viable, bearing in mind the relatively low margins and high risk factor."

Mr Schachat added that despite the current impact of high interest rates, the homebuilding industry is now offering clients the opportunity of acquiring new homes at prices which are unlikely to be repeated, particularly in view of the continuing steep escalations in building costs.



Brigadier Theuns "Rooi Rus"
Swanepoel

'Rooi' alert for AWB 16/3/89

Pretoria Correspondent

Brigadier Theuns "Rooi Rus" Swanepoel, the former Divisional Inspector of Police for the Witwatersrand, was last night named the AWB's new security chief.

Brigadier Swanepoel has for several years been a member of the organisation's Grootraad and has addressed AWB public meetings on the Communist threat against South Africa.

Schwarz lashes GST increase

Political Staff

THE 1 percent GST increase announced by Mr du Plessis was "entirely undesirable" and unnecessary said Progressive Federal Party finance spokesman Mr Harry Schwarz.

And the increased personal tax rebate was insignificant. It was only a fraction of the amount budgeted to be collected from GST and was "minuscule" compared to the R3,14-billion in personal tax increase last year.

Mr du Plessis had engaged in "accounting exercises" to convert a real tax surplus of R1,614-billion last year to one of only R294-billion.

This, taken with the extra R1 billion allowed for contingencies, showed the GST increase and the burden on consumers could have been avoided and concessions could have been granted.

"The budget was disappointing and a failed opportunity to determine real priorities"



Mr Schwarz

The PFP's major difference with the government was that it wanted a cut in real state spending.

Government spending was set to increase by the amount of the expected inflation rate for the year, so that in effect there was no decrease in real state spending.

It was especially serious that capital expenditure was being cut while state consumption spending increased.

Among other points raised by Mr Schwarz were:

- There had been no increase for social pensioners; and

Champagne and expensive wine were left unscathed by the increase in excise duty.

Conservative Party finance spokesman Mr Casper Uys said the budget was "very uninspiring, especially for farmers and the under-privileged."

There was nothing in it for social pensioners.

As a result of fiscal drag net personal income tax would in effect increase in spite of the increase in primary rebate.

He welcomed the concession to working wives but criticised the fact it applied only to those earning a salary. Working wives who were partners in professional practices would not benefit.

AK645 21/3/89 (300)

Schwarz warns on housing for aged

MANY housing schemes were on offer to the elderly and while some were sound investments, there were many who were taking the aged "for a ride," said Mr Harry Schwarz (PFP Yeoville).

Speaking in own affairs debate on the Local Government, Housing and Works budget vote, he said the degree to which the housing needs of the elderly were being exploited was extremely worrying.

The aged needed to be warned to carefully consider all aspects before committing themselves and their remaining resources to a housing scheme.

Mr Schwarz said the concept of telling old people "give me your money and I'll look after you for the rest of your life" had been refined by exploiters.

His recommendation to the Minister, Mr Amie Venter, was that institutions for the aged should preferably be run by church and other charitable organisations rather than by people with profit motives.

In his opinion the best institutions for the aged were run by religious and charitable people through their various organisations and these should be favoured in terms of government subsidies and other financial assistance. — Sapa.

Howard.

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quently not pre-empt the Commission's Report.

SADF personnel: smuggling of rhinoceros horn

*10. Mr R J LORIMER asked the Minister of Defence:

Whether, in view of charges that were laid in the United States of America against two South African Defence Force members (whose names have been furnished to the Defence Force for the purpose of the Minister's reply), he has initiated or intends to initiate an inquiry into the possible smuggling of rhinoceros horn from South West Africa by Defence Force personnel; if not, why not; if so, (a)(i) what were these charges and (ii) when were they laid and (b) what are the names of the persons involved?

The DEPUTY MINISTER OF DEFENCE:

B453E

No, because the South West Africa Police confirmed that an official investigation was instituted by them. As far as could be ascertained the matter is at present with the Attorney General of South West Africa to decide about a possible prosecution.

Expansion of Old Crossroads and Kwanonqaba Township

*11. Mr J J WALSH asked the Minister of Constitutional Development and Planning:

Whether, with reference to his reply to Question No 966 on 1 June 1988, further details regarding the expansion of (a) Old Crossroads and (b) Kwanonqaba Township are now available; if so, what are the relevant details in each case; if not, why not?

B455E

†The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrator of the Cape Province and he has furnished the following information:

Yes.

(a) The area referred to in the reply to Question 966 was declared a development area by Government Notice 2258 of 4 November 1988. The Cape Provincial Govern-

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The facility to have a social pension paid into a savings account already exists for a considerable time.

(b) (i) Only those Black pensioners who prefer to have their pension paid into a savings account receive their pension at present on a monthly basis. The number of these pensioners at present stands at 8 432 which represent 7,4% of the total number of pensioners.

(ii) Refer to paragraph 2(b)(i).

Orange Free State

(a) With effect from 1 March 1989 pensions are paid monthly in respect of the magisterial districts of Bloemfontein, Welkom, Odendaalsrus, Kroonstad and Sasolburg. It is planned to make monthly payments in the remaining districts as from 1 July 1989.

All pensions can be paid into savings accounts on request.

(b) (i) 26%

(ii) 2,4%

Natal

(a) In urban areas, where beneficiaries so desire, they will be paid on a monthly basis from 1 April 1989. Further research is being undertaken in the rural areas, as the possibility exists that some beneficiaries may not wish to change from the existing bi-monthly payments, due to high transport costs, etc.

(b) (i) 17,8%

(ii) 17,8%

Rabies: cases reported in human beings

*13. Mr R J LORIMER asked the Minister of National Health and Population Development:

Whether any cases of rabies in human beings were reported to his Department in 1988; if so, (a) how many, (b) where did these cases occur and (c) what steps were taken in each case?

B457E

†The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

Yes.

Howard.

(a) 28 cases, (b) Natal

Inanda	1
Durban	1
Empangeni	1
Botha's Hill	1
Verulam	1
Unknown	17
Total	22
KwaZulu	1
Ndwedwe	1
KwaMashu	1
Total	2
Orange Free State	1
Bloemfontein	1
Fouriesburg	1
Total	2
Eastern	1
Transvaal	1
KaNgwane	1
Shongwe Hospital	1
Grand Total	28

(c) It is departmental policy that if there are human contacts of a rabies case, they must be accurately identified and the nature of the exposure (e.g. bite, lick, scratch) specified. All such cases receive antirabies serum.

The treatment of patients with rabies is carried out in provincial hospitals.

Mr D J N MALCOMES: Mr Chairman, arising out of the hon the Minister's reply, could he perhaps inform us how long he spends each Tuesday, or prior to that, memorising the answers to the questions? [Interjections.]

The MINISTER: Mr Chairman, two minutes!

Mr R J LORIMER: Mr Chairman, further arising from the reply of the hon the Minister could I ask him how many of the cases reported in this instance were fatal?

The MINISTER: Mr Chairman at the present moment none of the cases has been fatal but there is an interesting aspect to this which I would like to elaborate on and that is the difference between Natal and the rest of the South African situation. We have two epidemiological areas, the one being the Orange Free State and the Transvaal where rodents are the most common cause, whilst in Natal stray dogs are the biggest problem, and I think that we should use the opportunity of asking all people to inoculate their dogs with anti-rabies serum.

HOUSE OF ASSEMBLY

Thursday

media also played a major role in publishing details and feature articles on these important issues. In addition to this, numerous elderly citizens were visited and even escorted to do their shopping and draw their pensions.

However, an analysis of crime statistics also reveals that during 1988 there were 552 instances where people were attacked in their homes. In 57,5% of these cases, unforced entry was obtained through doors and windows that had either been left open or unlocked. These victims took no precautionary measures whatsoever to ensure their own safety.

The South African Police are determined to maintain law and order and to combat crime in order to make this country a safe place for people of all races to live in.

I therefore wish to thank the general public for the co-operation and support we receive from them, but also wish to make an appeal to them to adhere to basic precautionary measures regarding their personal safety and the protection of their property.

*I merely want to ask whether the hon member is living in South Africa—or is he a Rip van Winkel who has suddenly woken up. He says we must wage a campaign for the benefit of the senior citizens of our country, as we did for the children. We have been doing so on a country-wide basis for three years now. Is he not aware of this? We have addressed 32 000 of these people. We have distributed thousands of pamphlets in South Africa which those people could read and in which we issued warnings to them. I merely want to tell the hon member that many of the people I have in detention, something to which he objects so strongly, are specifically some of those who have devastated and ruined the lives of these old people. [Time expired.]

Mr D J N MALCOMESS: Mr Chairman, the hon the Minister has told us that he had an investigation in Johannesburg and that they tried a system there which has worked very well. The system appears to be serving a very old and ancient principle called the bobby-on-the-beat. He does not have to have an investigation into that. He does not need to evaluate the result. It was September last year that he instituted it and it has not been instituted anywhere else in the Republic of South Africa.

In Port Elizabeth, between 9 and 15 February this

year, there were three people who were mugged and robbed in broad daylight. Where were the police on this occasion? If there had been a bobby-on-the-beat and if we had had police, it might not have happened. I am talking about 9 February. In Main Street, Port Elizabeth, at 3 pm, an elderly woman was mugged. There are not sufficient policemen being placed in the central business district of our major metropolitan areas while the hon the Minister is investigating the situation and analysing results, instead of doing what he should be doing by putting the policeman back on the beat and in uniform.

In addition to that, I want to ask the hon the Minister whether he is aware that, in Port Elizabeth his police have issued the following statement, and I quote:

Senior citizens must wake up to the fact that time has not stood still. It follows that the body is gradually physically declining. The older a person is, the easier prey he becomes to thugs. Security measures are merely preventative. They impede the thug but are no guarantee that they will stop him no matter what he has in mind. The time has come for people now in their golden years to show a sense of reality and make a firm decision about their safety. It is imperative, especially if they are not living with a relative or somebody else, that they ensure their own safety.

What I am saying to the hon the Minister is that he can blame the elderly citizens for their deteriorating condition as much as he likes. It is the taxpayer who is paying for his police to protect the elderly people in this country. I submit with respect that that is not happening.

Mr C W EGLIN: Mr Chairman, my criticism is not of the police. The police have shown that they can do it, as was shown by a statement made by the hon the Minister:

Ernstige misdade in Oranjezicht, Tuine en Tamboerskloof het binne 'n jaar met byna 60% afgeneem vanweë voortgesette spesiale voertuig- en voetpatrollies.

If he can do it by 60% in that area, what is the Government doing to see that South Africa as a whole, and the older people in general, are protected. Selected area patrols can bring crime down by 60% and yet the hon the Minister says we are the Rip van Winkels. He is the Rip van Winkel who does not want to realise that the

older people in South Africa are living in fear when they should be enjoying their lives. There are a number of factors of which poverty, unemployment, broken family lives and broken communities are part. I want to ask the hon the Minister whether he expects ordinary citizens to respect authority when there is corruption in Government? Does he expect people to respect the sanctity of other people's homes when homes are being flattened by bulldozers? [Time expired.]

*THE MINISTER OF LAW AND ORDER: Mr Chairman, the hon member has managed to drag in corruption and bulldozers. That really has nothing to do with the original question. I want to tell the hon member for Sea Point that I am more concerned about the security of the inhabitants of the country than he is. This Government is more concerned than he is. [Interjections.] At least we are doing something about it. There is one point I do want to concede to the hon member, however, and that is that we have too few policemen. I say that repeatedly. In my reply I said that we could only have as many policemen as we could afford. Now all hon members sit here every day—I include the CP too—lodging a plea to the hon the Minister of Finance for more money for this and that. They have every right to do so. They must tell us here today, however, whether they want South Africans to pay more in taxes or whether they want us to take money away from some other quarter. [Interjections.] They must tell us. [Interjections.] Those hon members are extremely indignant now, but that is the choice. [Interjections.]

They sit here saying we must have more policemen. I also say, yes, let us have more, but we can only have as many policemen as we can afford. We must achieve a balance. I could employ policemen more cheaply, and here I am referring to special constables. What do I then find? These hon members of the PFP and their fellow travellers outside attack these special constables. [Interjections] . . . and denounce and revile them at every turn. [Interjections.]

This Government is concerned about the security of the inhabitants, particularly the senior citizens, of this country. We are doing everything in our power to improve this situation. I want to tell hon members that today we can be proud of what the SA Police have managed to do to guarantee the safety of South Africa's people. During the past three to four years we have had major

incidents of unrest which have made extensive demands on the SA Police, and in spite of that we have succeeded in reducing the increasing crime rate. [Interjections.]

Does this look like a bad government? Oh, no, the Government is doing an excellent job of carrying out its task in this regard. [Interjections.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Social pensions for Black persons

*1. Mr R M BURROWS asked the Minister of Constitutional Development and Planning:

- (1) Whether his Department is responsible, through the provincial administrations, for the administration of social pensions for Blacks in certain areas; if so, (a) in which areas and (b) what total number of Black persons is currently receiving such pensions;
- (2) whether there is a backlog in the handling of applications for social pensions in any areas; if so, (a) in which areas, (b) what are the reasons for this backlog and (c) what total number of applications are currently awaiting processing?

B381E

†THE DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrators of the different provinces and they have furnished the following information.

Orange Free State:

- (1) Yes
 - (a) Orange Free State and Botshabelo
 - (b) 86 306
- (2) No
 - (a) and (b) Fall away

Howard.

Howard.

(b) 156

Cape Province:

(1) Yes

(a) Cape Province

(b) 119 465

(2) No

(a) and (b) Fall away

(c) 3 068

Natal

(1) Yes

(a) All areas in Natal outside KwaZulu

(b) 66 257

(2) Yes

(a) All areas in Natal outside KwaZulu

(b) Due to problems experienced during and immediately after the installation of a direct computer link between Pietermaritzburg and Pretoria — these problems have now been resolved.

(c) 1 719.

Transvaal:

(1) Yes

(a) All areas in Transvaal (excluding the independent states, trust land and self-governing areas)

(b) 229 414

(2) Yes.

(a) Same as 1(a).

(b) Problems are being experienced with the data-communication lines connected to the central computer data base where the processing of applications takes place.

(c) 16 866.

Mr P G SOAL: Mr Chairman, arising out of the reply of the hon the Deputy Minister, while one is appreciative that the backlog in the handling of applications for social pensions is being dealt with, is the problem of pay-outs also being dealt with as expeditiously?

The DEPUTY MINISTER: Mr Chairman, as far as I know, yes, the backlog is being attended to.

HOUSE OF ASSEMBLY

Unfortunately, certain problems have been experienced over the past couple of weeks in connection with the data basis and the communication lines. It started on 27 February. According to the problems we are still suffering presently on account of this but the problem is being attended to as speedily as possible.

Certain person detained

*2. Mr D J N MALCOMESS asked the Minister of Law and Order:

(1) Whether a certain person, whose name has been furnished to the South African Police for the purpose of the Minister's reply, is being held by the Police; if so, (a) what is his name, (b) (i) why and (ii) where is he being held and (c) when was he arrested or detained;

(2) whether he has been charged with any offence; if so, with what offence; if not, why not;

(3) whether the Police have received any enquiries or representations regarding this person; if so, what was the response to each such enquiry or representation?

B387E

The MINISTER OF LAW AND ORDER:

(1) No.

(a) to (c) Fall away.

(2) Falls away.

(3) No, not as far as could be ascertained.

Raid on Mandela home: media informed

*3. Mr P G SOAL asked the Minister of Law and Order:

(1) Whether, with reference to the raid on the Mandela home in Diepkloof, Soweto, by members of the South African Police that was shown on Network on SABC Television on 19 February 1989, the media were informed of this raid; if so, at what time (a) did the raid commence and (b) were the media informed thereof;

(2) whether it is the policy of the Police to invite the media to cover raids; if not, why was this raid so extensively covered; if so,

(3) whether all sectors of the media are invited to cover raids; if not, why not?

B388E

†The MINISTER OF LAW AND ORDER:

(1) to (3)

The South African Police invites representatives of the media to be present during police actions when it is regarded as being in the public interest. Each action is judged on its merits, after which a decision in this regard is taken.

In the case in question the media were not invited to attend the searching of Mrs Mandela's residence in Diepkloof, Soweto. Shortly after the Police had arrived at Mrs Mandela's residence, several media representatives, which included foreign media representatives, also made their appearance. The matter is receiving extensive media prominence in South Africa and abroad.

Mr K M ANDREW: Mr Chairman, arising from the hon the Minister's reply, may I ask him whether the police, who at that stage were in effect in control of the property in view of the fact that they were raiding it, asked the media whether they had permission to be inside the home or not?

†The MINISTER: Mr Chairman, we were not in control of the house. If the press came in there and took photos, then we couldn't have done anything about it. We surely could not have chased them away. Hon members can only imagine what would have happened then. As I have said, it also included the foreign media. Hon members of the PFP are always shouting about freedom of the press and if we had thrown the press out, what would have happened? [Interjections.]

Mr K M ANDREW: Mr Chairman, further arising from the hon the Minister's reply, may I ask him whether he does not think that it is reasonable that a person who is woken up in the early hours of the morning by the police and whose house is raided would assume when the police take no action to stop television crews from climbing into the house that they are there with the permission of the police?

The MINISTER: Mr Chairman, as I have said, we were not in control of the house and we could not prescribe to Mrs Mandela what to do. [Interjections.]

†Mr J VAN ECK: Mr Chairman, further arising out of the hon the Minister's reply, may I ask him

why the media were refused entrance in other cases where raids were taking place, while in the case of the Mandelas they were allowed to stay? Is this not discrimination?

†The MINISTER: Mr Chairman, I said in my initial reply that we judge every case on its merits. [Interjections.] In that case we did not have control over anybody who arrived there. I say now that many of the people who arrived there were members of the foreign media. Is the hon member asking me to control the press? Then we shall consider it! [Interjections.]

†Mr C D DE JAGER: Mr Chairman, further arising out of the hon the Minister's reply, when the police are present while those people are storming into a house, is it not the duty of the police to stop them from entering a private home? [Interjections.]

†The MINISTER: Mr Chairman, that is a surprising question the hon member asks. I did not know he was also on the side of Mrs Winnie Mandela. [Interjections.] We don't know who arranged it and we surely couldn't have thrown out the press. [Interjections.]

†The CHAIRMAN OF THE HOUSE: Order! the hon member of Bethal's voice is very clear and I hear him too often. That makes it difficult to hear what the reply is. Has the hon the Minister finished his reply? If so, let us proceed to the next question.

Afrikaner Volkswagen Festival: helicopter fly-over

*4. Mr S C JACOBS asked the Minister of Law and Order:†

Whether a helicopter of the South African Police flew over the area where the Afrikaner Volkswagen's Festival of the Covenant was being held at Donkerhoek on 16 December 1988; if so, (a) what was the purpose of this fly-over and (b) who were the occupants of the helicopter during the said fly-over?

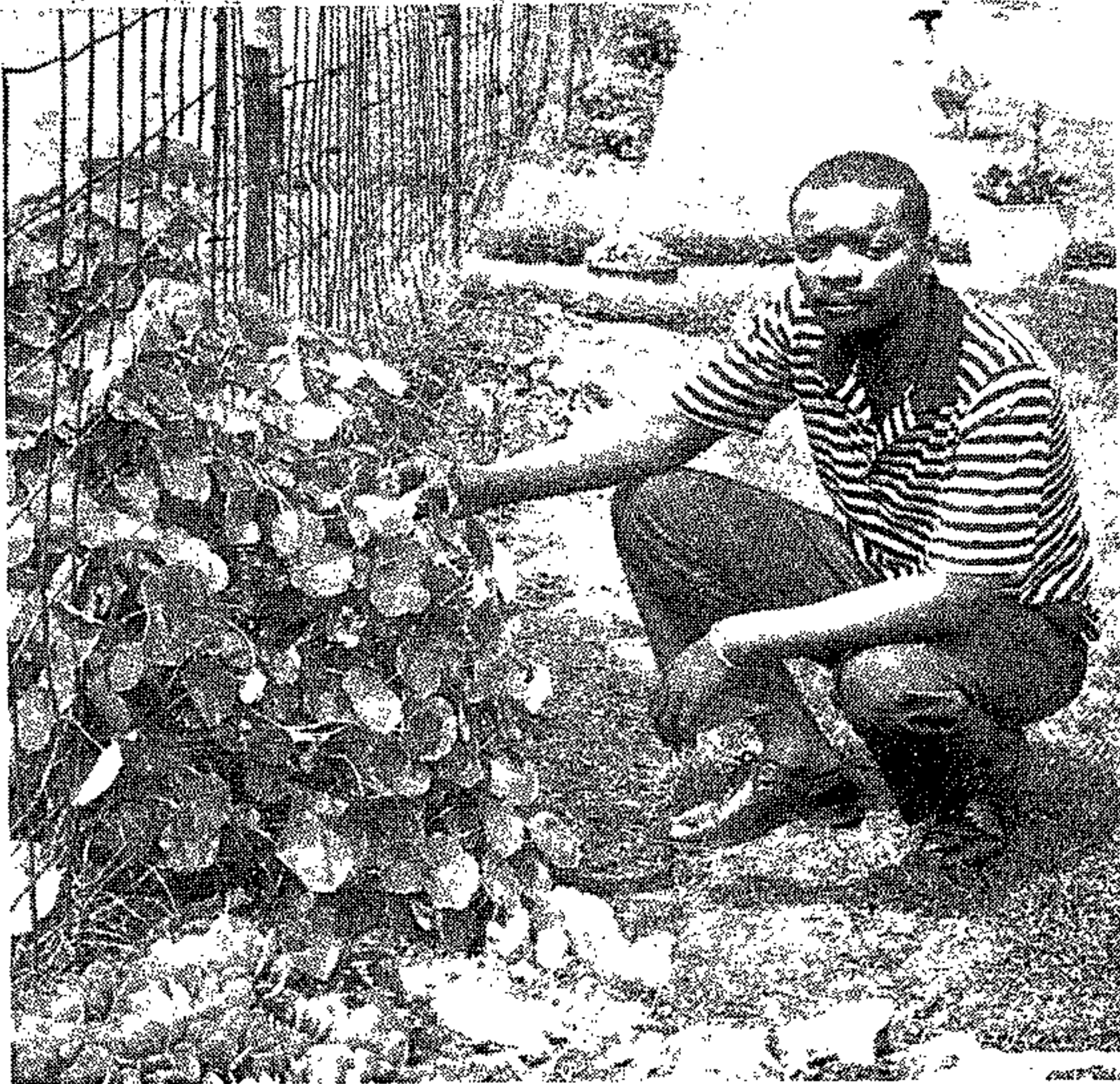
B395E

The MINISTER OF LAW AND ORDER:

(a) and (b)

When large numbers of persons come together, as in the case in question, it is in the interest of those persons that the South African Police watch over their safety. [Interjections.]

HOUSE OF ASSEMBLY



THIS is a winner! Mandla Maseko in the garden that won his brother Isaac the first prize in the Nation Building garden contest held on Saturday at Orlando East.

Sowetan 21/3/89

The greening of Orlando

By KENOSI MODISANE

THE *Sowetan* hosted an "Environment Awareness Day" at Orlando East at the weekend as part of the newspaper's Nation Building campaign.

The highlight of the occasion was a garden contest which drew dozens of entrants from the area.

The judges comprised "garden fundis" such as Mr and Mrs Jasper Goemans of Kirchhoffs Seed Company, and Mr Dean Molohe of Titi's Nursery in Diepkloof.

The most beautiful garden was judged from the efforts put into planning of the garden, general appearance and appeal to the eye, maintenance and preser-

vation of soil by paving with grass to avoid soil erosion.

In Orlando, which is one of the oldest townships in Soweto, most house owners are pensioners. "That is why it was chosen to host the event, so as to show younger citizens that household chores like gardening are so easy and simple that they can be done by pensioners," said Mr Aggrey Klaaste, Editor of the *Sowetan*.

The first prize, a set of garden chairs and a table, went to Mr Isaac Maseko of 3754. Second prize went to Mrs Maria Mthoba of 3843, and Mrs Emily Sethoba of 3672 won third prize. All received a set of garden tools.

The rest of the entrants received a consolation prize of a pack of seeds from Kirchhoffs, and a tree donated by Titi's Nursery.

The highlight of the day's events was a beauty contest at Orlando Communal Hall, where prizes for the garden contest were handed over.

'NO PROBLEMS' FOR PENSION FUND

PORT ELIZABETH — The Government Pension Fund was not experiencing financial problems as yet, although steps were still being taken to place the fund on a sounder footing, National Health and Population Development Minister Dr Willie van Niekerk said yesterday. *MDW 22/3/89*

He was referring, in his opening address to the annual congress of the Pension Institution, to criticism of actuarially calculated shortfalls in the fund of R7,6bn.

"Certain claims have been made that the shortfall in the fund as at the end of March this year can be attributed to the scale of benefits provided by it.

"In some circles, arguments regarding the load it is supposed to imply for the taxpayer still prevail," he said.

"These benefits are often the target for unjustified criticism

mainly because critics normally make deductions which are not based on facts." *300*

There could be no meaningful discussion on pension benefits — a very small part of an employee's total package — unless the whole package was compared with a civil servant's opposite number in the private sector.

It was often, "probably maliciously" not taken into consideration that civil servants were also tax-payers.

"Apart from their own contribution to the fund, they make a very substantial contribution to government funds, from which the employer's contribution to the pension fund is eventually financed."

The employer's contribution formed part of the remuneration package of the employee and was therefore earned capital and not government funds. — Sapa

22-29/3/89

Pensioner dies in queue

DURBAN. — The third pensioner in five months has died in payout queues here, said Black Sash advice office workers, who reported an "astounding" 155 percent increase in their Kwazulu pension problem caseload.

Two KwaMashu grannies died in pension lines in November and January.

Florence Mdlala fell after queuing for 11 hours and was trampled to death while Florence Mgidi, a high-blood pressure victim, collapsed after a long wait in the hot sun.

The body of Saboka Mthetwa, 62, of 374 P Section, Umlazi, was left in the sun for about two hours, his wife weeping at his side, when he collapsed shortly after collecting his pension on March 15, said advice office fieldworker Nafal Matiwane.

A Sash recommendation that KwaZulu civil servants bring corpses inside in future was "positively" received, said Sipho Gwala, the Umlazi head of the pensions department.

Monthly pay for black pensioners

ALL black social pensioners in the Cape will be paid on a monthly basis from April 1, Minister of Constitutional Development and Planning Mr Chris Heunis announced yesterday.

They will be paid out on a monthly basis in the Free State from July 1. Pensions will also be paid monthly in Soweto, Dobsonville, Deep Meadow and Alexandra in the Transvaal, and in all urban areas of Natal where requested.

Mr Heunis said that in the Cape at present only those black pensioners who received their pensions via a savings account were paid monthly. Only 7,4% of pensions were paid in this way.

He said 119 465 blacks were receiving pensions in the Cape while a further 3 068 were being processed. In the Transvaal, 229 414 people were receiving pensions, while 16 866 applications were being processed. In the Free State, 86 306 pensions were being paid and 156 processed. In Natal outside KwaZulu, 66 257 pensions were being paid and 1 719 processed.

Black pensions now monthly

Sowetan 22/3/89
BLACK social pensions were to be paid monthly from April 1 in the major urban areas of the Witwatersrand and Natal, and the whole of the Orange Free State and Cape Province, the Minister of Constitutional Development and Planning, Mr Chris Heunis, said yesterday.

In a statement, he said he had held discussions with the SA National

Council for the Aged last year on the question of black social pensions and the system of payment.

It was felt a new system should be looked at and implemented as soon as possible. (300)

He had also taken up the matter with administrators of the four provinces and the problems identified had now been addressed.

No bucks (300) no booze

Sowetan 23/3/89
ABOUT 900 Dobsonville pensioners will spend a dry Easter weekend after failing to get their pay this week.

Asked what led to the situation, the assistant director of Community Services, Mr A J Coetzee, said the recent switch from the Roodepoort to Dobsonville paypoint was one of the problems. Pensioners' names appeared on the wrong lists, he said.

He requested pensioners to contact him at (011) 331-4911 ext-187.

Insurance plan a boon for domestics

By **CONNIE MOLUS** 300

A NEW retirement insurance plan is set to improve the lives of domestic workers after retirement.

The plan – introduced by insurance broker David Byrd – provides a life cover and incorporates a saving element for retirement.

Byrd said he was motivated to devise the scheme by the belief that “any relationship between employers and employees can only be enhanced if the employers look to the welfare, regular salary increases and good working conditions for workers”.

“Often the relationship that develops between employers and domestic employees takes a deeper meaning. Domestic workers spend most of their time with the children of their employers, and very

often a special bond is forged by these conditions,” he said.

The plan is aimed at getting employers to make a meaningful contribution to the welfare of domestic workers. Employers can contribute a premium.

The plan is a boon to domestic workers, who are not protected by the country’s labour relations laws.

Without regulated minimum wages, domestic workers do not usually have enough money for savings and investment, and have to spend their retired life depending on their children, which does not provide security.

The scheme is tailored to meet the needs of domestic workers, most of whom work without security, and can be dismissed at an employer’s whim.

No pension for retired domestic workers

BONGANI Mdlalose's mother worked as a domestic worker for the same employer in Pretoria for 24 years.

When she retired due to old age and high blood pressure at a salary of R150 a month, she received nothing - no long service pay, no bonus, no

pension.

Bongani wrote to *City Press* to ask how his mother could get a UIF blue card, and which pension fund she could apply to now she had retired.

Sadly, domestic workers cannot get unemployment money or a pension when they retire. The

only pensions for domestic workers are either an old-age pension, if the woman is over 60, or a private pension arranged by her employer.

There are no labour laws to protect domestic workers - to specify minimum wages or conditions of service, to provide for

membership of the UIF or a pension fund, or for bonus or long service payments.

There is nothing Mrs Mdlalose can claim from her employer. She worked a period of notice, for which she was paid her normal monthly salary of R150.

Third ³⁰⁰ death in pension queue ^{CP 26/3/80}

CP Correspondent

ANOTHER pensioner has died in the Durban district payout queues — the third in five months — say Black Sash advice office workers, who report an “astounding” 155 per cent increase in their KwaZulu pension problems caseload.

Two KwaMashu grannies died in pension lines in November and January. Florence Mdlala fell after queuing for 11 hours and was trampled to death, while Florence Mgidi, a high blood pressure victim, collapsed after a long wait in the hot sun, according to the annual Sash report.

The body of Saboka Mthetwa, 62, of 374 P Section, Umlazi, was left out in the sun for around two hours, his wife weeping at his side, when he collapsed shortly after collecting his pension on March 15, said advice office fieldworker Naftal Matiwane.

“It was not dignified for a body to be left outside,” said advice office co-ordinator Lynn Hotz. A Sash recommendation that KwaZulu civil servants bring corpses inside in future was “positively” received, said Sipho Gwala, the Umlazi pensions department head.

Already two-thirds of the advice office's pension



The elderly have to queue for hours while waiting for their pensions.

headaches involves disability grants. But the elderly and handicapped around Durban may be in for a rough time as Ulundi tightens up on approval procedures, privatises its welfare safety net

and cuts disability grants. KwaZulu Welfare and Pensions Minister ESC Sithabe predicted that he would “not be able to meet the financial needs of all the aged and disabled, not even the pre-

sent numbers”.

Hotz disputed Sithabe's claim that the pension backlog had been “done away with”, saying, “almost half our cases last year were delayed”. — Dnews

Aged to be paid monthly

BLACK social pensions are to be paid monthly from April 1 in the major urban areas of the Rand and Natal, and the entire Free State and Cape, Constitutional Development and Planning Minister Chris Heunis said this week.

He had taken up the matter with administrators of the provinces and problems identified had been addressed, he said.

The following arrangements had been made:

- From April 1, pensions would be paid on a monthly basis in Soweto, Diepmeadow, Dobsonville and Alexandra, representing 22 per cent of the total number of pensioners in the Transvaal.

- From April 1, all black pensioners in the Cape Province would be paid monthly.

- From July 1, pensions in the Orange Free State districts of Bloemfontein, Welkom, Oendalsrus, Kroonstad and Sasolburg would be paid monthly.

- From April 1, where Natal urban pensioners so request, pensions would be paid monthly and further investigations into needs to change from bi-monthly to monthly payments would be carried out. — Sapa

No pension for TB victim in hospital

TB sufferer Mike Mothlabe has won the fight to get his old age pension reinstated.

And as a result, the Transvaal Pensions Department has scrapped its policy of allowing local offices to suspend old age pension payments to hospital patients.

Until this week, when *City Press* took up Mothlabe's case, local offices could suspend an old age pension if the pensioner was being treated in a State hospital.

Mothlabe of Mohlakeng, Randfontein, is 76 years old. He hasn't received his pension since January 1988.

The Randfontein pensions office – which now falls under the Transvaal Provincial Administration – was told by the Pensions head office in Pretoria to suspend the pension because of Mothlabe's "unclear circum-

300 ~~drawn~~ 26/3/89
Law says State pays his costs – but who cares for his family?

stances".

The Pensions Department agreed with Mothlabe that it had erred in suspending his pension, and reinstated it.

But Randfontein pensions staff still refused to pay either the pension or back payments – because Mothlabe was in hospital suffering from TB.

Mothlabe's family were told that as he was being looked after by the State, he no longer needed his pension.

The Social Pensions Act (Act 37 of 1973) allows for the suspension of an old age pension – or any other social pension – for as long as the person is being taken care of in a hospital funded by the government.

Director of Social Pensions in the Transvaal, C J Wolmarans, told *City Press* that although the Pensions Act allowed for the suspension of pensions for people receiving long-term treatment in

hospital at the State's expense, the department normally paid pensioners who were in hospital for a limited period.

All provincial pensions offices have been told not to suspend the pensions of patients receiving short-term hospital treatment.

Only in cases where the pensioner is admitted indefinitely, such as to a mental institution, will a pension be suspended.

The department can make special provision for pensions to be paid directly to the patient.

The pensioner can also authorise someone – through power of attorney – to collect his pension on his behalf.

Meanwhile, the Randfontein office has been instructed to reinstate Mothlabe's pension immediately; to go to hospital and give him his back-pay of R1 470.

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SUNDAY TIMES, Business Times, March 26 1989 3

Pension managers call for a new set-up

By ROBYN CHALMERS
in Port Elizabeth

THE 300 delegates attending the annual Pensions Institute conference this week agreed there was an urgent need for a new pension system.

Their attitude is that there are too many inefficiencies in the present set-up. Four of the biggest problems facing the industry were defined as the need for a level playing field in the taxation of pension and provident funds, the effects of privatisation, the fiscal take on lump-sum benefits and fund surpluses.



Wynand Mouton, chairman of the commission, said a joint effort by public and private sectors

should be seen as part of an employees' remuneration package. Vesting rights should be introduced and employers should offer both a pension and provident fund to new recruits. Allowances ought to be made for increases in pensions to keep in line with inflation.

FOCUS ON INEFFICIENCY

mutie appointed by Finance Minister Barond du Plessis in November 1988, spoke about its goals.

"The ultimate goal is to produce guidelines for a proposed new dispensation for retirement provision for all people in SA together with details for the implementation thereof.

Short-term goals are to address priority problems, such as voluntary preservation and transferability, pension payment problems, the means test, unemployment benefits, surpluses in funds, a pensions ombudsman and increasing of pensions. "In structuring any future pension provision system it would be a true reflection of reality if I say that it would have to be a joint effort between the public and

private sectors

"Reality is that social pensions will be a permanent feature in the household of any country. More than half of South Africans live in households whose total monthly income is less than R600."

National Health and Population Development Minister Willie van Niekerk's announcement that the Government pension fund was not experiencing financial problems caused a stir among delegates. Dr Van Niekerk was referring to criticism of actuarially calculated shortfalls in the fund of R7.6-billion. He said the value of future contributions, based on current rates, would be sufficient to cover liabilities the fund might incur after April 1, 1985.

Obligations incurred before March 31 1985 were not expenses for which the fund would be immediately liable, but over 50 years and longer.

"The fund was 51% funded for these obligations at the end of March 1985. In money terms this means a shortfall of R7.6 billion."

Causes for this given by Dr Van Niekerk included that the fund at its inception in 1970, consolidated five pension funds, some of which had had financial problems.

Improvements in benefits and other concessions made from time to time had placed a heavy load on the fund. Registrar of Financial Institutions Theo van Wyk issued a statement which

deal with delegate fears that prescribed asset requirements would be replaced by more restrictive measures.

Mr Van Wyk said investment criteria would be prescribed to protect policyholders and ensure a spread of investments by pension funds, insurers and societies.

He said at the second annual meeting of the institute — held at the end of the convention — that for pension funds to prosper, SA needed to promote economic growth.

"We must make use of our human resources by investing in education, we must allow Third World communities greater access to capital, bring down tax rates and encourage saving."

With the scrapping of prescribed assets I must urge all companies involved in assurance and pensions to act with

responsibility and take prudent decisions.

Possibly the most disturbing speech of the conference was given by Commercial Union long-term general manager John van der Linde.

He said that in 10 years' time, 230 000 out of 5-million members of pension funds in SA could be infected with the AIDS virus. 80 000 members could be victims of the disease, and 40 000 could die of causes related to it.

"I foresee an eventual doubling — or even trebling — of the premium rates for group life benefits as the epidemic develops."

The rise in costs will be dramatic because the highest mortality rate will be in middle age where the average salary-weighting for many group life schemes lies.

MP puts focus on plight of elderly

Bidau 29/3/89 Political Staff 360

PENSIONERS are 25% worse off than they were 10 years ago, PFP MP for Gardens Ken Andrew said last night.

Speaking at the Gardens branch of the Association of Retired Persons and Pensioners, Andrew said that social old-age pensions had increased by less than the inflation rate every year for the past decade.

Andrew said the average standard of living of South Africans in general was also dropping, and people were worse off than 20 years ago.

The solutions to SA's economic problems were primarily political: "When we achieve political stability we will have better foreign relations, greater confidence among our own businessmen and higher productivity."

"Then we can tackle our major economic problems such as low average economic growth, unemployment, inflation, a depreciating rand and inadequate fixed investment."

'Swindling' by pension officials to be probed

300

Soul Jan
3/13/89



MRS Rosy Langa
claims pensioners
were not allowed to
check their monthly
payouts after receiving
them at the community
hall in Mohlakeng.

PENSIONERS in Mohlakeng township near Randfontein claim they are often swindled of huge amounts of money by white officials at pay-out points at the Ramosa Community Hall.

"However, the local chief of the Transvaal Provincial Administration, Mr H Matthews, has denied all the allegations and said "we are very strict when issuing money to pensioners."

"He said pensioners received different amounts of money and that often caused confusion. The reason for that was that they compared their earnings and start complaining.

"He advised those with complaints to approach social workers for guidance. "If any person is found swindling the old people, I can assure you heads will roll," he said.

62-year-old Mrs Peggy Gumbo said she was supposed to get "double pay" on March 3 because she had missed her January pension. The officials offered her R300 and allegedly pretended that her other pay ticket was missing.

She said: "I strongly objected to them and after investigation they gave me R234. This happened in the presence of social workers and I suspect many old people who do not check their money when leaving the

counter have fallen victim to these officials.

Another pensioner Mrs Rosy Langa (58), said officials often order them to leave the counter without checking their pension.

"I was forced to leave the premises without ascertaining how much I had received. When I checked I found that R50 was missing," Mrs Langa said.

She added: "I immediately complained about the missing money which a white official picked up from the floor on his side of the counter."



MRS Peggy Gumbo
complained of confusion
at pay-out points.

Date changes for pension payments

Staff Reporter

300

NEW dates for the payment of social pensions, foster care grants and maintenance grants for black people were announced yesterday.

Mr Themba Nyati, a member of the provincial executive committee, made the announcement of new arrangements that have been necessary now that social welfare payments are to be made monthly, instead of bi-monthly as in the past.

The new pension payouts are as follows:

- April 14, at the usual time Mfuleni pensioners will be paid their money at the Mfuleni Community Hall;
- April 17, 8.30am Guguletu Section One pensioners can collect their payments at the Ikhwezi Community Centre, corner of NY2 and NY36;
- April 18, 8.30am for Langa pensioners, St Francis Cultural Centre in Langa;
- April 19, 8.30am for Guguletu Section Two, the Civic Centre at NY50;
- April 20, 8.30am for Guguletu sections three and four, Luyolo Community Centre in NY126;
- April 21, morning, pensioners of Nyanga, New Crossroads and KTC can collect at the Zolani Centre in Sithandatu Avenue;
- April 21 in the afternoon, pensioners of Old Crossroads can collect at the Crossroads Community Hall in Old Crossroads;
- April 24 Lingeletu West pensioners can collect in the afternoon at the Khayelitsha Resources Centre at the corner of Makhabeni and Zakhele streets;
- April 25 any pensioner from Guguletu (all sections) who missed the earlier dates above may collect their money at Ikhwezi Centre.

Worcester pensions

Further afield, in the Paarl district, there is a change in pay point for residents there from the magistrate's office to the Mbekweni Community Hall, with the payments being made this month on April 13 and 14.

Pensions for Worcester and district and Rawsonville will be paid out on April 11 in the Zweletemba Community Hall. Those for De Doorns will be paid on April 13 at the court room in the SAP building in Voortrekker Road.

Rawsonville and district also has a new payout point on April 12 at the Periodic Court in Leseur Street.

In the Peninsula, this month's foster care and maintenance grants will be paid on April 13, at the usual venue which is Standard House, Fir Street, Observatory.

Anyone who has queries may call Mr Phillip van Schalkwyk at 930-2390, or Messrs F Scholtz, J Malan or D Adriaanse at 591-2136.

Pension buy-back concession for 6 500 civil servants

Own Correspondent

MORE THAN 6 500 civil servants have been given the green light by the cabinet to buy back pensionable service in terms of the old, much-criticised provisions — which have been held responsible for most of the R20bn or more in total deficits the state pension funds are now saddled with. The cabinet decision was disclosed in an announcement released in Cape Town yesterday by Dr Willie van Niekerk, Minister of National Health

and Population Development, who said the concession applied to all those civil servants who had applied to buy back service before September 21, 1987.

Changes to the buy-back formulas announced in February last year were back-dated to that date.

A spokesman for Dr Van Niekerk's office estimated last night that about 6 500 civil servants could benefit from the concession if they took up their rights.

The estimates do not match the official figures published in the department's own annual report for 1987, tabled in Parliament last year. The report shows that a total of 33 484 civil servants had applied to buy back service in that year.

Dr Van Niekerk's announcement yesterday was described as the height of cynicism, in the light of the fact that its timing coincides with the announcement of a general election later in the year.

But PFP finance spokesman

Mr Harry Schwarz — a vociferous critic of the state's various buy-back schemes — also said that those who had applied for the buy-backs before the changes were introduced were entitled to them in that they were a part of their original terms of employment.

He nevertheless called on Dr Van Niekerk to explain how this concession was going to be paid for, and whether he had ideas of tapping the special R1bn contingency fund established in this year's Budget.

Joyous tidings for old granny



Star 8/4/89
THE curtain rises. Darkness turns to light over our bundu lives. Development is getting to us, the people of the backwoods. Pre-schools and kindergartens are being built.

Before this, granny used to look at every new-born child with a sad eye instead of joy. She knew, whether she liked it or not, it was her duty to look after the children of her daughters or daughters-in-law.

She wondered how many more were to come to sling over her already tired and weary old back.

Miraculously, however, this has now changed.

People of the villages got together, collected funds and donations, and asked families to contribute to the "project" — a creche for the children. There has been a great response.

Now granny is at leisure, able to visit other old cronies, snuffbox in hand, sniffing snuff up her nose or

Notebook

Vernon Woods



popping it into her mouth. Now she has time to gossip 19 to 12 without a care in the world.

Young mothers are also grateful. Now they know their toddlers will be well looked after, given a proper balanced diet (instead of porridge swilled in water), time to rest and relax their over-active bodies on little mats after food.

What more can one ask for?

Both grannies and mothers are now enthusiastically saying: "Hurray! Happy days are here again."

In fact there is now even the time for this 72-year-old armchair fan of

CHINKY KGANYAGO, a former Johannesburg domestic worker who lives in retirement near Pietersburg, says things are looking up in the "bundu". The advent of creches in the rural areas is giving grandmothers more time to do their own thing.

the Moroka Swallows to enjoy their game once more.

Though your wings have been clipped and you have floundered all over the Turf Grounds, grow back your feathers, Moroka Swallows! It is time to flap your wings, soar up into the sky as you used to.

I remember you playing a rival team, with me glued to the radio, listening with bated breath to the sports announcer's excitement as Khuras, Ace Minimum, Who's Fooling Who, or any of the other players in the team caressed the ball, dribbling and evading the rival team.

You were always pressing to get to the goal posts, surefootedly striking the net. "Goal!" Then your armchair fan would dance with joy. By jove! My team has made it!

Woe is me when you lose. Watch me going over to the radio, switching off heavy-heartedly. Now boys, do not let me down. I have been your fan since 1949. Win or lose I am your staunch supporter.

I sit here at Maplingo wondering what the new season of 1989 has in store for my boys. Do not despair. Every cloud has a silver lining.

Umlambo awnwelwa uwelwa zinkonjane zodwa (Swallows only soar over turbulent river) Up the Birds!"



and foreign exchange reserves continue to perform at a

Managers defend pension schemes

B/day 12/4/89 300

RETURNS on pension schemes, popularly viewed as a rip-off, may be realistically expected to outperform inflation, several pension fund managers maintain.

The first to make a strong case in favour of pensions is Fedlife pensions development assistant GM Bob Woodgate, who says the higher one's income the more real the long-term return from a pension scheme.

In his example he takes an employee earning R2 000 a month, with 6% of his monthly salary being deducted towards his pension.

"Given that the marginal rate of tax is 31%, his pension contribution would amount to R120/month gross, but only R83/month after tax," explains Woodgate.

If the employee in question left his job after three years his pension refund, comprising his own contri-

butions plus 6% interest, would be R4 732.

Legislation allows him R1 000 of this tax-free, with any excess to be taxed at his average tax rate. At R24 000 a year, this rate is 18,7% — so his after-tax withdrawal benefit would amount to R4 183.

"The net cost of this benefit is 36 months multiplied by R83/month, amounting to R2 982," Woodgate adds.

"In other words, his net withdrawal benefit represents a return of 23% a year after tax."

A person subject to the same typical conditions but earning R4 000 a month could expect an after-tax return of R28% a year.

Although a 6% interest rate is low, he points out, however, that this is more than compensated for both by the security element in all pension funds and by the fact that contributions and the final pay-out are largely tax deductible.

"In too many cases peo-

ple who find when they retire that their pension is too low to live on are those who have treated their pension payouts — when they change jobs — as short-term spending money, instead of reinvesting payouts for the future," says Woodgate.

Old Mutual Employee Benefits GM Gerhard van Niekerk says people who regard pension and provident funds as rip-offs and a poor savings medium are those whose perceptions are based largely on the poor withdrawal benefits offered by some schemes.

He says it is important to see both funds as a means towards ensuring a reasonable lifestyle after retirement and not as short-term savings schemes which can be cashed in on withdrawal.

The public also needs to know that the withdrawal benefit, like most other aspects of a pension benefit design, is a negotiable detail.

2/Dec 12/4/87

(300)

PEOPLE planning to retire late in life face disadvantages, but certain investments will still provide them with good returns, says Fedlife financial services senior GM Mick Holderness.

Among the best of these are retirement annuities (RAs), which are available from all life insurers.

In noting that state provision for retirement is limited — except for those in government service — he stresses the need to start contributing to retirement funding as early as finances permit.

While an individual could invest a tax deductible amount up to 15% of his remuneration in an RA, there was still a great deal of concern here for the person who starts retirement planning late in life, he said.

"In such an instance the 15% limitation is just not adequate to provide a benefit which will allow the individual to maintain a standard of living to which he has become accustomed."

Different forms of contract allow one to choose

RETIREMENT ANNUITIES FOR GOOD RETURNS

the level of investment risk as life offices frequently offer two options.

Firstly, employing what has become known as a smoothed bonus type contract, the insurer ensures the individual receives a consistently good return by using some of the profits made in "good" times to make up for the lower performances in the "bad" times.

Secondly, with a higher risk market-related investment contract, the market-related portfolio puts one into a situation where the value of the contract rises and falls according to the stock market.

Inflation hunting down retirees

A MAJOR proportion of South Africans have an outstanding chance of outliving their retirement provision for an expanding variety of reasons, says Old Mutual's (Natal) Steve Manning.

Behind the increase in one's chances of "dropping dead" financially before dying physically is a lifetime of sound nutrition and improving medical facilities.

"These factors combined have ushered a large proportion of retirees into a killing zone — where they are hunted down by inflation," says Ilpa fellow Manning.

Most pensions funds provide the normal retirement date for male employees is 60 to 65 years. According to current life expectancy tables, a male is expected to live 74,6 years on average and a female 78,8 years.

At an average inflation rate of 18% a year, the value of money halves every four years, so by the time a man reaches the age of his life expectancy the value of his pension would be about 10% of its original value.

Manning says supposing the pension rules formula is the number of years as a member of the fund multiplied by 2% of final salary, then a person with 40 years service (unusual) would retire on 80% (ie, R48 000) of his final salary (R60 000).

After only four years,

however, the R48 000 pension would only be worth R24 000, and at the end of eight years it would be worth R12 000.

"By the time life expectancy was reached the value of the pension would, in real terms, be worth only R4 347," he says.

In order to make adequate provision for those years of retirement one must take out additional investments to supplement a pension, he adds.

While most funds provide for pension increases, the

majority do so on a de facto basis where increases are granted only if the fund can afford to do so.

Even in the good financial years where the company or pension fund can afford to grant pension increases seldom — if ever — are they anywhere near the rate of inflation.

Assuming a regular increase of 10% a year, however, the position is vastly improved. Using the previous example, at the age of 74 a pension of R14 400 a year will be received instead of R4 347 a year — an improvement of 300%.

"Additional investments are, therefore, a priority if one is to retire in a financially secure position."

Also noteworthy, says Manning, is that out of an average of 100 people aged 25 years today, by the time they reach retirement age (65 years):

- ☐ 34 will have died;
- ☐ 30 will depend on relatives;
- ☐ 20 will have to keep on working;
- ☐ 10 will be receiving a state pension (R185 a month); and
- ☐ Six will be financially secure.

Most people will wake up to their predicament far too late.

"The earlier one starts making adequate provision for retirement, the less expensive the task will be," he says.

300

B/D 12/4/87

Life policy plan

300
A DEFERRED compensation plan allows one to accumulate capital for retirement without having to pay up to 45% of any additional salary to the taxman.

Explaining how it works, AA Life deputy GM, marketing, Bruce Howard says an employer takes out a life policy on behalf of an employee and pays the premiums due under the policy in lieu of the full, or part of a, salary increase.

The maturity benefit, of which R30 000 is tax free under current legislation, may be paid to the employee within five years of his normal retirement date.

"And the employer can deduct the premium as a tax deductible business expense," says Howard.

The tax exemption is over and above any lump sums available from pension, provident and retirement annuity funds — and there are no restrictions on how the cash may be invested.

12/02/89 12/4/89
Important concessions are available for any excess over the R30 000 tax free amount, viz:

□ An amount equal to the total salary earned in the three years prior to retirement qualifies for the average tax rate, with the balance taxable at the marginal rate;

□ The excess over the R30 000 tax-free lump can be "spread" for income tax purposes in equal instalments over three consecutive years, starting with the tax year of payment.

Deferred compensation is flexible, offering a pension for life, a cash lump sum — or a combination of these.

In the event of resignation, the plan can be transferred to the new employer with the parties' agreement, or there can be a repayment of the total contributions made by the company under the plan or the value of the policy — whichever is the greater.

PLAN FOR EMPLOYEES

KEY staff and employers could gain from an innovative financial scheme launched by Protea Assurance which claims major retirement and in-service benefits.

Protea Life Division senior executive Jim Brayson says the Corporate Goal Getter Plan has the added advantage of enabling companies to retain valuable employees by giving them substantial and regular awards for long service.

These key people can draw a tax-free lump sum after 10 years, followed by a payment every five years until retirement.

A service agreement is concluded whereby the employee's salary is increased by a set amount, a percentage of which funds a Goal Getter endowment policy. The balance pays the interest in his tax liability.

The employee then cedes the policy to the company as security for his services.

After 10 years and every five years thereafter, the policy is ceded back to the employee and he part-surrenders it — thus obtaining the cash payout — before ceding it back to the employer.

Written by LYNN CARLISLE

A PROVIDENT fund has tax advantages over other retirement funds, particularly where more senior executives are concerned, says chartered accountants Kessel Feinstein partner Ernest Mazansky.

A provident fund — which even a small company with few employees can create — is a legitimate and efficient tax savings medium which allows discretionary income to be invested on a pre-tax basis. Despite only the employee's contribution to the fund being tax deductible, with proper planning the lack of deductibility by the employee should not present a problem, he says.

Although with a pension fund employer and employee usually contribute, and both contributions are tax deductible, with a provident fund it's possible for an employer to make a payment, as its own contribution, equivalent both to what it would have paid to a pension fund and what the employee would have contributed.

He says this would make the total contribution tax deductible in the employer's hands.

Provident fund less

taxing

As far as the employee is concerned he would, for example, forgo an increase in salary or a bonus ("salary sacrifice"). Although he is not making a direct contribution into the provident fund, it is indirect in the form of forgoing a taxable salary increase on bonus. "His contribution will effectively be tax deductible."

While in Mazansky's opinion this form of salary sacrifice is legitimate, he would not recommend an employee sacrificing a portion of his existing salary for these purposes — where the salary would drop from one month to the next — as such action may well be capable of being attacked under the general anti-avoidance rules in law.

Provided an employee's total remuneration package is reasonable with regard to the value of services rendered, he believes the Receiver would not be entitled to disallow any employer's deduction as excessive, regardless of its value (within reason) as a

percentage of the total package.

"This facilitates a substantial degree of flexibility, so employees could well shelter a reasonable portion of earnings from tax should they not be required for other purposes."

Because a provident fund's net income is invested to best advantage, a main benefit is that a provident fund effectively facilitates an investment into a growth portfolio, with such investment being made out of *pre-tax income*, whereas traditionally savings or investments are made out of taxed income.

This could well suit employees who feel they do not really need an increase or bonus because of their particular financial circumstances — and a like amount could instead be contributed by the employer to the fund for their benefit.

Extra flexibility is another advantage a provident fund provides over pension — or retirement annuity (RA) — funds.

With the latter, an employee is entitled to a maximum cash payout of one-third the value of either fund, and by law must take the two-thirds balance by way of an annuity.

A provident fund's full value is available on retirement, and thus the employee has much greater flexibility in dealing with his financial affairs.

As the law stands a significant (if not the whole) provident fund lump sum received on retirement is tax-free. Any balance will be taxed at his (lower) average tax rate for the year, rather than at the marginal (higher) rate.

"With proper planning, even this average tax rate can be reduced significantly," he says.

While these rules apply equally to pension and RA funds, the benefits can be greater with provident funds in view of the absence of the one-third limitation.

A provident fund is similar in principle to a deferred compensation scheme in the sense that the

employer pays out funds now as "part" of the employee's package, and gets a tax deduction, while the income only accrues to the individual at some future time.

Although an employer utilising a provident fund

will obtain an immediate tax deduction, the employee will only be taxed (if at all) at some future point in time.

"This is of particular benefit in an owner-managed business where the employer and employee, though legally different parties, are economically one and the same," Mazansky adds.

Planners urge extra retirement provision

B/Dag 12/4/87

300

CORPORATE pensions are often inadequate, say financial planners, and it's up to the individual to make additional retirement provision privately.

The need for such provision is borne out by the fact that only nine out of 100 white South Africans are financially independent at retirement age, says Syfrets Trust senior GM Nigel Franks.

Hosken Employee Benefits director Rob Davey says most people do not know what their pension funds offer. They expect to be able to survive on their pensions when they retire, but in most cases they cannot.

Old Mutual Employee Benefits GM Gerhard van Niekerk adds that even middle-income people often figure poorly in the retirement provision stakes, particularly as short service yields a mediocre company pension which rapidly diminishes under the impact of inflation.

Startling figures on financial independence argue strongly in favour of the need for individuals to supplement their pensions if a reasonable standard of living is to be maintained after retirement.

Franks says a survey done in 1980 revealed that 34 out of every 100 people reaching 65 years are forced to continue working.

Of the remainder, 32 depend on the state, 17 on their families and eight on social welfare with just nine being financially secure.

"Financial planning is essential and this must take into account that the most serious risk facing an investor is the continued erosion of his capital by rising inflation."

Generally, the only investments which have consistently beat inflation in the long-term have been quality shares and property, says Franks.

"A well-balanced portfolio requires that risk be balanced against capital and income growth, while a measure of liquidity should be maintained to cope with cash emergencies such as illness and accidents."

He warns that, at an assumed 15% annual growth in share and property values over a five-year period, and a portfolio mix comprising 60% growth investments and 40% fixed capital non-growth investments, the total portfolio will only retain its value in real terms if the inflation rate does not exceed 10% a year.

"In other words, an inflation rate higher than 10% — as has been the case over the past decade and will be so for the foreseeable future, will result in a fall of the capital in real terms, even though part is invested in growth investments."

Franks emphasises the point that although most white collar workers contribute to well-managed pension funds, one cannot trust inflation not to reduce the buying power of eventual payouts substantially over the next 10 to 15 years.

"Retirement annuities are useful in building up future income, particularly when one considers that all major insurance houses have beaten the inflation rate over the past 10 years."

Most individuals should aim to own their own home and complete their bond payments by retirement age, he suggests.

"They should also build



GERHARD VAN NIEKERK



NIGEL FRANKS

up investment holdings in unit trusts and/or a portfolio of blue chip shares; hold a portion of ready cash and have fixed capital investments and high interest yielding assets to the extent they need to generate a higher level of income for living expenses," Franks adds.

Noting that membership of an employee benefit fund is not in itself a guarantee of adequate retirement provision, Van Niekerk says many suitable saving options exist for such additional provision.

Franks says the method of such saving is less important than the act of saving for the future.

"The choice of vehicles, for example RA's or unit trusts, is largely dependent on the individual's particular circumstances."

Greater incentives are needed, however, for the voluntary preservation of pension contributions and possibly certain penalties

should apply to early withdrawal.

Van Niekerk says Old Mutual continually recommends additional provision in the form of:

□ Extra contributions to a company pension fund amending, where necessary, the fund's rules. Up to R1 800 a year is at present tax deductible for this purpose; and

□ More being set aside for RAs, however the complex tax deduction formula has not been improved for years.

Old Mutual has tried to persuade the authorities that greatly improved tax deductability in these areas does not result in a permanent tax avoidance, but only the deferment of tax collection.

"The reason is the pensioner will have a greater taxable income after retirement if he could have afforded to make better provision during his working life."

OPTIONS TO ALLEVIATE PROBLEMS

MEETING pensioner or ordinary investor needs in a heavily taxed and high inflation environment today is difficult, but there are some options which claim to alleviate the common problems.

With the investor facing several risks and problems, notably loss of capital, inflation and low after-tax returns, products which safeguard against these have to be carefully considered.

Liberty Life claims that in addition to its Lifestyle retirement annuities, Lifestyle endowments and Universal Lifesyles, other products which fit the bill include the flexible Lifestyle Income Builder (LIB) and Lifestyle Capital Builder (LCB).

Liberty product development AGM Her-

schel Mayers says LIB is an ideal investment for lump sum retirement funds, designed to produce a high after-tax guaranteed monthly income for 10 years, and return the investor's capital on the assumption that a return of 15% is achieved.

LCB is designed to achieve the highest after-tax capital growth over 10 years, on a lump sum investment.

He says LIB produces the most attractive after-tax income compared with most similar investments — as can be seen in the graph.

Both products have achieved high returns during the past 10 years — 18.8% in the managed portfolio against inflation which averaged 14.4%.

Mayers points out the most important consid-

erations when choosing an investment are the after-tax return along with security and peace of mind.

"Risk is minimal as both products guarantee a minimum return while in the event of death they guarantee the original amount paid."

LCB offers a guaranteed minimum return at maturity around 7% with the managed portfolio mentioned while LIB offers a guaranteed income for 10 years.

The investor who aims at efficient tax planning has a wide range of investments from which to choose.

"These range from equity portfolios to property portfolios, to managed portfolios which are combinations of equities and properties," Mayers says.

1007 12/4/89

Taking account of risk benefits

A MAJOR shortcoming with people is they tend to overlook a vital component of most pension and provident funds — risk benefits, says Sage Life executive director Colin Tomsett.

He says public focus on group schemes usually centres on retirement benefits to the exclusion of those risk benefits which are payable on the death or disability of a fund member before retirement.

It should be noted that a wide range of benefits is available, usually at surprisingly low cost in relation to cover.

"They include life assurance, widow's and children's benefits, non-cancelable sickness and accident insurance, lump sum disability benefits, dread disease cover and even funeral benefits for a member and his/her immediate family."

Generous free cover limits are often available, eliminating unnecessary medical examinations and facilitating the administration of group schemes.

Tomsett says risk benefits should not be regarded merely as ancillary to a pension or provident fund.

"A significant proportion of fund members will benefit from the cover they have through their funds. The life assurance industry pays out millions every month to beneficiaries as part of its vital role in assisting society."

Subject to certain minimum membership requirements, these risk benefits can be obtained as free-standing schemes, without having to be linked to a pension or provident fund.

Death benefits can be paid in lump sum to beneficiaries or be used to provide a monthly pension for the widow and minor children, or both. This can provide beneficiaries with sorely needed funds when

they are most required.

The two kinds of disability cover available are:

□ Capital disability benefits — which provide for a lump sum payment (often the same amount as the death benefit) on the total and permanent disability of the member;

□ A form of salary continuation if the member is temporarily or permanently disabled where a major portion of the salary at the time of disablement is paid after a period, for example, three months.

In the latter instance, payment continues as long as the disability lasts or up to retirement age; and the benefit can be as high as



□ COLIN TOMSETT

100% of salary for the first two years and 75% of salary thereafter.

Limits are imposed on the amount of disability benefits payable.

ENDOWMENT policy owners are often unaware that excellent returns are available after the policy's maturity date through the built-in continuation option.

Endowment assurance is often recommended for its versatility — providing cover against death or disablement before or after retirement, and as a savings medium with inflation-beating and tax-free returns on maturity.

Explaining further, Sanlam senior marketing manager Jacques de Villiers says in terms of the option the insured can leave the maturity amount, or part of it, with the assurance company and earn bonus benefits.

"And should he require an income then the growth on this amount is paid out in the form of regular tax-free cash bonuses. Otherwise, the growth is added to the amount invested and paid out at the end of the continuation term."

Noting Sanlam's cash bonus rate is 15% a year, he says that since cash bonuses are tax-free if in

EXCELLENT RETURNS AVAILABLE

compliance with taxability requirements, this rate can be compared with a pre-tax rate of 27,3% a year for a person with a marginal tax rate of 45%.

"This is hard to beat in spite of the high current interest rate levels."

To illustrate endowment versatility further, he quotes the example of a recently matured policy. During the 13-year term its owner had life and accident cover as well as a waiver of premium benefits at disability.

"On maturity date R29 647 became available tax-free. This sum represents a compound return of 18,9% a year on premium which is well ahead of the average inflation rate of 13,7% a year over the policy term."

And should the owner exercise the continuation option he could supplement his after-tax income by R347 a month at the current cash bonus rate.

The comparable monthly pre-tax income at a marginal rate of 45% would be R630.

"If the owner does not need an income and leaves the maturity amount with Sanlam to grow for a further 10 years it could increase to almost R120 000 at an illustrated investment bonus rate of 15% a year," says De Villiers.

One of the advantages of the continuation option is it may be terminated at any time during the continuation term. Cash is, therefore, always available.

The surrender value is determined by Sanlam and, in the case of a continuation with cash bonuses, the surrender value equals the continued maturity amount in accordance with Sanlam's present basis.

THE ROAD

THE ROAD

PENSION & RETIREMENT PLANNING

Unit trusts good for retirement

UNIT trusts — or mutual funds — are proving an increasingly effective way of saving for retirement and reducing tax payments on long-term investments.

Unit trusts are a tax-efficient medium-to-long-term savings vehicle and an inflation-beating investment for many years, says Met-board senior manager Richard Forlee.

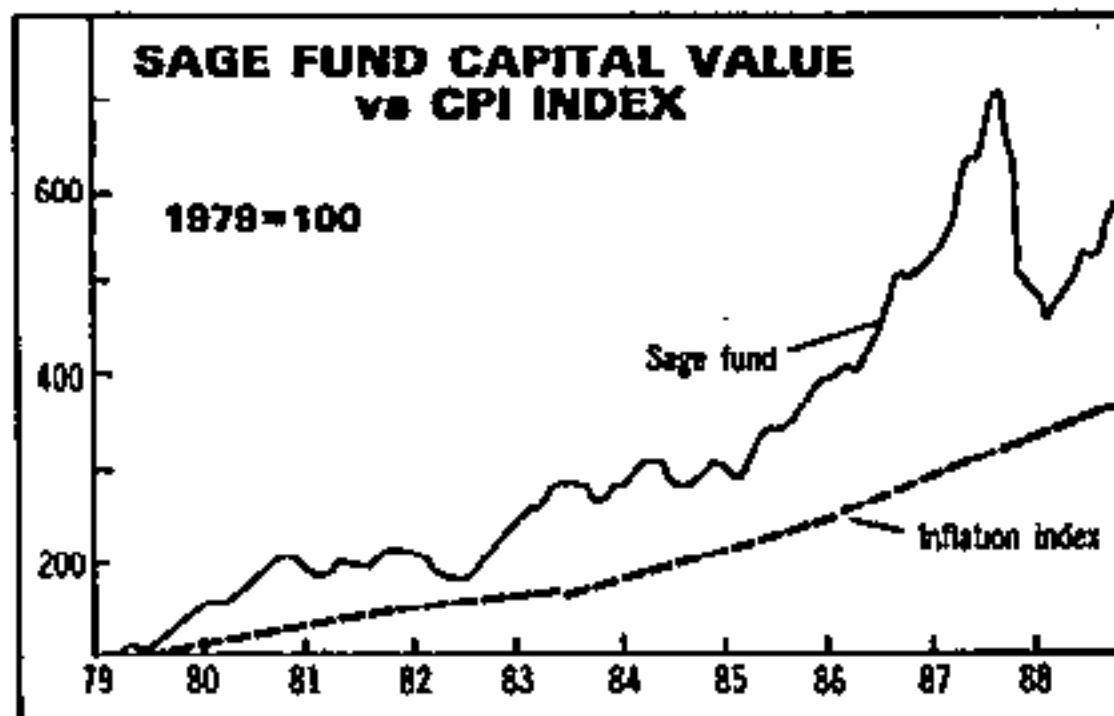
"They have proved an exceptionally sound investment over an extended period, even after the stock market setbacks of 1969, 1982 and October 1987. And capital growth, which is the major portion of the increasing value of the investment, is tax free."

He says capital growth should remain tax free provided the investor's intention in investing in unit trusts is not speculative.

Sage Life manager (marketing communications) and Ipa fellow Michael Belling adds that only the dividends declared are taxable and, in most cases, only two-thirds of dividend income is subject to tax.

Using Sage Fund investment returns as an example (see graph), unit funds show capital growth returns over the long-term well ahead of inflation.

Pooling the resources of many clients through unit trusts means they obtain a wider spread of invest-



ments than could normally be achieved individually, with less risk than a narrower portfolio.

The investment expertise of the fund managers, built up over years, reduces the risk and enhances the potential returns.

Some life insurers also offer their clients the possibility of linking their policy investment to unit trusts, offering the potential of excellent returns.

Taking Sage Fund to illustrate an example, assuming either a lump sum of R10 000 or R100 a month (total R6 000) was invested over the past five years, the respective compound values would be R24 865 and R9 466, for a pre-tax annual return of 19.9% and 18.3% respectively.

After tax would reduce

this slightly to 18.3% growth for the lump sum and 16.7% for monthly premiums. Inflation for the period average 15% a year. Using the same amounts

over the past 20 years, with monthly premiums totalling R24 000 over this period, we see a reversal of compound annual return in favour of monthly premiums with the latter growth now 20.2% pre-tax and 18.3% after tax.

The lump sum compound annual return is reduced to 15% before tax and 13.2% after-tax, but represents good investment as inflation over the last 20 years averaged 11.7% a year.

Belling says all calculations assume reinvestment of dividend income while the after-tax return assumes a high marginal rate of 40% with income reinvested after tax deductions.

PROVIDENT funds have been around for a long time and fulfill a definite need, but their utilisation as a replacement for pension funds is questionable, says Metropolitan Life assistant GM Derek Pead.

Because of a lack of consultation with members and, thus, poor benefit design, coupled with a lack of communication on the advantages of membership, pension funds have come into disrepute.

Ask the average white employee what benefits his company pension plan provides at death, disability, retrenchment, resignation, dismissal or retirement and you will draw a blank, Pead says.

After all, the employee was probably not involved or consulted in the design of the benefits or drafting of the pension rules. Neither were these ever explained.

What about the black South African? Unlike his white counterpart, he has strongly resented pension fund membership because of his differing perceptions, his volatile employment

Provident funds fulfilling need

situation and opposition to such funds being invested in government stock.

Since government's failure to thrust pensions at blacks in 1980, many local companies have, through the process of collective bargaining, set up provident funds as an alternative to pension schemes.

The obvious advantages of such provident funds are they are negotiated between management and employees and each is usually managed jointly by them.

Being a simple concept, a provident fund operates much like a savings account and provides a benefit equal to the member's own contributions, plus the employer's contributions on his behalf.

Another factor is interest is at market-related rates

and is usually much higher than that available from banks and building societies on individual savings accounts.

"And these benefits are available on exit from employment on any cause," Pead adds.

But although both parties are happy with provident funds, government is not.

This is mainly because of an increasing burden on state coffers when lump sums received at retirement are squandered and recipients turn to the state for assistance.

"Certain fund experts are also in a quandary, knowing pension funds provide the same benefits as provident funds at a lower net cost to employers and employees because of tax efficiency."

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THE NEW UNDERSTANDING

CHARTER LIFE

ASK PROFESSIONALS

SEEK professional advice if you need income and pension investments that hedge against the wealth-deteriorating effects of a weakening rand and inflation.

That's the message from Board of Executors (Natal) director Brian Bechet, who reminds that inflation, which has averaged 13% over the last 16 years, has left most retirees finding their monthly stipend purchases continually dropping as the months go by.

He warns that in structuring one's income-producing and pension portfolio it is critical not to make the tempting mistake of acquiring investments or annuities that produce a fixed rate of income.

"What appears today to be a very satisfactory level of income does not increase at anything like the inflation rate, and in an embarrassingly short time the retiree ends up having to make unacceptable sacrifices," he says.

Assuming retirement is planned at least 20 years from now, it is vital to invest funds so that not only is the capital base protected but the level of income produced increases from year to year.

Options which one must include in a portfolio are listed property trusts or property companies, property syndications and either a selection of the higher yielding listed equities or one of the high yield unit trusts, he says.

While an investment in the gilt market can provide better-than-average income returns, specialist advice is needed on the enormous potential capital profits or losses that can materialise quite quickly as the interest rates move.

As one closes in on the moment of retirement Bechet suggests a wise course of action would be to:

- Obtain the best possible advice to ensure every avenue is explored to maximise one's continuing investment returns — both capital and income; and
- Take advantage of any opportunities which may minimise the Damocles-like effect of income tax.

"Never has it been more important than under the present volatile and oft unpredictable financial times to either employ the services of, or to at least consult, an objective professional who is in constant touch with the financial environment," he adds.



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some case/s as specified:

If nearly all your cash goes to food and rent, it helps to have a small appetite

When the old folk feel the pinch

Many of South Africa's aged people battle in silence for survival.

That was the response of National Council for the Aged, director Mr Sid Eckley when asked to comment on the fact that the cost of living (COL) has increased by more than 400 percent over the past 10 years.

Housewives League president Mrs Lyn Morris has said the most worrying aspect of the COL rise was how the aged coped with soaring prices of basic items like food — which are going up "on a daily basis".

Together with increased taxes through general sales tax and "bracket creep" — higher taxation through salary increases — the average income would have needed to grow more than fourfold since 1978 simply to keep pace with inflation.

Aged people on social pensions and those with fixed incomes suffered most, she said.

Mr Eckley said if a social pensioner "still feels positive about life today, it is a miracle — and there are thousands of miracles".

"Despite the circumstances they live in, they continue with life and suffer in silence. We don't know or can't perceive all the suffering," he said.

Social conscience

White social pensioners get R251 a month, Indians and coloureds R200, and blacks R150. Ten years ago it was R97 for whites, coloureds and Indians received R54 and blacks R27.50. There has been a move towards greater parity between the races.

But Mr Laurie Starfield, director of the Johannesburg Association for the Aged (Jaffa), pointed out that there was still a great gap and that the cost of food was the same for all races — there was perhaps only a difference in rent paid.

"Pensions have not kept pace with the rising COL," he said, adding that every society should have a conscience about this.

He quoted from the consumer price index for pensioners in major urban areas for the beginning of the year: with a base of 100 in 1985, the latest figure was 164 — almost two-thirds up. Over the same time, pensions

The elderly suffer the most as rampant inflation sends up the price of basic items, reports CARINA LE GRANGE.

had increased by only 40 percent.

Mr Starfield said there had obviously been a decline in the standard of living and it was "obviously harder for the aged". He said Jaffa had noticed an increase in the request for aid from old people.

A pensioner who was asked how she managed to live on her total income of R262 a month said: "I survive because I live in a council flat in a Johannesburg slum. And I'm a very light eater. I have a small appetite and use food in an economical way."

The 84-year-old woman who asked to remain anonymous, pays R35.74 rent a month and her only "major extravagance" is her telephone. She makes use of every concession for pensioners such as free public transport and reduced cinema tickets.

Apart from films, her other entertainment is listening to music on the radio.

Asked how the ever-rising COL made an impact on her life, she said that it restricted every aspect of life and that her pension allowed for only a "sub-subsistence living".

A 68-year-old single woman living in her own home on a fixed income of R1,100 might seem to be in a more favourable position, but she said she lived in "mortal terror in case anything in the house should break" as she could not afford repairs.

She said her standard of living had fallen over the years. She no longer bought meat but only chicken or cheap fish. She bought the cheaper brands of other food and could not afford clothes unless they were absolutely necessary. "It will be a major disaster if my house should need attention beyond the cost of its upkeep," she said.

She belongs to a medical aid scheme with costly monthly payments but cannot afford to resign from it because of her age.

An 81-year-old Soweto pensioner has to survive on R150 a month. He also supports a grandchild who lives with him. He buys her school uniforms and covers her other expenses. Despite poor health, he has

St 12/4/89 300

to do piece jobs to supplement his pension.

"I can't come out with the money. It's not enough. We live on mealie meal and tinned food and can't afford meat. My rent is R30 a month and the water costs between R50 and R70. Buying four bags of coal for a month costs R24. There is very little over for other expenses."

According to Mr Eckley, research done in 1982 found that half of a pensioner's income was spent on accommodation and 40 percent on food, leaving 10 percent for contingencies and other expenses.

He said the position of blacks was becoming desperate. Part of the reason for this was the developing trend for fewer old black people to live with their families.

Worse than animals

Mr Eckley said there was growing concern about old people who could not afford the most basic health care. There had been a decline in the number of elderly visiting out-patient sections at hospitals.

"Some people get close to perishing. If it were not for community organisations and the Church, they would not survive. Many live in worse conditions than animals."

The solution lay in long-term planning. A national pension scheme, including medical care, should be set up to which all people had to belong. There should also be no difference in payments to different races.

A vice-president of one of the Meals-on-Wheels organisations, Mrs Joan Sillman, said the COL had severely affected the organisation. Over the past 10 years, requests for meals had been "increasing and increasing — not only from sick people but from the elderly who find they just cannot afford to buy food".

Meals consisting of soup, main course and pudding are delivered to the homes of people in need. Until last October, this was done at a cost of only 15c per recipient.

"We very sadly had to increase the price to 45c last year. This has always been a very necessary service but is now even more so," Mrs Sillman said.



City buy-back pensioners under fire

By SHARON SOROUR
Staff Reporter

300

CAPE TOWN CITY COUNCIL'S costly and controversial buy-back pension scheme came under fire from seven ratepayers' organisations last night at a meeting organised by the Rondebosch Ratepayers' Association.

The scheme, launched about seven months ago and which reportedly cost the city more than R2-million, had come into use more quietly than it should have, said association chairman Mr Bob Wood.

"The scheme is much too expensive. Cape Town does not have enough money to meet the demands of the city and the total operating costs should not have to bear the weight of the councillors' pension scheme."

If city councillors were adequately reimbursed they would be able to afford their own pension scheme, he added.

"Additional funding for councillors should not be hidden under the cloak of a pension scheme for people who provide a part-time service."

The meeting emphasised that, being

part-time workers, some councillors received up to four other pensions.

"This is wrong in principle. If someone is in full-time occupation and receives a pension, then they should not qualify for another pension."

"Valiant stand"

Recognition should be given to councillors who refused the expensive buy-back scheme by "making a valiant stand". The scheme also demanded that "the municipality pay far more than the legal 10 percent permitted."

The meeting agreed to draw up a resolution to pursue the issue by involving more wards and taking the matter up with the local authority.

●The City Council paid nearly R1,7-million to buy back service for councillors and R460 000 for management committee members.

The municipal pension fund costs the city R114 400 for councillors and R50 200 for management committee members.

Most councillors took advantage of the buy-back provision and 20 joined the scheme.

Flexible fund for self-employed

B (Day 2/4/87) 300

FEW small business or professional people realise the retirement annuity is the only private pension fund available to them.

This is the view of AA Life marketing assistant GM Bruce Howard who says participation in a pension fund, or similar employee benefit, requires an employer/employee relationship and a sizeable business to benefit from the economies of larger payments.

"The retirement annuity fund is specially designed for self-employed people, since employment is not a pre-requisite, and the income tax rules encourage the use of retirement annuities by the self-employed.

CREDITORS

"The reason is that, while an employee, who is a member of a pension fund, can contribute only a maximum tax deductible amount of the greater of either R3 500 minus deductible pension fund contributions, or R1 750 a year, self-employed people can provide up to 15% of their taxable income," Howard explains.

Another benefit for self-employed people is that funds are locked in until the age of 55. This makes the annuity a compulsory saving for retirement and it cannot be attached by creditors.

The range of universal life retirement annuities with built-in flexibility to vary premiums and benefits, recognises the changing nature of requirements for the self-employed.

"For example, life cover and disability can be added in earlier years when the need is greatest, and removed or reduced in later years, when the emphasis is on retirement capital.

NEEDS

"This flexibility also allows for various contributions based on a conservative profit expectation, and the top-up to 15% at the end of the tax year, when profits for the year have been determined.

"The structure of the retirement annuity, its tax advantages in respect of deduction of contributions, and the flexibility inherent in the company's Universal Life Retirement Annuity

series, makes it suited to finance the retirement needs of self-employed people," Howard continues.

The built-in flexibility of AA Life's living benefits Universal Life policy enables it to respond to the immediate needs of the fast emerging self-employed business fraternity, according to Howard.

CHANGE

Features of this recently-launched policy are flexibility of cover, flexible premiums and the estate growth factor, with cash values increasing at attractive market rates. Self-employed people may be subject to cash flow problems occasionally and will benefit from these features.

"Our policy changes the traditional face of life insurance for entrepreneurs because it is finely-tuned to what they need and can afford.

Entrepreneurs decide to what extent they wish to buy life and disability cover and invest in a managed investment fund. The key feature is that this can be done whenever required on monthly or yearly as their financial situation permits.

"Our policy has been structured as a once-in-a-lifetime package. It is not necessary to buy another policy as needs change because flexible upgrades and options available allow tailoring of the package," Howard adds.

ESTATE

He claims this modern, financial vehicle offers significant advantages over traditional policies, including:

☐ Flexibility of cover, which assures client protection. The level of life cover can be increased or decreased without buying a new policy;

☐ Building an estate can be done with the policy, as cash values grow at attractive market rates;

☐ Flexible premiums are of particular interest to the self-employed. Payments to the cash fund can be increased as circumstances permit, or decreased or skipped, as long as there are adequate funds in the policy's cash value to keep it in force.

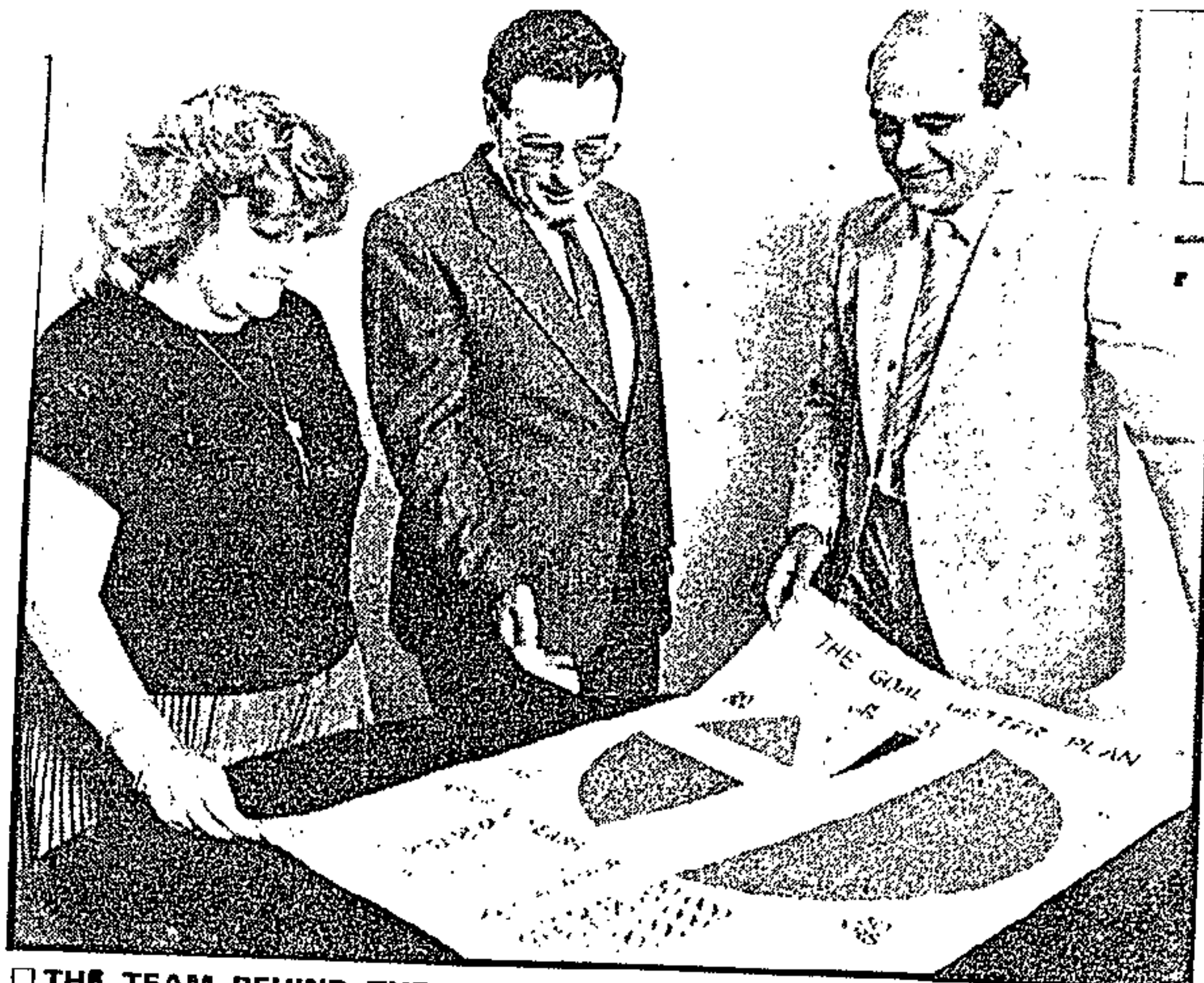
Clients may even elect to pay all premiums over a

few years and not worry about paying any more after that.

Howard stresses: "The policy gives professional access to an investment portfolio normally available only to large investors, which provides significant investment growth that puts them well ahead of inflation."

Flexibility is enhanced by being able to add disability riders to the plan. For example, special drawing rights can be added to provide protection against heart attacks, strokes, cancer and terrorism, as well as occupational and accidental disability benefits.

"Premiums can also be increased annually to counter the effects of inflation, with a unique upgrade facility, and no policy fees are added," he explains.



□ THE TEAM BEHIND THE GOAL GETTER PLAN ... Maria-Louise de Cort, marketing superintendent of Protea's life division; senior executive Jim Brayson; and marketing actuary Geoff London

A NEW financial product, which provides substantial cash payments across the life of an investment, has been launched.

The Goal Getter plan is aimed at those who wish to draw large sums of cash from time to time to fund special purchases, rather than waiting for a lump sum payment at retirement age.

Under the Protea Assurance plan a tax-free lump sum becomes available after 10 years followed by the payment every five years of ever-increasing amounts until retirement.

Senior executive of the

GET GOING WITH GOAL GETTER

Life Division, Jim Brayson, says the returns cited by the company are impressive. Figures released show that a non-smoking male, turning 35 next birthday, investing R140 a month with the contribution linked to the consumer price index, could look forward to cash

payments totalling in excess of R1m tax-free over 30 years.

Based on current projections, investors can draw a lump sum of R30 000 at 45, with a further R70 000 becoming available five years later. An additional R132 000 would be paid five years after that and, at 60, he could draw R262 000.

R540 000 paid out on retirement at 65 would bring his total drawings over the period to R1 034 000.

Brayson points out that the figures assume an average annual return of 15% but the company has produced investment returns in excess of the inflation rate over the past decade.

He says that the plan was evolved for self-motivated people who take active steps to achieve their goals in life.

"Our Goal Getter investment is an eminently practical way of attaining articles, which for many people remain only a dream.

"These include the deposit on a house or car, financing children's education, regular overseas holidays, or any of an number of other major items," he adds.

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2011

A VERY worrying piece of legislation has been lurking close to the statute books for some time.

Strangely, it has not attracted the comment it deserves, as it could have profound consequences for members of retirement annuity, pension and provident funds, because it could drastically change the way in which benefit payments are disposed of on death.

Liberty Life's Alan McCulloch points out that the piece of legislation is the Financial Institutions Amendment Act 1988 and in particular the clauses dealing with the definition of a dependant and those amending Section 37C.

Although passed by Parliament, these clauses have not yet become operational until a date is announced by the State President.

"The present way of dealing with the disposition of death benefits in terms of the Pension Funds Act has served SA well for many years. Trustees and

AFTER BLACK ARM BAND IS RED TAPE

principal officers of funds have been given wide powers of discretion to decide who are dependants and the amount each will receive.

CRITICISM

"A member who has no dependants can nominate someone to receive a benefit, but the Trustees are not compelled to take notice of this nomination. Failing payment to a dependant or nominee, the benefit devolves on the deceased's estate or the Guardian's fund. The vast majority of death benefits were settled with little fuss and bother."

Apparently, because of representations to the authorities, this situation is to change radically. Criticism was voiced that an individual who, having made adequate provision for his dependants, has no means to ensure trustees pay an amount to a nominated beneficiary. But what was set out to be achieved was not realised in the Financial Institutions Amendment Act.

The definition of dependant was altered to exclude persons not legally entitled to maintenance by a member. Thus, both a working spouse and major children are automatically excluded as dependants. Also, the previous rights of trustees to decide on who was a dependant, has vanished.

CLAIMANTS

There are to be four major categories, which appear to cover dependant spouses, dependant children, unborn children, fiancées and certain non legally dependant persons dependent on the deceased's estate for maintenance.

McCulloch points out that where there are only dependants to be dealt with under new legislation, the matter is fairly simple except that claimant dependants have 12 months in which to appear.

"A result could be the un-

willingness of trustees to make any payment until the 12 months have expired in case another dependant comes to light. Litigation could almost certainly arise in that case. At present, most claims are settled fairly quickly after death, which was undoubtedly the pragmatic rationale for the current legislation," he explains.

However, meeting the criticism for effective beneficiary nomination has been met in full — with surely unexpected consequences.

"Where a person has been nominated he will now receive a full benefit as a right subject only to a requirement that the previously defined dependants are adequately taken care of. Trustees must now assess the maintenance needs of those dependants and only then pay the balance to nominees.

"Apart from the obvious question of the possible cost of these investigations and who will pay for this, the average trustee of a retirement annuity fund is not in a position to assess maintenance needs of dependants.

BALANCE

"He doesn't have the intimate knowledge available to the trustee of the average pension or provident fund who can make reasonable enquiries through the deceased's employer," he argues.

Adding to this confusion is the fact that there is no provision for a partial nomination. The nominee cannot be granted say 25% of the balance of the benefit after seeing to the dependants — it's a case of all or nothing.

Also, McCulloch says it is understood authorities view pensions previously reserved exclusively for widows/widowers and children to fall within the ambit of the new legislation and, therefore, paid to a nominee rather than to those for whom it was originally intended.

"Representations are being made to redress these and other problems, and we hope the negotiations are successful with a practical outcome," he says.

(300) Fmml 21/4/89

"We estimate about 15% of applicants decided to go ahead," says pensions chief director Japie Visser.

Before the scheme was altered, civil servants could buy back service they didn't give at a rate calculated on their starting salary while pension payouts were based on salary at retirement — "a diamond handshake," says Andreas Wassenaar, author of the book *En Route to Fairyland*.

This contributed to a massive R20bn deficit — eventually to be made good by the taxpayer — in the Government Service Pension Fund when it was evaluated in 1985 for the first time in 17 years.

According to Visser the next evaluation should be finalised "within a few weeks."

Because of the new formula, Visser says the fund is expected to be "fully compensated."

Wassenaar disagrees. "It will depend on two factors:

□ The rate of increase of salaries and pensions; and

□ The rate of interest payable on the loan



Van Niekerk

taken out to pay for the buy-backs.

"If salary increases continue at 20% a year, civil servants applying for buy-backs will not compensate the fund fully."

Under the new formula, the cost of buy-back is based on salary on date of application. Though applicants may still buy back to age 18 (previously 16), the cost is much higher.

A consulting actuary believes the value is more or less in line with cost, as in private-sector buy-backs.

Minister of Health & Population Development Willie van Niekerk told parliament

CIVIL SERVICE PENSIONS (300)

Buy-back back-offs

Since September 1987, when the formula used to calculate the cost of civil service pension buy-backs was changed to make them more expensive, only 88 people have elected to take advantage of the benefit.

This can't be directly compared with prior years. Reasons include:

□ Since September 1987 no record was kept of the number who applied for a quotation on the cost of the buy-back but didn't elect to take advantage of the scheme; while

□ Records in previous years accounted only for the number of applicants.

However, available figures show the buy-back scheme on the old formula attracted a lot more interest.

In 1987, 33 484 applied; in 1986, 33 295; and in 1985, 27 927.

(300) recently that 7 205 civil servants who applied for buy-backs before the cut-off date are still eligible for the original benefits.

Visser says the cost of these buy-backs cannot be estimated because not all applicants will elect to buy back.

"We have to give them quotations. Then they decide whether to take up the offer," he explains.

However the department's DG, Coen Slabber, says that estimates based on past averages indicate cost will be about

R280m per year.

— Zuluwazi, Pretoria

— via the press



TEACHER E N Ncwana (left) presents a R600 cheque on behalf of Donaldson Higher Primary School to Mr J N Boyang, the administrator of the Soweto Home for the

Aged.

Soweto 25/4/89

OLD AGE HOME IS IN DANGER

THE Soweto Home for the Aged, the only one in the area, might close down next month due to a lack of funds, its administrator, Mr J N Boyang, said yesterday.

Mr Boyang disclosed that the home was left with only R4000 in the bank which would keep it running up to the end of April — unless the community gives help.

The home built in 1987 in a R2,5 million loan from the Government, has 32 residents who were admitted in October last year. It has a waiting list of more than 100 applicants.

Mr Boyang said that most of the residents at the home were literally

picked up from the streets after their children had abandoned them. They would be left destitute if something urgent was not done to save the home.

The Press conference on Friday was to launch a fund raising campaign aimed at the public and financial organisations to offer their services. The board of management hopes to raise R100 000 at the end of this year.

Representatives of Tiger Oats, a food manufacturing company, at the meeting pledged that they would donate food stuffs to the home on a monthly basis.

They donated R1000 to the home, which Mr Bobby Makwetla described as a "kick off."

A R600 cheque was presented to Mr Boyang from the pupils of Donaldson Higher Primary School, which was money collected for the home during the Easter period.

Representatives of teachers' organisations and a youth from the Naledi Christian Youth Club also pledged to follow the example set by the Donaldson Higher Primary School.

Howard

779

MONDAY, 24 APRIL 1989

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HOUSE OF DELEGATES

NOTE:

As regards 3(b) it should be noted that the removal of a liquor licence from existing premises to other premises is legally possible only if the new premises are situated in the same magisterial district.

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

Liquor licences

5. Mr K CHETTY asked the Minister of Economic Affairs and Technology:

- (1) How many liquor licences were granted during the latest specified period of five years for which information is available;
- (2) whether he will furnish the (a) names of the persons to whom and (b) areas in respect of which such licences were granted during the above-mentioned period; if not, (i) why not and (ii) where can this information be obtained; if so, what are the relevant details;
- (3) whether any applications for the transfer of liquor licences from one area to another were approved during the latest specified period of 24 months for which figures are available; if so, (a) how many, (b) which areas were involved and (c) what were the main reasons for the non-approval of these applications?

D46E

The MINISTER OF ECONOMIC AFFAIRS AND TECHNOLOGY:

- (1) 3 029 for the period 1 January 1984 to 31 December 1988.
- (2) (a) and (b) No
 - (i) The information is not readily available.
 - (ii) The information is not available elsewhere.
- (3) Yes. However, figures are available for the calendar year 1988 only.
 - (a) 143 (during the calendar year 1988)
 - (b) and (c) The information is not readily available.

HOUSE OF DELEGATES

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MONDAY, 24 APRIL 1989

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The MINISTER OF HEALTH SERVICES AND WELFARE:

- (2) how many of these refusals were attributable to the assets of the applicants exceeding the limits laid down in terms of the means test;
 - (1) (a) 3 193
 - (b) (i) (aa) 2 907
 - (bb) 286
 - (ii) Nil
- (3) how many Indian persons were receiving old-age pensions as at the end of 1988 or the latest specified date for which figures are available?
 - (2) 89
 - (3) 28 040 as at March 1989.

D74E

(3) 28 040 as at March 1989.

Own Affairs:

Indian children placed in adoption

11. Mr K CHETTY asked the Minister of Health Services and Welfare:

How many Indian children were placed in adoption in terms of the Children's Act in 1988?

D72E

The MINISTER OF HEALTH SERVICES AND WELFARE:

154.

Indian children in need of care

12. Mr K CHETTY asked the Minister of Health Services and Welfare:

- (1) How many Indian children were found to be in need of care in terms of the Children's Act in 1988;
- (2) how many of these children were placed in (a) foster care and (b) children's homes?

D73E

The MINISTER OF HEALTH SERVICES AND WELFARE:

- (1) 520
- (2) (a) 424
- (b) 98

Indian persons: applications for old-age pensions

13. Mr K CHETTY asked the Minister of Health Services and Welfare:

- (1) (a) How many Indian persons applied for old-age pensions in 1988 and (b) how many of these applications (i) had been (aa) granted and (bb) refused and (ii) were still under consideration as at the latest specified date for which figures are available;

300

300
Howard

HOUSE OF DELEGATES

Demand for homes in retirement villages increasing

star 23/4/81 (300) (200)

There is a strong increase in demand for retirement village homes, says Camdon's Nationwide, which operates its own specialised retirement village division.

In an analysis of the trend, it has found that buyers who previously held back for one reason or another have decided to make the move, largely because of pending legislation which will push up prices.

The legislation is intended to protect buyers by forcing developers to provide large financial guarantees. As a result, "holding costs" are increased and the prices are commensurately higher, says managing director Mr Scott McRae.

"It is impossible to calculate an absolute percentage by which the costs will increase. Each development will be affected differently. But as a rule of

thumb, we think average prices will go up 10 to 20 percent because of the additional financing costs involved.

"The market is aware of the pending legislation and fence-sitters are encouraged to take a positive decision and buy before prices escalate."

There are other factors however. Retirement villages have had a mixed reaction but today there is a greater awareness of the benefits of belonging to such communities. They are seen as not just homes for the aged but as places that offer many opportunities for social interaction, leisure and sports.

It is possible to simply lock up and go on holiday, knowing that the community is basically a neighbourhood watch in its own right. This is one of the reasons Mr. McRae gives for the upswing in the market.

When the old folk feel the pinch

AK45 25/4/89 (300)

MANY of South Africa's aged people battle in silence for survival.

That was the response of National Council for the Aged director Mr

INFLATION

Sid Eckley when asked to comment on the fact that the cost of living (Col.) has increased by more than 400 percent over the past 10 years.

Housewives League president Mrs Lyn Morris has said the most worrying aspect of the Col rise was how the aged coped with soaring prices of basic items like food — which are going up "on a daily basis".

Together with increased taxes through general sales tax and "bracket creep" — higher taxation through salary increases — the average income would have needed to grow more than fourfold since 1978 simply to keep pace with inflation.

Aged people on social pensions and those with fixed incomes suffered most, she said.

Mr Eckley said if a social pensioner "still feels positive about life today, it is a miracle — and there are thousands of miracles".

THE elderly suffer the most as rampant inflation sends up the price of basic items, CARINA LE GRANGE reports.

Despite the circumstances they live in, they continue with life, and suffer in silence. We don't know or can't perceive all the suffering," he said.

Social conscience

While social pensioners get R231 a month, Indians and coloureds R200, and blacks R150. Ten years ago it was R97 for whites, coloureds and blacks R27.50. There has been a move towards greater parity between the races.

But Mr Laurie Starfield, director of the Johannesburg Association for the Aged (Jaffa), pointed out that there was still a great gap and that the cost of food was the same for all races — there was perhaps only a difference in rent paid.

"Pensions have not kept pace with the rising Col," he said, adding that every soci-

ety should have a conscience about this.

He quoted from the consumer price index for pensioners in major urban areas for the beginning of the year: with a base of 100 in 1985, the latest figure was 164 — almost two-thirds up. Over the same time, pensions was increased by only 40%.

Mr Starfield said there had obviously been a decline in the standard of living and it was "obviously harder for the aged". He said Jaffa had noticed an increase in the request for aid from old people.

A pensioner who was asked how she managed to live on her total income of R262 a month said: "I survive because I live in a council flat in a Johannesburg slum. And I'm a very light eater. I have a small appetite and use food in an economical way."

The 84-year-old woman, who asked to remain anonymous, pays R55.74 rent a month and her only "major extravagance" is her telephone. She makes use of every concession for pensioners such as free public transport and reduced cinema tickets.



It helps to have a small appetite...

Col. made an impact on her life, she said that it restricted every aspect of life and that her pension allowed for only a "sub-subsistence living".

A 68-year-old single woman living in her own home on a fixed income of R1 100 might seem to be in a more favourable position, but she said she lived in "mortal terror in case anything in the house should break" as she could not afford repairs.

She said her standard of

living had fallen over the years. She no longer bought meat but only chicken or cheap fish. She bought the cheaper brands of other food and could not afford clothes unless they were absolutely necessary. "It will be a major disaster if my house should need attention beyond the cost of its upkeep," she said.

An 81-year-old Soweto pensioner has to survive on R150 a month. He also supports a great-grandchild who lives with him. He buys her school uniforms and covers her other expenses. Despite poor health, he has to do piece jobs to supplement his pension.

"I can't come out with the money. It's not enough. We live on mealie meal and thinned food and can't afford meat. My rent is R30 a month and water costs between R50 and R70. Buying four bags of coal for a month costs R24. There is very little over for other expenses."

According to Mr Eckley, research done in 1982 found that half of a pensioner's income was spent on accommodation and 40 percent on food, leaving 10 percent for contingencies and other expenses.

He said the position of blacks was becoming desperate. Part of the reason for this was the developing trend for fewer old black people to live with their families.

Worse than animals

Mr Eckley said there was growing concern about old people who could not afford the most basic health care. There had been a decline in the number of elderly visiting out-patient sections at hospitals.

"Some people get close to perishing. If it were not for community organisations and the Church, they would not survive. Many live in worse conditions than animals."

The solution lay in long-term planning. A national pension scheme, including medical care, should be set up to which all people had to belong. There should also be no difference in payments to different races.

A vice-president of one of the Meals-on-Wheels organisations, Mrs Joan Sillman, said the Col. had severely affected the organisation. Over the past 10 years, requests for meals had been "increasing and increasing — not only from sick people but from the elderly who find they just cannot afford to buy food".

Meals consisting of soup, main course and pudding are delivered to the homes of people in need. Until last October, this was done at a cost of only 15c per recipient.

"We very sadly had to increase the price to 45c last year. This has always been a very necessary service but is now even more so," Mrs Sillman said.

PENSION FUND CHANGE

By LEN MASEKO

EMPLOYERS in the metal industry, in response to trade union demands, have agreed to change their pension funds to flexible benefit funds. *Journal 27/4/87*

The agreement follows the demand by the National Union of Metalworkers of South Africa (Numsa) that the metal industry's pension fund be changed to a fund which allowed lump-sum payments to employees who left their jobs.

The employer body,

the Steel and Engineering Industries Federation of SA (Seifsa), and the metal industry's trade unions also agreed to the restructuring of the industry's sick-pay fund at wage negotiations on Tuesday. (300)

A spokesman for Seifsa said: "This offer (to change the pension fund) is conditional upon the satisfactory negotiation of further details regarding the practical

implications of the conversion and agreement being reached on all other matters relating to the main agreement negotiations."

Other developments at Tuesday's talks included:

Seifsa did not improve its wage offer of increases of 12,6 percent on the minimum rate and 11 percent in the top grade. The industry's unions demand increases of up to 98 percent.

Negotiations between the two parties will continue on May 16.

R1bn pension cash flow to go private

IN A first step towards privatising its pension fund, government is to give private fund managers R1bn of its pensions cash flow to invest on its behalf.

Sources at life companies said yesterday they had been approached by government to quote fees for managing part of the fund. They said government intended to divide the R1bn between four institutions, as a trial run for the eventual privatisation of the R27bn public-service pension fund.

They said privatisation of the pension funds was regarded as essential if the massive deficits were to be reduced.

According to Andreas Wassenaar, author of the book, *En Route to Fairyland*, the existing deficit on the Government Service Pension Fund was about R20bn. However, government's estimate of the shortfall is just under R8bn — also regarded by actuaries as unacceptably high.

Manage

At the moment, the government pension fund is managed by the Public Investment Commissioners (PIC) which invests the total cash flow of about R5bn a year in government stock. Private fund managers of government's funds will face the same constraints on investment as the PIC does, which means they will have to invest the total cash flow in government stock.

The PIC does not really manage the public-service pension fund; it simply buys government stock and keeps it. The advantage in allowing private fund managers to

GRETA STEYN

invest some of the cash in government stock is that they can take a view on interest rates, which the PIC does not do. Another advantage is that income from the investments in gilts can be boosted by jobbing, something the PIC does not do.

However, it is understood that moves are afoot to lift the enforced investment in gilts so that the state's pension funds are treated like any private fund.

Before government can allow even limited management of its pension fund, legislative changes would have to be made — but it is understood such changes are already in the pipeline.

The PIC is budgeted to fund R5,2bn of government's Budget deficit during this fiscal year but R1bn of that amount will probably now go to the private sector if government's experiment is implemented in this fiscal year, as expected. The effect of the experiment will be minimal and an industry source describes it as "testing the water" in a small way before real moves towards privatisation begin.

Privatisation is seen as the key to reducing the shortfall. One of the reasons for the deficit is the constraint on the PIC to invest only in government stock. Private sector pension funds grow through a spread of investments in equities, property and gilts. If this constraint on investment cannot be

● To Page 2

R1bn pension cash flow to go private

lifted, the only answer will be for government to make direct contributions to the funds.

The constraint can only be lifted through privatisation since it is inconceivable that state-administered pension funds can be invested in listed companies.

But probably the main reason for the deficit are the earlier buy-back schemes which made it possible for employees to buy pensionable service back to the age of 16. Purchase price was based on salary at

the start of actual service — but the pension and gratuity were based on salary on retirement.

The buy-back formula has since been tightened and there are signs that government wants to move away from basing pension on salary at the end of service. Privatisation would mean the fund would legally have to be actuarially valued at regular intervals.

● From Page 1

First step to privatising govt pension fund

28/4/89 300

Own Correspondent

JOHANNESBURG. — In a first step towards privatising its pension fund, government is to give private fund managers R1bn of its pensions cash flow to invest on its behalf.

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1st May 1989

R15m retirement village approved

Political Staff 300

A R15m retirement village for Bothasig, Cape Town, has been approved in principle, Budget and Works Minister Kent Durr announced yesterday.

The proposed village, on a 5ha site in Vryburger Avenue, will comprise 355 flats and a service centre.

Construction on the project is due to start in March next year and should be completed at the end of August in 1992.

Announcing the project, Durr said he believed the village was aimed at making "life cycle housing" possible in Bothasig and would help build a greater sense of community in the area.

Protecting pensions against inflation

CMT Trifis 2/5/89
300

By AUDREY D'ANGELO

HOWEVER good your retirement pension will be, you can expect it to be eroded rapidly within a few years unless SA's inflation rate slows down dramatically.

In Britain most retirement pensions are now inflation-linked, going up by as much as 90% of the inflation rate.

In SA many employers now make some provision for pensioners hit by inflation.

But this is usually so small that pensioners with nothing else to fall back on are faced with the stark fact that living too long will mean real hardship.

One scheme that helps to overcome this is Old Mutual's Pension-Plus which GM (pensions) Gerhard van Niekerk says has proved itself "the top long-term inflation-buster in the pensions industry".

It has increased pensioners' income by an average of 13.59% a year over the past six years which, as Van Niekerk says, is more than most working people received in annual salary increases over the same period.

"After giving our Pension-Plus system sufficient time to prove itself over the long term we

Pensioner 1:

Retired in 1972 on a monthly pension of R118:

Year	Monthly pension	Annual cash bonus
1973	R213	R 21
1983	219	660
1984	239	874
1985	262	1 127
1986	285	1 416
1987	311	1 816

Pensioner 2:

Retired in 1980 on a monthly pension of R328:

Year	Monthly pension	Annual cash bonus
1981	R345	R 129
1982	369	385
1983	399	650
1984	432	1 004
1985	469	1 422
1986	508	1 899
1987	551	2 259

are now satisfied that it is a major mechanism to protect pensioners against inflation."

Van Niekerk said that

at present more than 300 business concerns employing thousands of potential pensioners took part in Pension-Plus.

"This means that their employees can enjoy the peace of mind that their pensions are likely to continue to grow reason-

ably over the years to counter inflation."

Under the scheme, the pensioner withdraws his pension entitlement from a specific fund at retirement and invests it directly with Old Mutual as part of its Pension-Plus investment pool.

He can then expect the pension to increase each year throughout retirement with the added guarantee that this increased pension will never be reduced even in the case of a serious depression.

"With Pension-Plus the contract after retirement becomes one between the pensioner and Old Mutual and pensioners, constantly threatened by inflation, are not dependent on charity from ex-employers on an ad hoc basis."

Pensioners receive a direct share in Old Mutual profits in the form of annual increases in pension and cash bonuses. There are already 2 824 pensioners enjoying the benefits of this growth pension.

"Obviously", said Van Niekerk, "the kind of growth Pension-Plus offers means additional funding. While we carry the risk of ensuring continued growth after retirement we look to employers to pay the additional costs involved while a person is still employed."

"In this respect I must pay tribute to the measure of social awareness displayed by many SA businessmen."

This table shows the bonuses received by pensioners in the Pension-Plus scheme.



SAVINGS ACCOUNT FROM METROBOARD

Chrt 7/11/85 2/5/89 (300)

Provident fund: A tax saving medium

TAX advantages are to be found in provident funds as compared to other retirement funds, particularly where senior executives are concerned, says Godfrey Shev, a partner of chartered accountants Kessel Feinstein.

A provident fund is a legitimate and efficient tax savings medium for pre-tax income which even a small business with few employees can establish.

Although only the employer's contributions to the fund are tax deductible, with proper planning the lack of deductibility of an employee's contributions should not present any problem, he says.

"In the case of a pension fund, both the employer's and employee's contributions are tax deductible in their respective hands.

"With a provident fund it is possible for the employer to make payments, as its own contributions, equivalent to what both the employer and employee would have contributed to a pension fund.

He says that this would make the total contribution tax deductible in the employer's hands.

The employee, although not making a direct contribution into the provident fund, would probably indirectly contribute by forgoing a taxable increase in salary or bonus.

"The employee's contribution will effectively be tax deductible."

While in Shev's opinion, this form of "salary sacrifice" is legitimate, he does not recommend an employee sacrificing any portion of his existing salary for such purposes as that action may well be attacked under the general anti-avoidance tax legislation.

Provided an employee's total remuneration is reasonable with regard to the value of the services he renders, Shev believes the Receiver of Revenue would not be entitled to disallow as excessive, regardless of its value as a percentage of the total package, any

reasonable employer's deduction.

"This facilitates a substantial degree of flexibility whereby employees could well shelter a reasonable portion of earnings from tax should they not be required for other purposes.

Because a provident fund's assets are invested to best advantage, a major benefit is that investments into a growth portfolio are effectively facilitated, with such investment being made out of pre-tax income, whereas savings and investments are traditionally made out of taxed income.

This may well suit employees who feel they do not require the cash from a salary increase or bonus because of their particular circumstances and a like amount could instead be contributed by the employer to the provident fund for their benefit.

As the law stands, a significant part, if not the whole provident fund lump sum received on retirement is tax-free.

Any taxable portion will be taxed at his (lower) average tax rate for the year, rather than at his (higher) marginal tax rate.

While these rules apply equally to pension and retirement annuity funds, the benefits for provident funds can be far greater in view of the absence of the one-third cash payout limitation.

Shev, however, sounded a word of warning to employees to ensure that where they make a "salary or bonus sacrifice" they must ensure that the registered rules of the provident fund clearly provide for all contributions paid into the fund on their behalf to be repayable to them with or without profits upon their terminating their employment irrespective of the reasons or circumstances for such termination.

"Provident funds are of particular benefit in an owner-managed business where the employer and employee, although legally different parties, are economically one and the same," he added.

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CMT 7/1/89 2/5/89 (300)

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"Provident funds are of particular benefit in an owner-managed business where the employer and employee, although legally different parties, are economically one and the same," he added.



how many classroom places were short at (i) primary and (ii) secondary schools; if not, what was the average number of pupils per classroom at (aa) primary and (bb) secondary schools?

B817E

THE MINISTER OF EDUCATION AND DEVELOPMENT AID:

(a) Yes.

(b) Yes.

The estimated shortage of classrooms (not shortage of classroom places) based on a basis of 40 primary and 35 secondary pupils per classroom are as follows.

(i) 1 782 classrooms (March 1988).

(ii) 2 730 classrooms (March 1988)

(aa) Falls away.

(bb) Falls away.

Hormonal herbicides

*21. Mr R M BURROWS asked the Minister of Agriculture:

Whether he has at any time taken any decision regarding the prevention of sales and/or the use of hormonal herbicides in any part of South Africa; if not, why not; if so, (a) (i) in respect of which areas and (ii) when were these decisions taken, (b) what were the circumstances surrounding these decisions and (c) which herbicides were involved in each case?

B818E

THE MINISTER OF AGRICULTURE:

(a) (i) and (ii) and (c) The particulars were fully published in Government Notice 89 of 16 January 1987, as substituted by Government Notice R.949 of 30 April 1987, which in its turn was substituted by Government Notice R.1992 of 30 September 1989.

(b) Farmers reported damage to certain vegetable crops, allegedly caused by the herbicides indicated in the said Notices.

INTERPELLATIONS

The sign * indicates a translation. The sign † used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Social pensions

300

1. Mr M J ELLIS asked the Minister of Health Services and Welfare:

Whether the Government intends increasing social pensions; if not, why not?

B828E.INT

THE MINISTER OF HEALTH SERVICES AND WELFARE: Mr Speaker, the position of social pensioners receives constant consideration by the Government, and also by the Ministers' Council of the Administration. House of Assembly. I want to give hon members the assurance that if circumstances permit and funds can be made available for this purpose an increase in social pensions and allowances will always receive favourable consideration.

*In 1962 the Government set itself the objective of adjusting social pensions and allowances annually if it was in any way possible and if funds for this purpose could be made available. We were able to attain this objective, except in 1988. I realise that the Treasury could not make funds available during 1988 for an increase in pensions and allowances.

Nevertheless, we received a stream of appeals. We cannot simply say no to each plea and react negatively. Therefore I was grateful that during January 1989 considerable increases were granted to people receiving pensions and allowances. I want to point out that the basic pension for Whites increased by R154 per month, or 158,76%, from October 1979 to January 1989. Given all criteria these concessions were as generous as the Treasury could manage. This proves that the Government of the day is sympathetic towards our aged and under-privileged people.

†I can assure hon members that the Government is fully aware of the hardships experienced by the aged and other social pensioners to make ends meet under present economic conditions. Slight must, however, not be lost of the fact that the South African social pension schemes are non contributory by nature and that funds to finance these schemes are derived solely from taxation. The main objective of the schemes is also not to

make pensioners financially fully independent but merely financially to assist the family or the community to care for elderly, underprivileged persons. It has always been the Government's point of view that it is the duty of every citizen during his economically active life to provide for his old age or for times of need, even to such an extent that it will not be necessary to ask for assistance from the State.

One can realise that the country's relatively small number of taxpayers cannot be taxed indiscriminately... [Time expired.]

Mr M J ELLIS: Mr Speaker, we hear again that the Government is always giving consideration to the question of social pensions. The matter is under consideration again, we are told. I want to say, however, that the issue of social pensions is one that has been hotly debated in this House for a number of years. Opposition spokesmen for more than a decade have pointed out the gross injustices meted out by the Government to social pensioners, while hon Ministers from the governing party have in fact expressed their concern for the aged without really doing anything at all. One only needs to read Hansard over the past ten years—read all the debates that have taken place on this subject—to realise how sadly misplaced the Government's reasoning is, or rather how little the Government seems to care, while it is indeed the Government that should care for the aged.

Mr R J LORIMER: They do not care at all!

Mr M J ELLIS: Only last year we listened to the hon the Minister of Health Services and Welfare in this House trying desperately to convince us that the Government's decision not to grant an increase in social pensions during the 1988-89 financial year was justified; that in fact a R60 one-off bonus was all that was needed to ease the burden of the social pensioner.

Mr R J LORIMER: Scandalous!

Mr M J ELLIS: He tried to show then that social pensions had in fact increased by more than 21,3% between 1976 and 1987, and today we hear again about percentage increases. The statistics, however, are irrelevant. They are absolutely irrelevant in terms of the real needs of the aged and also in terms of what has happened to the South African economy. One hundred percent of nothing is nothing. Two hundred and thirteen percent of very little remains very little. This is

exactly what the increase in social pensions in rand and cents has meant over the past decade—very little.

With the increases in social pensions against the real inflation rate running at between 13% and more than 20% for the past 15 years, there is no doubt that social pensioners are much worse off now than they were ten years ago. There have been constant calls on the Government to raise the means test for social pensioners. Last year, in this House, the hon the Minister announced, and I quote—

... that consideration was being given to the means test for social pensions and allowances being built into a formula...

May I ask the hon the Minister what the outcome of such considerations is? He said again today that consideration is always being given to this but we never hear the result. Surely by now some decision must have been reached. There have been requests for years for the means test to be revised but to no avail. We have to face the fact that more and more desperate elderly people in South Africa are either not in a position to receive a social pension because of the inadequacy of the means test or, if they do receive a pension, it is grossly inadequate.

Against this background we have the Government setting aside R1 billion for little more than election pay-off extravaganzas such as the writing off of R460 million in Maize Board deficits and reintroducing diesel subsidies to farmers. These are obviously both aimed at securing the farmers' vote. Then we also have the extraordinary introduction, at a time when our economy can least afford it, of long service awards. [Time expired.]

*Dr W J SNYMAN: Mr Chairman, in December last year I made enquiries at a home for the aged in need of care and discovered that the average unit cost in respect of the organisation concerned amounted to R816 per month at that stage. It has certainly increased considerably since then as a result of the series of price increases in the meantime. My argument is that if this is the case, how can the hon the Minister expect an elderly person who is completely dependent on his own resources and receives no other assistance, to live on an amount of R251 per month? It is impossible!

It is Government policy, and this is on record, that parity in social pensions must be effected for all population groups. I now want to ask the hon Minister what period of time and what method are envisaged to bring this about. Will the percentage increase for Whites remain much lower than for other population groups?

I want to quote from a letter which is a cry of distress from a social pensioner and which is characteristic of that received from thousands of social pensioners:

As gevolg van suikersiekte en hartprobleme is ek 100% ongeskik en my huurgeld is R120 per maand, asook R28 per maand vir permanente medikasie. Kan die NP nie besef dat ons ook behoeftes het waarin ons nie kan voorsien nie?

She goes on to say:

Wees tog nie blind vir ons probleme nie.

Mr Speaker, it is too much to expect our White pensioners to provide for clothing and food, as in this case, out of R122 per month these days. While the Government is so generously running the show these days with the election in mind, it should remember that these people are also taxpayers and voters. We ask that they also be assisted and that they also receive a little generosity. [Interjections.]

*THE MINISTER OF HEALTH SERVICES AND WELFARE: Mr Speaker, the hon member for Durban North referred to a means test. Surely a means test should be applied when pensions are granted. If there were no means test, there would be absolute chaos in that sphere. It is a fact that we did consider the means test. We apply the means test with discretion, but we cannot do away with it because then we would have chaos.

I want to tell the hon member for Pietersburg that my responsibility lies with the White pensioner and the White aged. I cannot talk about the other population groups. My job is to help the White aged.

The hon member for Pietersburg also referred to costs per unit. We regularly determine the cost per unit in old-age homes. We constantly adjust our subsidy, the working capital which we contribute to old-age homes. I want to tell the hon member that our contribution this year to old-age homes and other existing institutions amounts to R140 million in working capital

alone. This has to be carried through, because once one has started contributing that working capital to an old-age home, one has to keep it up until that project no longer exists. That amount simply increases every year.

I agree wholeheartedly with the hon member for Pietersburg that one certainly cannot exist on R251 per month, but I also want to tell the hon member that that is not all we do for the aged.

The department is not the only one helping the aged. I also want to point out the fact that the department grants subsidies and builds service centres. The aged are subsidised and they can go to these service centres for certain services, such as regular meals. I want to tell the hon member that at present there are approximately 60 000 subeconomic aged in subsidised old-age homes. [Time expired.]

Mr H H SCHWARZ: Mr Speaker, I am sorry that the hon member for Pietersburg brought up the matter of comparing social pensions on a percentage basis. Seeing that he has done so, I think it is important to point out that the maximum pension that a Black social pensioner may receive is R150 per month and the maximum pension a White pensioner may receive is R251 per month. This seems to be a very substantial difference, particularly when we bear in mind that the household subsistence levels for Blacks in, for example, the Johannesburg area are now approaching R550 per month. That argument, therefore, is not really an argument that reflects caring for aged people.

Secondly, I would like to deal with the question of the means test. At present one may receive a pension of R251 if one's income is no more than R89 per month. For every R2 that one's income goes up, the amount of the pension goes down. Surely R89 per month is a pittance! In the light of the inflationary situation this should certainly be reviewed.

There is also the question of free assets. One is entitled to have free assets of R10 000. That was fixed some considerable time ago when inflationary conditions were completely different. Surely there is a case to be made out to review that situation.

The difficulty one has is that according to the latest figures that I have available is that there are 212 075 White pensioners receiving social pensions. Those people are in dire need of help.

What is more important? To go and buy Swiss watches or to go and help social pensioners? What is more important? To decide to help the Maize Board which has got itself into trouble or to help elderly people who are in need of help? The issue is one of priorities. [Time expired.]

Mr M J ELLIS: Mr Speaker, I would like to carry on where the hon member for Yeoville left off, namely the whole question of expensive Swiss watches and so forth. There is no doubt about it that this money should have been channelled towards a far better cause—social pensions.

We must accept that at the end of the day it is the social pensioners who appear to be of little or no significance in Government planning. This has been proved again this year.

Over the past decade the social pensioners have grown poorer and poorer every year as the increase in the cost of living has always been greater than the increase in pensions granted.

The steady decline in the real value of the pensions has had disastrous consequences for the tens of thousands of pensioners. This can only reflect a grave injustice to pensioners. I must ask if the Government does not care whether social old-age pensioners suffer acute discomfort. I think that that is the point which arises from this very short debate.

It seems that the Government has adopted the attitude that all social pensioners are rare sorts of creatures who no longer need to purchase certain medicines from private practitioners. [Time expired.]

*THE MINISTER OF HEALTH SERVICES AND WELFARE: Mr Speaker, the hon member for Yeoville said that we should consider certain amounts in the means test and that it should be revised. I want to assure the hon member that we continuously give consideration to the matter and shall also consider the amounts he mentioned.

I said our department was not the only one which cared for the aged. There are also certain suppliers of health services who provide these services at nominal tariffs to the poorer aged. The Department of Housing also makes amounts available to the aged at an interest rate of 1% to enable them to acquire homes.

I should like to emphasise that it is obvious that children should also contribute to the care of

their parents. There is a saying that one parent finds it possible to care for many children, but that many children do not find it possible to care for one parent. This is particularly true of the Whites. Children are no longer prepared to take care of their parents. That is probably why there are 423 homes for the White aged in South Africa, whereas the other population groups only have a total of 73 homes for the aged.

In the case of Blacks it was traditionally the responsibility of a couple's eldest son to take care of his aged parents. This tradition still prevails in the rural areas and I think it is necessary that we as Whites follow this example.

I want to conclude by giving the assurance that we in the Ministers' Council certainly give consideration to the position of the White aged and to pensions. If it is in any way possible, and if the funds are available, we shall increase pensions. [Time expired.]

Debate concluded.

QUESTIONS

† Indicates translated version.

For oral reply:

Own Affairs:

Unemployment Insurance Act: contributions by teachers

*1. Mr F J LE ROUX asked the Minister of Education and Culture:†

Whether (a) temporarily and (b) permanently appointed teachers make contributions in terms of the provisions of the Unemployment Insurance Act, No 30 of 1966; if not, why not? B796E

THE MINISTER OF EDUCATION AND CULTURE:

(a) Yes, provided that their earnings do not exceed R35 000 per annum,

(b) no, they are excluded in terms of section 2(2)(m) of the Unemployment Insurance Act as they contribute to the Government Service Pension Fund.



members of any other specified religious denominations?

B548E

The ACTING MINISTER OF MANPOWER:

(1)	(a)	329	
	(b)	222	
(2)	(a)	162	
	(b)	5	
	(c)	10	
	(d)	4	
	(e)	0	
	(f)	0	
	(g)	2	
	(h)	39	
	Christadelphians	6	
	Glenridge Christian Fellowship	2	
	Jewish	1	
	Manor Community Church	1	
	Quaker (Society of Friends)	2	
	Rastafarian	1	
	Seventh Day Adventists	1	
	United Congregational Church	2	
	World Wide Church of God	23	

Money spent on houses adjacent to specified lighthouses

313. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

Whether any money is to be or has been spent on houses which are adjacent to the lighthouses at (a) Fish River Mouth, (b) Cape St Francis and (c) Danger Point and are the property of the South African Transport Services; if so, (i) how much in each case, (ii) for what purpose and (iii) who will be entitled to use these houses?

B656E

The MINISTER OF TRANSPORT:

(a), (b) and (c) Yes.

(i) Fish River Mouth — R26 200
Cape St Francis — R 2 507
Danger Point — R92 300

(ii) Fish River Mouth

Refurbishing and refurbishing of two houses and routine maintenance to the Lighthouse-keeper's house.

Cape St Francis

Refurbishing of one house.

Danger Point

Refurbishing and refurbishing of two

HOUSE OF ASSEMBLY

houses and routine maintenance to the Lighthouse-keeper's house.

(iii) Lighthouse-inspectors, maintenance personnel, SA Harbours' clients, local and overseas counterparts, opinion leaders, etc.

The facilities will also be let to the private sector for the holding of seminars. In this manner income will be derived which would contribute towards keeping the houses preserved for the future.

Since lighthouses became automated the number of lighthouse-keepers was reduced from three to one in these instances. When assets become obsolete its economical viability is carefully determined whereupon consideration is extended to either demolish or otherwise restore it for practical use. The latter option was found to be justified.

SATS: pensionable service bought back

314. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

How many employees who were still in the service of the South African Transport Services as at 31 December 1988, had bought back pensionable service?

B657E

The MINISTER OF TRANSPORT AFFAIRS:

12 405.

SATS: pensionable service bought back

315. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(a) How many South African Transport Services employees who bought back pensionable service have retired since the buying-back of pensionable service came into effect in respect of the Transport Services, (b) what total amount, excluding any interest on the amounts outstanding, did these persons pay to buy back such service, (c) what total amount was received by these persons in increased gratuities in respect of such service, (d) what total additional amount in monthly pensions is paid to them as a result of their having bought back pensionable service and (e) in respect of what date is this information furnished?

B658E

The MINISTER OF TRANSPORT AFFAIRS:

(a) 29 196

300

(b), (c) and (d) The information is not readily available and it will take much time and expense to gather such information.

(e) 17 April 1989.

Work-seekers registered at labour bureaux

320. Mr P G SOAL asked the Minister of Manpower:

How many males and females, respectively, were registered at labour bureaux as work-seekers in terms of the Guidance and Placement Act, No 62 of 1981, as at the end of each month in 1988?

B663E

The ACTING MINISTER OF MANPOWER:

(See table on cols. 947 and 948.)

Subsidy to certain taxi association

341. Mr C B SCHOEMAN asked the Minister of Transport Affairs:

Whether he intends providing any subsidy to members of a certain taxi association, the name of which has been furnished to the Ministers' Department for the purpose of his reply; if so, (a) why, (b) what will the amount of the subsidy be and (c) what is the name of this association?

B696E

The MINISTER OF TRANSPORT AFFAIRS:

No.

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

Commuter traffic: subsidy to bus operators

360. Mr P C CRONJÉ asked the Minister of Transport Affairs:

What was the extent of the subsidy granted to bus operators in respect of commuter traffic in each of the four main metropolitan areas in the 1987-88 financial year?

B762E

The MINISTER OF TRANSPORT AFFAIRS:

Johannesburg/Pretoria : R115 053 011.99
Cape Town/Peninsula : R 37 211 683.61
Port Elizabeth/Uitenhage : R 11 994 578.78
Durban Pinetown : R 55 652 221.87

The attention of the honourable member is drawn to the fact that the above-mentioned

information was already supplied in my reply to question 68 of 24 February 1989.

Land Bank loans

403. Mr W J D VAN WYK asked the Minister of Finance:

(1) Whether provision has been made for persons or bodies other than *bona fide* farmers to be granted loans by the Land Bank;

(2) whether any such persons or bodies received loans from the Land Bank over the latest specified period of five years for which figures are available; if so, (a) why, (b) in terms of what statutory provisions or regulations, (c) what are the names of these persons or bodies and (d) (i) what were the amounts of the loans granted and (ii) on what dates were they granted?

B725E

The MINISTER OF FINANCE:

(1) Yes—in terms of section 21(1)(c) ter read with section 45 quat of the Land Bank Act, 1944 (Act 13 of 1944).

(2) No

(a), (b), (c) and (d) (i) and (ii) fall away.

Own Affairs:

State-subsidized private schools/State-controlled schools: attendance of non-White children

50. Mr C J DERBY-LEWIS asked the Minister of Education and Culture:

How many non-White children were attending (a) State-subsidized private schools and (b) State-controlled schools in each of the four provinces as at the latest specified date for which figures are available?

B685E

The MINISTER OF EDUCATION AND CULTURE:

(a) (b)
Cape 2 351 27 (as at 1989-04-18)
Natal 1 716 3 (as at 1989-04-18)
OFS 196 7 (as at 1989-04-18)
Transvaal 5 486 68 (as at 1989-04-18)

*Children of diplomats and members of consular missions.

HOUSE OF ASSEMBLY

out a bill with a similar objective for them is being prepared. Cabinet will still be able to refuse the

Badenhorst agrees pensions insufficient

CAPE TOWN — House of Assembly Health Services and Welfare Minister Piet Badenhorst said yesterday he agreed a person could not exist on the R251-a-month maximum payout to white social pensioners. (300)

However, he said government assisted such people in many other ways, such as state-run service centres, the subsidisation of old-age homes and discounts on health care facilities. B104 315159

Replying to Mike Ellis (DP, Durban North), who had asked if government was to increase social pensions, Badenhorst said consideration was being given to this.

He said government was aware of the hardships experienced by pensioners in present economic conditions, but sight should not be lost of the fact that social pensions were derived solely from taxation income. — Sapa.

IK Govt brings out
Dividend per share (cents)

Union signs new agreement for worker pensions

300
Labour Reporter
C. W. M. 7/5/89

THE Paper Printing Wood and Allied Workers Union this week signed an agreement with Nampak converting their pension fund into a provident fund.

Workers will have the option of transferring pension fund money into a provident fund which will provide workers with improved benefits, lump sum payment on resignation and the ability to exert some control over their money.

The fund will be controlled by 12 trustees from the company and the union.

■ THE Supreme Court this week ruled the Ccawusa strike at Edworks illegal, but expressed reservations about stopping the strike until an appeal by the union is heard within 10 days.

In another development Edworks' management agreed to meet the union in an effort to resolve the strike.

■ THE Banking Insurance Finance and Assurances Workers Union signed a recognition agreement with Santam Bank Ltd this week.

■ STANDARD Telephones and Cables was granted an interim order in the Industrial Court declaring the strike by more than 600 workers unfair.

Political comment and newsbills by K Sibha. Headlines and sub-editing by C Fram, of 204 Eloff Street Ext, Johannesburg.

CAT Trip 8/5/89 (225) 300

Flexipension outstrips inflation

By BRUCE WILLAN

STATISTICS show that the drop in income from salary to pension when a person retires is on average 70%, says Old Mutual's GM (marketing) Stuart Fish.

Fish says it is sound investment planning to make provision to bridge this income gap and to use the available tax concessions.

Old Mutual's retirement annuity (RA) business is booming and new business premiums rose nearly 28% in the 12 months ended December 1988.

Over the past two years the Flexipension performance has outstripped inflation with an investment performance of nearly 25% per annum.

The linked RA fund, the Performance Profits Portfolio, has risen sharply and is now well above the pre-stockmarket crash levels.

Standing at R1700m, the fund is one of the largest RA portfolio's in SA.

Old Mutual's share of new RA's written increased again and now four out of every 10 retirement annuities issued in SA are Flexipension policies.

He adds that while the Old Mutual is pleased with the growth, the low level of savings in SA is still cause for concern.

"This low savings ratio

persists in spite of the trend which suggests South Africans are becoming more aware of the need to augment their company pensions.

Bl Day 8/4/89 300

IMPORTANT CATEGORY LIMITATIONS

	PENSION FUNDS AND FRIENDLY SOCIETIES % OF ASSETS	LONG-TERM INSURERS % OF LIABILITIES	SHORT-TERM INSURERS % OF LIABILITIES
1. Part 1 assets (public sector securities, cash, etc)	100	100	100
Investment limit per institution (Escom, Sats)	20	20	30
2. Fixed property	30	30	10
Investment limit per one property	5	5	5
3. Company shares (listed and unlisted)	65	65	40
Investment limit per one company	15	15	15
4. Mortgage bonds: fixed property	25	25	25
Investment limit per one property	5	5	5
5. Combined limit on investment in fixed property, company shares and mortgage bonds	90	90	70

□ SOURCE: Department of Finance

Mandatory investments put onus on managers

CAPE TOWN — Finance Minister Bar-
end du Plessis has disclosed the new
investment requirements which will
apply to insurers, pension funds and
friendly societies.

The requirements are in accordance
with the Financial Institutions
Amendment Bill, which does away
with prescribed asset status.

In terms of the Bill, the Minister may
specify certain investment require-
ments and authorise the Registrar to
grant exemptions on them.

Du Plessis said that under the new
arrangement, much reliance was
placed on managers and directors of
institutions to ensure sound invest-
ment criteria were applied. Actu-
aries, where applicable, should ad-
vise on prudent asset allocation to
match the spread and nature of rele-
vant liabilities.

Actuaries would regularly have to con-
firm in writing that sound investment
policies were being followed.

However, he considered it necessary to
prescribe certain objective pruden-
tial requirements that could be de-
parted from only with prior approval
of the Registrar.

MIKE ROBERTSON

In view of the general interest that
existed in financial markets as to
these requirements, it had been de-
cided make the details public.

Formal regulations would be published
as soon as the amending legislation
was published in the Government Ga-
zette.

Institutions which were unable, at that
stage, to adapt their investment por-
folios to comply with the new re-
quirements, would be able to apply
for relief from the Registrar.

Du Plessis said the new dispensation
would grant substantial relief to
financial institutions, and would
grant much more freedom regarding
investment policies.

He added: "I must impress upon institu-
tions that greater freedom goes hand
in hand with greater responsibility. In
particular I wish to express the hope
that institutions will adjust their
portfolios in such a manner as not to
disrupt the financial markets, and in
this way exercise any negative influ-
ence on the economy."

B/day 31/8/89 300

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IMPORTANT CATEGORY LIMITATIONS

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this way exercise any negative influ-
ence on the economy."

(52) (49)

...the rates of increase in bank

Going back to the basics

PROFESSIONAL financial advisers need to take a fresh look at each of their basic assumptions when recommending retirement funds to their clients, Old Mutual assistant GM Reg Munro said yesterday.

For example, there were numerous factors to consider before deciding whether a client would best be served by a defined benefit (DB) or defined contribution (DC) style of fund.

These included: future salary increases compared with rates of investment return; the need for inflation protection; the importance of ancillary benefits such as life cover and spouse's benefits; career expectations; and company contributions.

"It is very easy to do projections over a period of 30 or more years, when the outcome of such projections are predetermined by the adviser's assumptions. The client's assumptions could be fundamentally different — and could indicate a need for fundamentally different advice.

"For example, an unskilled white collar worker's salary expectations would be for increases that kept pace with inflation. A professional person, on the other hand, can reasonably expect to see a real growth

in annual income.

"When making projections, it is necessary to consider several options based on totally different assumptions. This will at least make it possible to identify and assess potential risk areas which need to be taken into account," he said.

While he conceded that the need for such advice is limited, since only employer groups can choose between DB and DC funds, he believed this could change in the future.

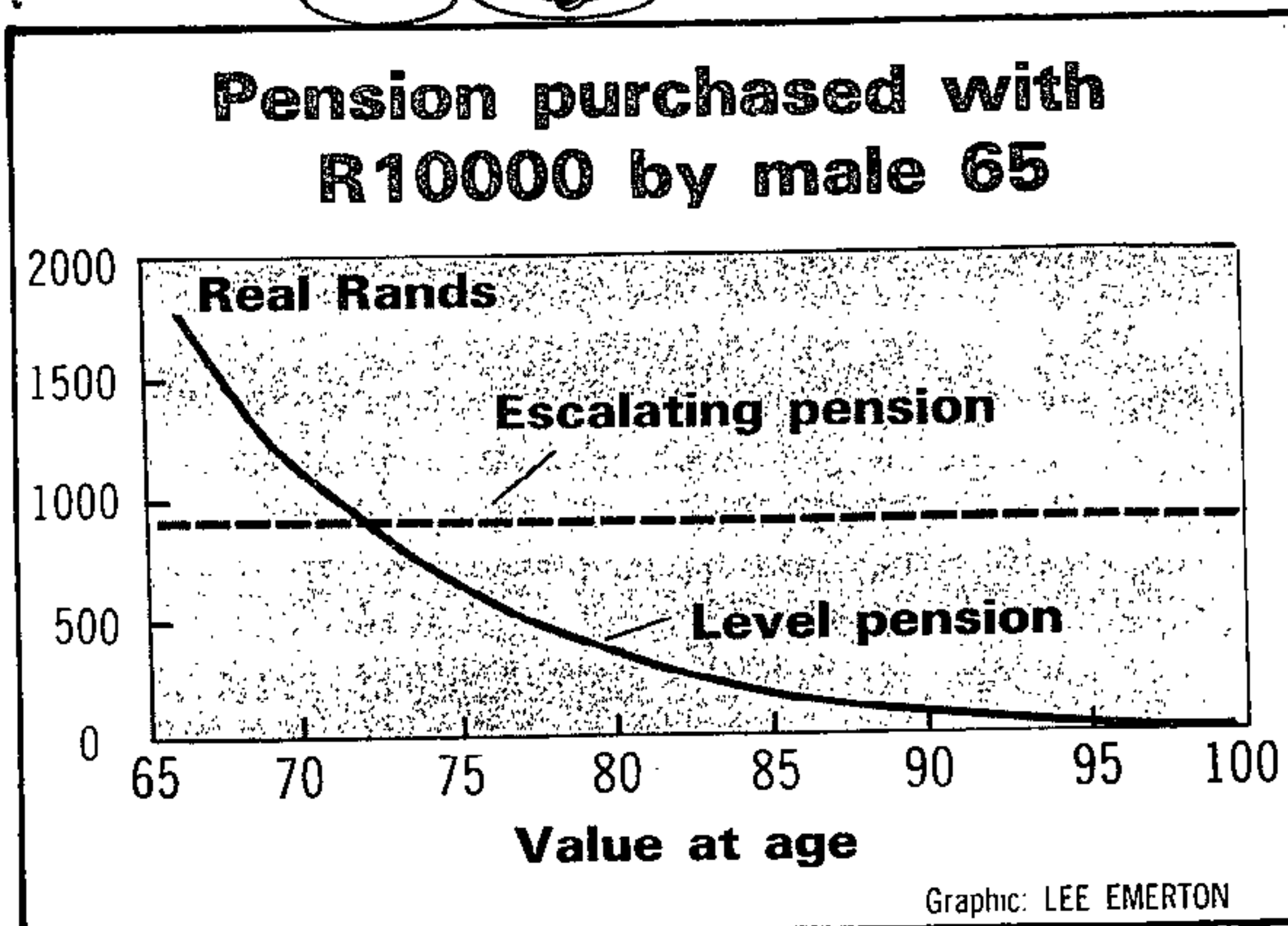
"In the UK new legislation has given all individuals the option of leaving their company-sponsored pension funds, provided they enter an alternative scheme.

"Locally, the Mouton Commission is investigating the issue," said Munro, who serves as secretary on the commission.

He called on Ilpa to spell out some guidelines for a comparison of the projected benefits provided by DB and DC retirement funds.

"The adviser must consider whether his client will have better or worse salary increases than the average for all fund members. The better his increases, the more benefit there is to his staying in a DB fund.

"Secondly, the adviser needs to consider whether his client's increases will be



occur evenly throughout his career, or will tend to be higher early in his career and decreasing later or vice versa.

"Early increases lead to better benefits from a DC fund and later increases lead to better benefits from a DB fund," he explained.

The timing of a change in fund, should clients be in a position to exercise such an option, is also a major issue, Munro said.

While some funds still pay out early leavers' per-

sonal contributions plus a low rate of interest — usually in the area of 3% or 4% — there is a slow trend towards improved early leaver benefits, especially for members of long standing.

Financial advisers must ask about their clients' expected career changes, to establish whether early leaver benefits are likely to be improved before a client leaves a scheme.

Munro also accused Ilpa Fellows (Filpas) of failing to sell increasing pensions

to clients with retirement annuities when they reach retirement age.

"A blatant error I have often seen in comparisons between retirement annuity projected pensions and DB pensions has been the equating of a level pension with an increasing pension."

He also criticised Filpas for "not clamouring for life offices to offer a variety of pensions offering at least some protection against future inflation".

31 Day 9/1/84



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Old Mutual stresses the protection of assets

THE fundamental objective of any employee benefit fund is to ensure, on an ongoing basis, that sufficient assets are available to provide the benefits to which members are entitled, says Old Mutual Group investments manager Adriaan Ryder.

"The employer party to a defined benefit (DB) fund wishes to achieve this objective at minimum cost and at an acceptable level of risk.

"Similarly, the members of the defined contributions (DC) fund wish to maximise investment returns and, hence, benefits, within an acceptable risk profile.

"It is generally accepted that the greater the risk, the greater the long-term investment return — but what is risk?" he asks.

He believes that, while a cash investment might seem to be risk-free, with risk being synonymous with market volatility, in fact this view arises from too little attention being paid to the particular situation of a fund, especially its liability.

"The risks faced by a long-term contractual savings vehicle in an inflationary environment will make a cash investment anything but risk-free.

"In fact, in our environment investments in gross assets have significantly outperformed other investments over the long-term, and have been the only way in which the real value of savings can have been protected.

"Investing in cash assets guarantees the nominal capital of the investment while ensuring that the capital will purchase less when it is realised than when the investment was made," he says.

There are number of ways to define investment risk, he explains.

In essence, the risk factor is directly related to the growth of assets in a fund relative to the growth of liabilities.

"The major component of investment risk is liability-driven and not confined to the asset side of the balance sheet," Ryder says.

"The fluctuation of asset values has little meaning when isolated from the liabilities which those assets finance.

If there is no need for a fund to dispose of an asset for a period, and its members have not received any guarantees of minimum benefits, the fluctuation of values over that period may have little relevance.

"A similar situation arises if the liabilities are adjusted in line with asset values as they fluctuate."

To measure fluctuation in investment returns, and use them as indicators of the risk profile of a fund's investment, is an over-simplification, Ryder says.

Control

He adds there are three categories of investment risk:

- ☐ The mismatching of assets and liabilities;
- ☐ The concentration of equities or bonds; or
- ☐ The quality of equities or bonds.

"While the first two categories can be measured to some extent, the third contains an element of intuition."

In the case of the first category, to control risk it would first be necessary to match the fund's assets and liabilities.

"There is no easy solution to the problem of measuring investment risk but, without an assessment after risk relative to liabilities, the information needed for managing a fund and assessing the performance of its investment managers is incomplete."

Ryder adds: "A quiet evolution is under way to ensure a sound basis for the setting of fund investment objectives and measurement against these objectives."

'Good marketing the secret of success'

3/04/71/84



THE present take-up of life policies and investment-related life cover at the lower end of the market was unmatched anywhere else in southern or central Africa, according to Neil Chapman, chairman and CE of Southern Life.

This was largely the result of innovative marketing and product creation, he said, but it had drawn fire from other financial institutions competing with life houses for a relatively limited market.

He told delegates at Ilpa 89 yesterday that representatives of banks, building societies and government had criticised life offices for offering an excessively high quality of returns to small and large investors alike.

"In recent years people in authority have behaved as though they had forgotten the important role our industry plays in offering an avenue of savings for even the lowest income levels," he said.

"People in high places refer to the life assurers as 'fat cats'.

"And we have all become familiar with the term 'level playing fields'. There are leaders of institutions who misuse the phrase to suggest that either our industry performance should be reduced or that the quality



NEIL CHAPMAN

of returns which we offer the small saver as well as the larger investor is too high!"

According to Chapman, about 30% to 40% of new individual life business being undertaken by Southern is with members of the lower income groups.

"We are a nation in transition, in which savings per capita are now dangerously low, and which needs to encourage the small saver.

"We must demonstrate to

the millions of potential new savers just how our industry goes about its business of creating and protecting wealth.

"And it is vitally important, if we are to have a peaceful and prosperous future, that we be encouraged in the pursuit of our special role in the financial sector," he said.

Chapman also denied allegations that life companies were "fat cats, paying too little in tax and not doing enough to promote jobs and build houses".

"Life companies do not own the assets which they manage. Every cent on the balance sheet belongs to a client, and in the case of proprietary life offices, the capital belongs to the shareholders.

"Our investments and reserves have to enable us to perform in the short term against inflation and in the long term, to enable us to meet our contractual obligations.

"Given the contingencies against which our planning has to be done, 'fat cat' is hardly an appropriate term."

Chapman maintained, too, that in view of an absence of international banking credit — once the engine of SA's development — SA was forced to turn to the life industry to fund essential major projects.

Because of this, he said, there was a limit to which life houses could be expected to finance small business development or housing.

Industry observers claimed SA had too many financial institutions and that rationalisation was essential — but Chapman denied this.

"These calls address the cost benefits which should flow from mergers and acquisitions, which are expected to reduce the number of institutions in the market place to a precious and prosperous few.

Quality

"Rationalisation will not of itself improve the quality of financial advice being given in the marketplace.

"There will always be room for the truly professional financial consultant, and an equally great demand for personal attention to the clients' needs," he said.

Because of this, Chapman said, Ilpa played a vital role in the marketplace.

He said the industry had originated in order to meet two needs — the individual's need to ensure that money would be available in the future, and the client's need to be sure that his premium would be invested for sufficient return.

relative to the growth of liabilities.

surement against these objectives."

Retirement: rather like a jigsaw

PLANNING for retirement was like putting together a jigsaw — with every client's puzzle being different and with the financial adviser responsible for seeing that the pieces were put together in the best possible way, Southern Life assistant GM life marketing Peter Atkinson said yesterday.

He said: "Apart from pension funds, most of the policies sold — retirement annuities, endowments or even whole life plans — are simply pieces in the jigsaw."

"Even a whole life plan taken out at the age of 40 could be for retirement planning purposes — either for the cash value or to ensure liquidity in the estate after retirement."

"A business assurance plan, such as would be used in an endowment-funded buy and sell agreement, could be seen as retirement provision, since it secures a business which provides a livelihood."

Atkinson said even life and disability cover added to any insurance policy could be seen simply as early provision of retirement capital.

However, when planning for retirement, he stressed the need for individuals to differentiate between investments — intended

to give higher returns over a long term — and savings, which ensured liquidity.

"The principles underlying investments are quite different from those underlying savings and, unless the average individual differentiates between the two, he is likely to suffer in many ways."

"With ongoing double-digit inflation one should not invest in bank or building society deposits — but one could use these avenues for specific savings goals."

"By the same token, retirement funding should be seen as separate from savings. People withdrawing from a pension fund should not use the money to pay for a short-term goal."

Atkinson said, in broad terms, there were three reasons for investing: to increase wealth, to fund retirement or to generate an income after retirement.

Retirement was the most important of those and must be seen as a major investment need, lasting until death and all-embracing.

Financial advisers should educate their clients to enable them to understand the implications of their decisions.

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- (1) Whether the State President's Office has been informed of or is investigating the possibility of the involvement of foreign intelligence agencies with certain persons, whose names have been furnished to his Office for the purpose of his reply; if so, whether he will make a statement on the matter?

B712E

The MINISTER OF LAW AND ORDER (for the State President):

- (1) Heed has been taken of allegations that have been made in this regard.
- (2) It is an established principle that no public comments are made concerning any foreign espionage activities or counter-measures undertaken in this regard by the National Intelligence Service, owing to the fact that this could seriously impede the RSA's counter-espionage activities. If, in the case that has been mentioned, or any other similar case, concrete evidence should be discovered, the appropriate steps shall be taken.

Ministers:

Unemployment Insurance Fund: contributions

*1. Mr F J LE ROUX asked the Minister for Administration and Privatisation:

- Whether (a) temporary and (b) permanent officials in the Public Service contribute to the Unemployment Insurance Fund in terms of the Unemployment Insurance Act, No 30 of 1966; if not, why not?

B794E

†The MINISTER FOR ADMINISTRATION AND PRIVATISATION:

- (a) Yes.
- (b) No. According to section 2(2)(1) of the Unemployment Insurance Act, 1966 (Act 30 of 1966) officers appointed in terms of the Public Service Act, 1984 (Act 111 of 1984) are not regarded as contributors to the Unemployment Insurance Fund.

Mozambique: names of visitors

*2. Dr W J SNYMAN asked the Minister of Defence:

With reference to his replies to Question No 6 on 21 February 1989 and Question No 19 on 11 April 1989, (a) what are the names of the persons who visited Mozambique in mid-December 1988; (b) at whose invitation did the visit take place and (c) what amount was contributed by each of these persons in respect of the cost involved in the visit?

B824E

The DEPUTY MINISTER OF DEFENCE:

(a), (b) and (c). Following several Government visits in 1988 to various countries in Africa, the Governing Party of Mozambique invited at its own initiative a small visiting group of the South African Governing Party to visit Mozambique. The visiting group consisted of members of the House of Assembly and the President's Council.

The Department of Foreign Affairs was informed in advance of the visit.

The Mozambican Government carried the costs of the visit. The SA Defence Force was requested to supply a Dakota for the return flight. The cost of the return flight was R5 264,00 while the cost of recreation during the weekend was carried by the members of the group themselves. It is not known to me how much was spent by each member.

†Dr W J SNYMAN: Mr Speaker, arising out of the reply of the hon the Deputy Minister, I wish to refer him to the question on the Question Paper. The question was what are the names of the persons. From his reply I must assume that it was not only members of the Government who were invited to participate in that visit. The question asks clearly which members of the Government went on the visit. [Interjections.]

†The DEPUTY MINISTER: Mr Speaker, if the hon member understands Afrikaans, he must have listened to the reply to the question. Secondly, I repeat the invitation of the hon the Minister of Defence. If the hon member wishes to know these names he can approach me, but he will only be told confidentially. [Interjections.]

†Dr W J SNYMAN: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, if the names are confidential, must we accept that these members of the Government paid this visit to Mozambique in secret? [Interjections.]

TUESDAY, 9 MAY 1989

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Mr D J N MALCOMES: Mr Speaker, further arising from the answer of the hon the Deputy Minister, may I ask if it is the intention of the Department of Defence that they should hand out lollipops, in other words free trips, to members of the governing party at the taxpayers expense and then not advise this Parliament, which votes the money, as to who has benefited from the payment of the taxpayers money? [Interjections.]

The DEPUTY MINISTER: Mr Speaker, I can only repeat what I have already said. We can confidentially give the hon member more information. What he said is not true. There are other interests at stake which I am not prepared to divulge at this moment.

Mr K M ANDREW: Mr Speaker, further arising from the answer of the hon the Deputy Minister, may I ask him whether Mr Peet de Pontes was one of the members who went on the tour? [Interjections.]

†Dr W J SNYMAN: Mr Speaker, further arising out of the reply of the hon the Deputy Minister, must we accept that he is not prepared to say what hon members of the Government were invited, as this is a secret? Do the other hon members who were not invited know that some hon members went to Mozambique? [Interjections.]

†The DEPUTY MINISTER: Mr Speaker, I am not aware of what other hon Members do or do not know. [Interjections.]

Transfer of provisions of Group Areas Act

*3. Mr R A F SWART asked the Minister of Constitutional Development and Planning:

- (1) Whether any consideration has been given to transferring the handling of applications for exemption from the provisions of the Group Areas Act to any other Government Department; if so, (a) what consideration and (b) for what reason;

- (2) whether any other Government Department has been requested to handle such applications; if so, (a) what other Department; (b) what was its response and (c) what were its reasons for making this response?

B875E

†The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

- (1) and (2) The hon the Minister will make a statement on this matter later.

Military service funded

*4. Mr D J DALLING asked the Minister of Defence:

- (1) Whether he announced on or about 20 April 1989 that military service in terms of section 22(3)(b) of the Defence Act, No 44 of 1957, was to be funded; if so, whether this applies to (a) persons (i) currently rendering community service in terms of section 72E of the said Act and (ii) liable to render such community service in the future and (b) persons who (i) are currently and (ii) may in future be serving prison sentences for refusing to render military service; if not, why not; if so, what are the relevant details?

B876E

The DEPUTY MINISTER OF DEFENCE:

- (1) No, military service in terms of section 22(3)(b) of the Defence Act, No 44 of 1957, will not be funded. The hon the Minister said that Citizen Force and Commando members will not be called up for periods longer than 30 days at a time and also that it is envisaged that Citizen Force members in the six-year cycle, will not be called up. These concessions can only be granted as long as permitted by the security situation.

- (2) Falls away.

Senior Citizen Bonds: interest rate

*5. Mr R R HULLEY asked the Minister of Finance:

Whether it is his intention to review the interest rate payable on Senior Citizen Bonds which have paid a fixed interest rate of 15 per cent per annum for the past two years; if so, what are the relevant details; if not, why not?

B877E

†The MINISTER OF FINANCE:

No, there are no plans to increase the interest rate on the Senior Citizen Savings Bonds at this stage.

Guidelines needed for retirement

300
10/1/87

SA NEEDED a new retirement benefit dispensation — and laying down the guidelines for this to be established was the main thrust of the work being undertaken by the Mouton Commission, Fedlife MD Arnold Basserabie said.

Prior to addressing delegates at Ilpa '89 in Cape Town today, he said most retirement benefits available in SA had traditionally been based on First World traditions.

The past decade had seen a growing number of semi-skilled and unskilled workers being included in corporate retirement benefit schemes.

Basserabie said: "The schemes on the market, however, have not catered for the perceptions and expectations of this segment of the market.

New

"Generally, individuals towards the lower end of the income scale tend to be too concerned with their immediate financial problems to be willing to devote much time or money to preparing for their old age.

"While the creators of retirement schemes cannot be expected to solve these problems, they need to be able to take cognisance of them in developing new products."

An associated factor affecting the provision of retirement benefits is the increasingly proactive role being played by the trade union movement.

Basserabie said: "In the past, companies undertook responsibility for making decisions about pension planning on behalf of their employees. Today, howev-



ARNOLD BASSERABIE

er, the employees expect to have a say in the contribution rates and benefit structure of the scheme to which they are contributing.

"One of the main reasons why past attempts to develop a satisfactory retirement dispensation in SA failed was a failure to consult with the emerging trade unions.

"In addition, the system proposed was not adequately understood. There is a general lack of understanding of the need to plan, the importance of planning as early as possible and what a fund can provide on retirement."

Basserabie said to ensure a new dispensation did not fail in the future, it was vital that all parties involved — the authorities, the employers and the employees — be consulted to ensure a process of progressive consensus and education.

"In addition, government must provide adequate, ongoing fiscal encourage-

ment, in the form of tax concessions.

"There is no point in asking people to forego cash today in return for financial security far into the future without providing real short-term benefits as well."

Basserabie said the commission had identified various countries whose economic situations and population mix was comparable with those in SA — in that they had a high rate of inflation, a large rural population in the process of becoming urbanised and mineral wealth.

It intended to study the social security and retirement benefit systems operating in those countries as an aid to establishing systems to meet SA's needs.

Goals

In the short term, the commission had numerous subsidiary goals, including the revamping of the means test.

Basserabie said: "The means test acts as a disincentive to people to provide for themselves, since an individual's personal retirement provision simply cancels out the state's provision on a rand-for-rand basis.

"Instead, it could be converted into an incentive — for each R1 an individual provides towards his own retirement income, the state pension could be reduced by 50c.

"This would ensure that people whose retirement incomes fell within the band covered by the state pension would still be able to better their situations by making additional provision for themselves."

Special report



Professionalism, legal developments, and investment planning were among the topics covered yesterday during the second day of the second annual convention of the Institute of Life Pension Advisers (Ilpa) in Cape Town.

VAL PIENAR reports.

Judge emphasises integrity

A HIGH level of professionalism calls for both diligence and integrity, Judge Pat Tebbutt said yesterday, when he called on Ilpa members to work together to raise the standards of the life assurance industry.

"Closely related to industry and diligence is the exercise of sound judgement. One must understand one's client's requirements before one can advise the client," he said.

Tebbutt said the legal profession had links with the insurance industry dating back to the 16th century. So he believed the ethical standards governing his profession were appropriate for insurance advisers.

In both cases the professional needed to act in good faith and in the best interests of his client.

"The concept of 'the utmost good faith' applies to all insurance, including life. Honesty is, by virtue of long entrenchment in our law, a requirement in insurance.

PROVIDENT funds may not provide the perfect solution to the retirement needs, of SA's workforce, but they are essential to the evolution of retirement provision in SA, Time Life MD Bill Haslam said at Ilpa 89 yesterday.

"The most compelling case for provident funds has nothing to do with the merits or demerits of cash at retirement — and everything to do with acknowledging the dignity of employees," he commented.

Haslam was responding to the views of pressure groups in favour of forcing employees to accept pensions rather than a lump sum payout on retirement.

The opponents of provident funds believed most individuals would lack the expertise to invest a large lump sum wisely, and would fall into financial difficulties and become a burden on the state.

"Even though they admit this is what the members specifically want, they believe in their wisdom they are far better placed to determine the solution to the employee's needs.

"In fact, I have yet to hear of a retired member who has lost all his money

because it was paid in the form of a lump sum."

Haslam said the reason most retiring black workers preferred a lump sum payout was that pensions were difficult to pay when the pensioner lived in a remote rural area.

Retiring members could also take up an option to invest in an annuity if this suited their circumstances.

Haslam said the state's and employers' attitudes towards retirement funding had tended towards the paternalistic for the past two decades, while black workers had strongly resisted any attempt to foist unwanted pension schemes on them.

Pension withdrawal benefits were often the only financial source retrenched workers had during the last recession.

This reinforced the common view among blacks that pension funds were in-

Provident funds 'are essential in SA'

Haslam cited an HSRC investigation which indicated that 53% of urban blacks — as compared with 21% of whites — believed pension contributions should be paid out at times of unemployment.

"It is hardly surprising black workers should feel aggrieved at the imposition of legislation which would prevent them from enjoying the fruits of the pension fund."

"Some workers perceived preservation as a device introduced by government to impound their benefits. This, with such issues as the requirement that 53% of the pension fund's assets be invested in government stock, has created an aggravated sense of suspicion about the industry," he said.

This situation was worsened by the fact that, according to the HSRC report, 40% of urban blacks —

compared with 7.2% of whites — did not believe that their employers contributed to the fund.

But Haslam said the growth of the black trade union movement could help improve the situation.

"The movement has become very articulate concerning the way pension funds should be structured and the nature of the benefits to be provided."

Haslam attributed the preference for provident, rather than pension, funds to the fact black workers tended not to expect to live long after retirement.

Because of this the pressure for payment of retirement benefits in the form of cash lump sums continued.

"After the release of the 1981 White Paper, which led to considerable unrest before it was dropped, there was a good chance

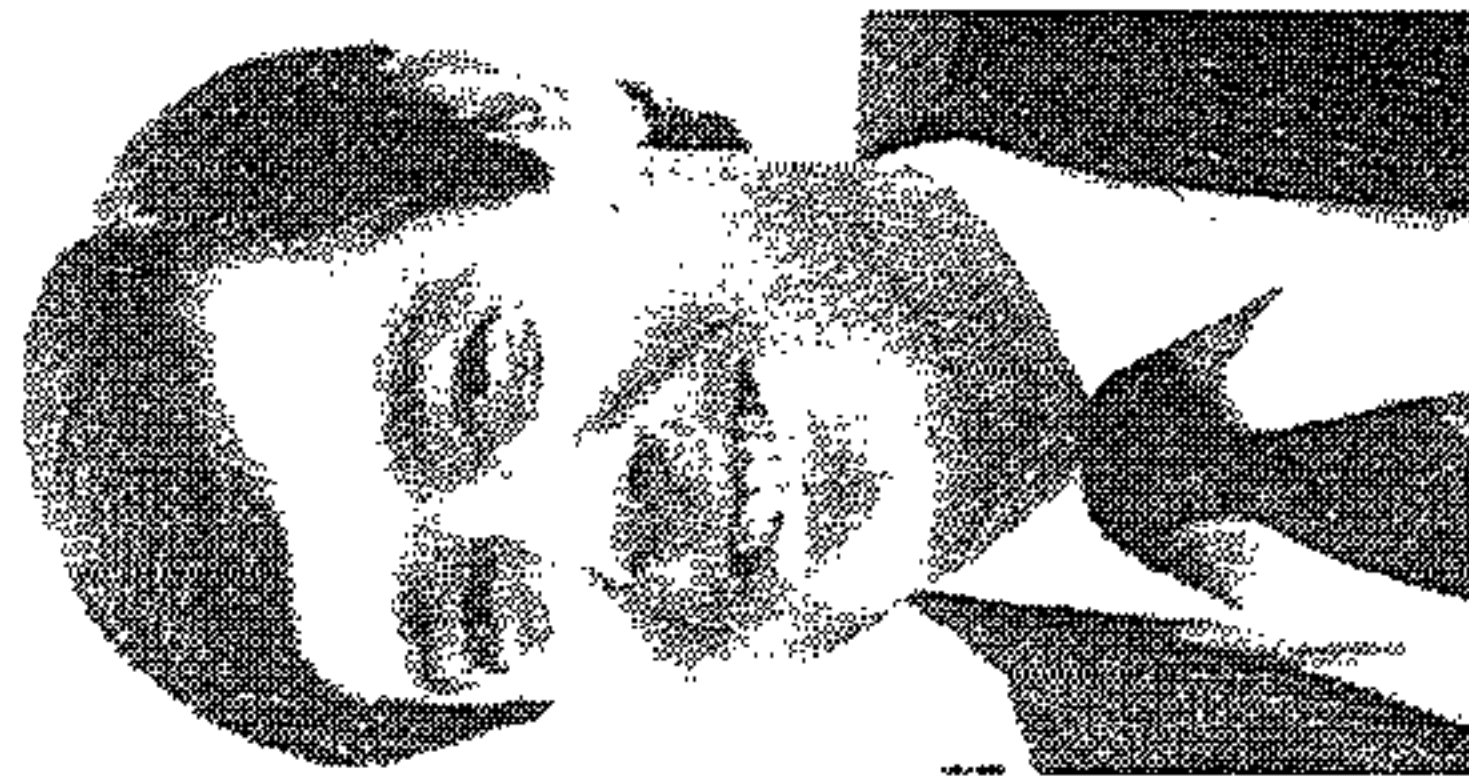
that black employees would work actively against any form of retirement provision. Instead they could have relied on state schemes, using their current earnings to meet current consumption.

"Our fears were laid to rest with the emergence of the provident fund movement — which said, in effect, that the employees had agreed with the principle of setting aside current income to meet their needs at retirement."

This was a major step forward, he believed, which indicated the workforce wanted its retirement provision to be funded through the private sector, rather than "some government pay-as-you-go system".

"If the design of the provident fund movement turns out to be faulty, reappraisal will be done through the experience of the employees rather than through advice from experts, which is questionable in the employees' eyes.

"Instead of proffering advice which will be mistrusted, we must support the union's actions, gain their confidence and allow the learning process to take its course."



BILL HASLAM

tended either to alleviate hardship during a period of unemployment, or to serve as a nest egg when returning to the rural home.

CAL. 7/10/85 10/5/89 (300)

Provident funds 'necessary'

Financial Editor

THE provident fund movement is "absolutely necessary for the evolution of retirement provision in SA and therefore to be encouraged whenever possible", Bill Haslam, MD of Time Life, said at the Ilpa convention yesterday.

Explaining that there were sound reasons why black trade unionists preferred provident funds which made lump sum payments on retirement to pension funds providing an income for life, Haslam said: "It may not be the best solution from a First World standard but it is a genuine attempt to meet the specific needs of a rapidly learning labour force."

He said there was a feeling among some black workers that they would not live long after retirement and money accumulated on their behalf would be lost on their death if it were paid in the form of a pension.

Lump sums were preferred by retiring black people for three main reasons: "Pensions are difficult to collect when the pen-

sioner lives in some rural spot far away from a post office, building society or bank.

"Often they have to cash the pension cheque at the local trading store. The cost of cashing this cheque has in some cases amounted to as much as 30% of the face value of the cheque.

"Lump sum payments at retirement have not been large amounts but have been sufficient to purchase a number of head of cattle, a small house and, most important, provide dignity for the retired employee.

"Lump sum provision at retirement does not mean that employees must take their benefits in the form of a lump sum. Provident funds have in certain instances offered retiring members the option of putting all or part of the cash proceeds into an immediate annuity.

"Where this was appropriate, the retiring employee took up the offer but the important thing to note is that it was at his own instance and not that of someone else.

"However," Haslam continued, "the most compelling case that I find for provident funds has nothing to do with the merits or demerits of cash at retirement.

"Instead, it has everything to do with the acknowledgement of the human dignity of employees generally."

He said it was feared that after the release of the 1981 White Paper suggesting compulsory transferable pensions, which aroused black opposition, "there was a period in which we were unsure of the way in which black employees would regard retirement provision.

"There was a very good chance at that time that they would work actively against any form of retirement provision and instead rely on State schemes, using their current earnings to meet current consumption.

"This very real danger, however, did not materialize and our fears were laid to rest with the emergence of the provident fund movement."

'Social pensions are here to stay'

By TREVOR WALKER, Business Staff

300

PRIVATE pensions only flourish in countries where the government encourages such provision by means of tax and other incentives, Mr Arnold Basserabie, MD of Fedlife Assurance said.

Mr Basserabie said at the annual convention of the Institute of Life and Pension Advisers (ILPA) that the Mouton Committee which is studying the problems of retirement funding in this country would have to take a longer term view.

Any proposed system would not be capable of immediate implementation but would be a target system towards which momentum could be directed in the long term.

While the country could learn much from the models of other countries, these models were not directly applicable in South Africa.

"A major point which will have to be considered would be the role to be played by the state.

"At this stage, the emphasis is likely to be on the government establishing the legislative framework, and the private sector handling the implementation of whatever system is established. However it will most probably have to be accepted that social pensions in one form or another will be a permanent feature of our system, as it is in any other country."

Mr Basserabie said it was obvious that to seek analogies to South Africa, in Africa alone, was a waste of time. The country by virtue of its development and sophistication stood above all other African countries. He mentioned Brazil as a country worth monitoring from a South African point of view.

One of the major differences between the two countries which had many similarities was that in Brazil benefits were indexed-linked to the consumer price index. In South Africa benefits were arbitrarily increased from time to time at the sanction of the Minister of Finance.

He said the cost of providing state old age pensions was placing enormous strains on the state coffers. Future projections indicated that this pressure was going to intensify significantly.

Angel of the aged

MRS IRENE Ntintili was declared a Giraffe in 1986 because she is not afraid to stick her neck out to help the aged.

The Giraffe Project of America paid tribute to her in recognition of the work she has done. She is not afraid to stand up and challenge lazy people, to stick her neck out for her beliefs and to stand firm in the face of adversity.

Mrs Ntintili is the director of Ekujabuleni KwaBadala, a daycare centre for the aged in Orlando, Soweto.

By NTHABI MOREOSELE

She started looking after the aged in 1972. She would bundle her children into her car and they would go around the township cleaning homes for pensioners who lived alone.

receive her prize from Mrs Elize Botha.

"We do everything for them. We love them, listen to them, clean them and give new meaning to their lives. We have buried a few who did not have anyone to look after them.



Woman of the Week

IRENE NTINTILI

"My children were not happy about this as it cut into their entertainment," Mrs Ntintili said.

"They wanted to go to discos and things like that. But when they saw how dirty some of the homes were, they took up the job enthusiastically and we soon had a sizeable group to look after."

When the group became too big to be managed from home, Mrs Ntintili moved to an old building behind Orlando police station.

Clean-up

The building was ready to be demolished and was broken down and filthy. Mrs Ntintili and her colleague had to clean it before they could move in. The building was renovated and enlarged by 1986.

The pensioners go there to spend the day.

"I do not believe in handouts to the aged. They come here on foot which is a form of exercise. They spend the day making blankets and upholstery, doing carpentry, making baby clothes and other handicrafts. This is good therapy for them.

Givers

"We have completed several blankets which will be donated to the needy. My old folks do not have much but they are willing to help those who are worse off. It is a good thing to give."

One of the pensioners, Mrs Merica Sikhonde, won third prize in 1987 in the category "pretty things for little things". She flew to Cape Town to

"They receive companionship at the centre. Many of them are neglected, ignored as too old and left to die.

"God has done things for us. We should learn to give. Something moved me to do good. God hired me to do a job and I do it. If we are faithful, God opens doors for us.

Trust

"I do not give up when things go wrong. I do not take no for an answer. I know God will provide. I trust Him to do this and He always does."

Ekujabuleni is a private centre which runs on donations. Mrs Ntintili is herself a pensioner who does not receive any remuneration for the work she does. She works under the Assemblies of God Fellowship.

Full-time

She is a full-time missionary and a former presenter of *Ukholo Lunje* on TV2. She is a member of the American International Women's Club. She was 1979 Cinzano/Post Woman of the Year and Woman of Worth 1986 of the Jewish Women of Johannesburg.

"Our next project is to get the aged to relate stories to the young. We are going to tape these sessions. Part of our history will die with them if we do not do something.

"They may be old but the elderly still have a lot to contribute in our lives," Mrs Ntintili said.

Taxing pension funds will be a 'disaster'

Cape Times 11/5/89
300 270

Financial Editor

IT will be "a total and unmitigated disaster" if pension funds are taxed, the retiring president of the Institute of Life and Pension Advisers (Ilpa), Paul Clipsham, warned last night.

He said in his presidential address at the end of the three-day Ilpa conference at the Cape Sun that even the lowest rate of tax would greatly reduce retirement benefits.

It was disquieting to hear of such a move being mooted in some quarters.

"People talk of a low rate of tax having virtually no effect upon pension benefits. This is fatuous and we all know it.

"We know the effect an extra 1% yield on pension funds has. This can generate a 15% increase in the ultimate benefits paid.

"Taxation would have exactly the same effect but in reverse. It would be a major impost upon all retirement plans and should it raise its head again it is incumbent on us all to resist it with the utmost vigour."

Clipsham said there were "tremendous developments ahead" for the life insurance and pensions industry.

The Margo Commission recommendations had to be more fully implemented.

"After living with prescribed assets for many years this year's Budget came as a very refreshing and major reversal of policy.

"For years we have lived with a form of indirect taxation. The change is greatly welcomed and it may signal new dispensations in many other areas."

Clipsham said the formation and work of the Meiring Commission would possibly be a major influence on the pension movement for years ahead.

It was gratifying to see a number of Ilpa Fellows as members of the commission.

Clipsham said that one of the most disquieting facts of the past year had been the vast amount of corruption that had surfaced in SA.

"When one looks at a decline in standards of probity in the country, the institute's standpoint on ethics is an example and something of which all of us can be exceptionally proud."

He had one regret — that Ilpa had not yet become truly multiracial. Although there were Indian and coloured Fellows there were not yet any black Fellows.

"The pensions movement is likely to be faced with industrial relations challenges. But if we could have Fellows from a culture well-placed and able to bridge the understanding gap it would help towards better and harmonious inter-community relations."



Johann Gerber

ALTHOUGH between 20 000 and 25 000 people are actively marketing insurance in SA, only a very small percentage have so far passed the stringent qualifying examinations to become Fellows of the Institute of Life and Pension Advisers (Ilpa), founded in 1981.

The new President of Ilpa, Johann Gerber, hopes their number will have grown to between 12% and 15% by the turn of the century.

The present pass rate to become a Fellow qualified to give the best possible advice on either life insurance or pensions — some are qualified in both — is only 23% of entrants.

Gerber said Ilpa would not lower the standard. It was more concerned with maintaining it than with recruiting more members.

But the figure of 23% was misleading. Some students passed the examinations in stages.

Gerber, who is an attorney, is senior manager legal services brokers at Sanlam. His involvement with Ilpa began in 1982 and he is chairman of its Examinations Council.

Cape Times 11/5/89

A1645 11/5/89 (300)

'Unions hold back pension benefits'

By TREVOR WALKER, Business Staff

THE trade union movement in South Africa is holding back the concept of pension fund rights transferability and wage earner benefits other than that delivered in the a pay packet, provident fund or medical benefit.

Mr Arnold Bassarabie MD of Fedlife Assurance said the union movement had been in the forefront to protect union members' "retirement" contributions as laid down by virtually every employer, but this commitment by the unions was not keeping pace with developments in the economy.

He said there was no reason why pension fund payments contributed by a company should not be retained by the employee as was the case in provident fund schemes.

The mind-set of company officials had to be changed and it was in the best interests of the unions to educate their members to accept a more sophisticated approach to the whole question of employer granted benefits and the demands they should be making on management.

He was quick to compliment the union movement on its grasp of the difficulties and the specific needs of the worker that the unions were attempting to assist, but he said: "South Africa has a very sophisticated level of pension fund expertise, among the best in the world, yet the unions had not honed in to take advantage of this."

Mr Bassarabie said the white South African worker since World War 2 had entrenched a number of pension benefits that, when applied to a long-term

employee, granted material benefits on retirement.

The same had never applied to the black worker and, in recent times, the unions had pushed for retirement contributions or "benefits" that in the long-term nature of things were not necessarily to the ultimate advantage of the worker.

South Africa had a very sophisticated economy that was difficult to compare with other developing countries and certainly none in Africa.

He said it would be a pity if the unions did not take advantage of the country's pension expertise and build on this to obtain the maximum retirement benefit for a worker who, by the very level of his lack of education, or wider expertise and who was forced to change jobs more often, was unable to end his working life with similar benefits to those granted to an employee who had been hijacked by an employer for 40 working years.

The pension fund benefits in South Africa were typically based on the employee's earnings throughout his career with the company known as career average based pensions.

Over the past 10 years or so employers increasingly included semi-and unskilled workers in their pension funds, but unfortunately, because many of these new members were unable to understand the complicated benefit formulae, they did not appreciate the true value of their benefits.

Mr Bassarabie said that unlike many Western countries, South Africa's Old Age Pension system has never been intended to provide a livable income, but has rather been intended to provide some 'last-resort' degree of relief from hardship and old age.

"A significant number of (particularly) blacks who, although they actually qualify for a State Old Age Pension, do not currently claim one.

"If and when these people started claiming, the cost could have a major impact on government resources," he said.



Arnold Bassarabie

New PA rules boost pensions

By Robyn Chalmers

THE proposed new rules replacing prescribed assets could result in improved benefits for pension fund members in the long term.

So says Desmond Smith who was recently elected president of the Pensions Institute. He believes the scrapping of prescribed assets is a progressive move for the pensions industry.

The proposed rules announced by the Government last Friday are directed at two issues — the diversification of assets and the reduction of the chance of risky investments.

Sufficient

"Pension funds will be required to invest 15% in Government stock as opposed to 53% under the former requirements. Historically, returns on property and equity investments have been far higher than gilts, so pension

funds can expect more market-related rates of return."

The funds will gain the opportunity to improve benefits, says Mr Smith. If benefits are already sufficient, he believes their cost could be reduced.

Issues

"It is gratifying to see that the authorities are looking towards the Pensions Institute for advice on the new rules, and that the Registrar is adopting a flexible approach to them."

Mr Smith says the pensions industry is a vital part of the economy, and influences a huge amount of funds. At the end of 1987, there were 12 000 pension funds (including Government ones) with assets of more than R85-billion. The industry paid benefits of nearly R6-billion and pensions of R2,6-billion.

Mr Smith says: "Bearing this in mind, one of the major

issues facing the Pensions Institute this year is to keep in touch with fund members and serve their interests as best as possible.

"To do this we will take a fresh look at the institute and streamline it as much as possible."

Mr Smith says another issue which must be addressed by the industry this year is the need for greater involvement of trade unions in formal discussions. There is a great deal of mistrust and a lack of understanding on both sides.

All parties in the retirement industry must be involved in discussion and debate, and decisions should be taken with all cards on the table.

Sensitive

The Meiring Committee looking into the question of future retirement dispensation is also an important development.

Mr Smith says the possibility of taxing the investment



DESMOND SMITH

income of pension funds has been raised and is something the institute will watch closely.

Exempt

"This is an extremely sensitive matter, and one which must be considered carefully. Pension funds are exempt from taxation throughout the Western world, and we must take this into consideration."

"The Government is in a bit of a spot on this, as it is looking for sources of tax on the one hand, yet sitting with a huge future bill to provide for old age on the other."

164 164 800 R14 500 a month
By BRUCE CAMERON
Political Staff

PRESIDENT Botha's retirement benefits, apart from the R300 000 he received five years ago when he changed from being Prime Minister to President, will be a monthly pension of R14 500.

A spokesman for his office said today that Mr Botha was

not entitled to a further gratuity for his term as President, as reported at the weekend.

In terms of the constitution he was entitled only to a pension equal to his salary.

All other members of the government and MPs, however, have every year of service taken into account, receiving both pensions and gratuities.

facilitate the objective evaluation of the damage to certain vegetable crops allegedly caused by hormone herbicides.

- (2) Yes, compensation was discussed with the farmers concerned and the Natal Agricultural Union but could not be favourably considered. However, assistance to farmers facing cash flow problems as a result of the damage so caused, was discussed with the Land and Agricultural Bank of South Africa and the Department of Agriculture and Water Supply in the Administration; House of Assembly. In the case of the Department, applications by such farmers for the consolidation of their debts will be considered as sympathetically as possible within the framework and norms in terms of the Agricultural Credit Act, 1966 (Act 26 of 1966).

Mr R M BURROWS: Mr Chairman, arising from the reply of the hon the Deputy Minister, did I understand him correctly to say that, whilst there is a suggestion that the Land and Agricultural Bank may aid in the cash flow situation of farmers, this department has said that it is not prepared to consider compensation for the farmers' losses?

The DEPUTY MINISTER: Mr Chairman, that it is correct. We do not consider compensation.

Howick: abduction/murder of three persons

*6. Mr P C CRONJÉ asked the Minister of Law and Order:

With reference to his reply to Question No 137 on 6 April 1989 in connection with the alleged abduction and murder of three persons near Howick in December 1986, (a) what are the names of the persons of whom particulars and photographs have been published by the South African Police and (b) what is meant by the phrase "in the usual manner" as used in this reply?

B946E

The MINISTER OF LAW AND ORDER:

(a) and (b)

Particulars of the persons concerned have been circulated country-wide by means of an internal Police publication. However, it is at this stage not desirable to make known the

identities of the persons, as it may jeopardize the investigation.

†Mr P C CRONJÉ: Mr Chairman, arising out of the reply of the hon the Minister, I just want to ask him if he is aware of the organization to which these people who committed the murder, belonged. I also want to ask him if he is aware that after these murders had been committed, a number of persons were arrested and that after they had been in the police station, their bloodied weapons were handed back to them.

†The MINISTER: Mr Chairman, I said that the investigation is continuing, and naturally, I am not prepared and able to say at this stage who the persons are, and to what belonged to, or to comment on the further particulars furnished by the member. However, we shall go into it and then give him a reply if he wishes to ask again.

†Mr P C CRONJÉ: Mr Chairman, further arising out of the reply of the hon the Minister, I want to ask whether he is prepared to give me the names of the persons on a personal basis so that I may try to help.

†The MINISTER: The reply is no.

SATS: actuarial report on pension fund

*7. Mr D J N MALCOMESS asked the Minister of Transport Affairs:

(1) Whether he has received an actuarial report on any pension fund of the South African Transport Services; if so, on which fund;

(2) whether this report showed any deficit; if so, what amount of money is involved?

B947E

†The DEPUTY MINISTER OF TRANSPORT AFFAIRS:

(1) The evaluations of the New Superannuation Fund and the Pension Fund for Non-White employees have already been received. In view of the fact that the benefits payable and the contributions to the Funds are the same, it has in principle been decided to amalgamate the Funds in the foreseeable future.

It is therefore necessary at this stage to obtain the actuarial evaluation of such a joint Fund. The actuaries are busy therewith and it is expected shortly, after which

the particulars for the joint Fund will be furnished.

(2) Falls away.

Group Areas Act: applications for exemption granted/refused

*8. Mr K M ANDREW asked the Minister of Constitutional Development and Planning:

Whether, since 1 January 1988, his Department has received any applications for exemptions from the provisions of the Group Areas Act, No 36 of 1966, in respect of residential premises in the Cape Town Gardens constituency; if so, (a) how many such applications had been (i) granted and (ii) refused as at the latest specified date for which information is available and (b) what were the reasons for (i) granting and (ii) refusing each application?

B949E

The DEPUTY MINISTER OF CONSTITUTIONAL DEVELOPMENT AND PLANNING:

This matter vests in the Administrator of the Cape Province and he has furnished the following reply:

— No. Rest of question falls away.

Mr K M ANDREW: Mr Chairman, arising from the reply of the hon the Deputy Minister, I would like to ask him two things. Firstly, I would like to ask him when his department or the provinces are going to transfer the handling of applications to the Department of Public Works, as was announced previously?

Secondly, I would like to ask the hon the Deputy Minister why the province has written to me on various occasions giving me copies of applications for permits, for which he now says there are none.

The DEPUTY MINISTER: Mr Chairman, according to the hon the Minister's announcement last week the Commission for Administration is presently investigating the transfer of certain functions from the provincial administrations to the own affairs administrations. The Administration: House of Assembly has already indicated that it is prepared to accept the transfer of the permit function from the provinces. That will happen, of course, as soon as the Commission for Administration has completed its investigations.

As far as the second question is concerned the problem is that the hon member has phrased his question incorrectly. There is no provision in the Act for exemptions in terms of the Act; there is only a provision for permits. If the hon member phrases his question correctly he will get the correct answer. That is the whole point.

Mr K M ANDREW: Mr Chairman, further arising out of the hon the Deputy Minister's reply, may I ask him whether if in fact one can apply for a permit to be exempted from the provisions of the Act, that is not an application for an exemption from the Act in respect of oneself and one's occupation of a property?

Secondly, may I ask the hon the Deputy Minister, while he knows full well what the question is asking, whether it makes good sense to waste the time of the House and the time of the officials by coming up with smart-alecky replies?

The DEPUTY MINISTER: Mr Chairman, all I would like to indicate to the hon member — this has also happened in the past — is that he should phrase his questions correctly so that we can give him a proper reply. There are no provisions in the Act for exemptions as such. [Interjections.] The point is that we are talking about permits. I can give the answer to the hon member. The answer is, yes, there were applications. The replies to the other questions are: (a)(i) four; (a)(ii) two; (b)(i) no objections were received and (b)(ii) numerous objections were received.

INTERPELLATION

The sign * indicates a translation. The sign † used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Men/women: salary differentiation

1. Mr R M BURROWS asked the Minister of Education and Culture:

Whether there is still salary differentiation in his Department between men and women at post level 1; if so, what steps is he taking to eliminate such differentiation?

B1014E, INT

The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, the hon member for Pinetown has asked whether there is still salary

PO error leaves hundreds without pension

Handwritten: 19/5/89

Staff Reporters

A POSTAL error resulted in hundreds of township pensioners being sent home empty-handed after waiting for up to six hours in the cold early hours of Wednesday morning for their monthly pension cheques.

This emerged yesterday when a spokesman for the administrator's office said the Pretoria-printed vouchers had "gone astray" in the post and could not be reprinted in time for the payout date.

According to a 68-year-old pensioner, who complained to the Cape Times that he and his wife had only the remains of a loaf of bread left, the elderly crowd was told to come back on May 25, a week late.

The man, who declined to be identified, said black pensions were barely enough to last a month.

The administrator's spokesman said that news of the delay was spread "throughout the Cape Black Pensioners' Organisation and the Red Cross Society" the day before while officials of the administration had visited the affected payout point on the day to inform "those pensioners who turned up".

● Pensions to blacks have been paid out on a monthly basis since April 1 this year after decades of bi-monthly payments in contrast to other race groups, the spokesman said.

CAPE TOWN 19/5/89
300

'Improve security' plea to city elderly

By DALE KNEEN, Crime Reporter

THE murder this week of a 73-year-old widow in Plumstead has led police to appeal to senior citizens to make use of State aid to improve their security.

Cape Town CID chief Brigadier Nic Acker said today that the elderly should not automatically trust strangers.

The safety of the elderly was the responsibility of the community and relatives and concerned organisations were urged to become more involved in combating crime against senior citizens, Brigadier Acker said.

"In 60,48 percent of all attacks on senior citizens, the assailant had no trouble entering his victim's home," he said.

Of the reported cases 26 percent of the attacks took place when the at-

tackers entered through unlocked or open doors, 10 percent through open windows, eight percent after answering a knock at the door and six percent by false stories told to the victim.

The brigadier urged senior citizens to register with the nearest police station so that their names and the circumstances under which they lived could be noted. Assistance could then be given for added security.

He referred to a scheme launched by the Department of Local Government and Planning in which senior citizens could under certain circumstances apply for financial aid to improve their security.

So far this year, police throughout the country had briefed 35 000 elderly people on security and had issued thousands of pamphlets on the subject.

CAPE TOWN — Members of Parliament, some of whom have been embarrassed by the huge amounts being paid out in pensions and gratuities to their colleagues, are recommending major changes.

The proposals are likely to be put before a joint select committee which is already considering proposals to cut off the generous pensions and gratuities to MPs who are sent to jail.

Gratuities

The main thrust of the new proposals would be to cut off the payment of pensions and gratuities to MP who are still sitting in Parliament.

New rules could prevent future State President Mr F W de Klerk from qualifying for a golden handshake as did President Botha when he quit as an MP to become State President.

Mr Botha qualified for a R300 000 golden handshake and will receive R14 500 a month when he steps down now.

Mr Botha does not, however, receive a gratuity for the past five years.

Mr de Klerk stands to receive a golden handshake of at least R270 000 when he steps down as MP for Vereeniging to take over the top job.

Mrs Helen Suzman stands to receive R6 250 a month and a gratuity of R200 000 after 39 years of services.

But this amount pales against those being paid to retiring Cabinet Ministers such as the R13 000-a-month and the gratuity of at least R450 000 Mr Chris

BRUCE CAMERON

Heunis, Minister of Constitutional Development, will receive.

The main beneficiaries of the pension before final retirement are mainly members in the House of Delegates and the Conservative Party.

In terms of the current regulations members of Parliament who have held office and have qualified for a pension are entitled to a pension and gratuity if they revert to being ordinary MPs.

In other words an MP would be paid the the normal salary and allowances of R72 000 a year to which would be added the difference between this and the pension he would have received if he had retired altogether.

Mr Amichand Rajbansi, who was removed in the wake of the James Commission report as chairman of the Indian Ministers' Council, received a golden handshake of R70 000 and earns an extra R2 500 a month above his ordinary salary as an MP.

Deputy leader of the Conservative Party Dr Ferdi Hartzenberg is earning about an extra R2 000 a month above his MP's salary and would have received a golden handshake at the time when he defected from the NP.

His leader, Dr Andries Treurnicht, would be receiving less because he receives a higher salary as leader of the official opposition in the white House.

A number of members of the House of Delegates are receiving a pension because of the high turnover rate in the various parliamentary offices ranging from chairmen of committees through to members of the Cabinet.

SKL 26/8/87
Move to cut grease
from MPs' gravytrain
New bid to curb pensions
NS

Bitter battle for funds from Granny Bonds

Star 22/5/89
**Money
Matters**

Magnus
Heystek



300

WITH an estimated R1,5 to R2 billion in the so-called Granny Bonds maturing in the next couple of months, financial institutions are engaged in a bitter battle to attract these funds into their coffers.

For the first time in many years savers, and in particular our senior citizen savers, are now receiving a pre-tax interest rate on their savings which beats the inflation rate. How long this situation is going to last, is difficult to say.

With the first batch of Granny Bonds — Senior Citizen Deposits, announced during last year's Budget — maturing earlier this month, financial institutions embarked on massive advertising campaigns to draw in deposits. Most institutions are offering between 17 and 17,25 percent for senior citizen savers for one-year deposits. This is the highest rate available for relatively short-term deposits.

Compared with the current "official" rate of inflation of about 14 percent, this gives a pre-tax real rate of return of about 3 percent. Unfortunately, the interest on this is fully taxable save for the first R1 000.

Many investors will in the next few months have to decide how to invest their savings. Most retired people need the highest possible rate of interest to supplement their incomes. But savers have to be aware of the cyclical nature of the South African economy, and by implication interest rates.

Will interest rates go higher? And at what stage will it be prudent to tie up money for a longer period? These are the questions facing many today.

Normally I wouldn't advise investors to tie up their savings for long periods, but when interest rates are high this does make some sense. It is unlikely that interest rates will remain at a peak and they can expect to start declining sometime later this year. This will mean a reduction in deposit rates as well.

Austerity measures

Most bankers and economists agree that the latest austerity measures will cool down the economy sufficiently to allow for a slackening of monetary policy later this year. If this scenario does prove to be correct, then it would make sense to tie up savings now in order to benefit when interest rates start declining.

Some schemes currently being marketed by financial institutions offer a "floored" interest rate which remains constant in the face of a drop in interest rates generally. Conversely, should rates rise further, savers will receive a higher interest rate up to a level of two percentage points higher than their entry level. This is a worthwhile option and certainly bears consideration.

The Perm, for instance, has just announced a new product to cater for the maturing Granny Bonds called the Permbonus. It's a 12-month fixed deposit with the entry rate of 17 percent guaranteed, but allowing for the rate to move up by a maximum of 2 percent in the case of interest rates moving higher. The minimum investment is R1 000 and the maximum is R500 000.

This scheme is very similar to the United's Bonus Deposits and under current circumstances, considering the volatile investment environment generally, it might be a safe place to keep money until clearer investment patterns emerge.

But generally, fixed-rate investors are finding it increasingly hard to beat both the inflation rate and the tax-man at the same time. Their predicament will worsen from March 1 next year when the tax-free and partially tax-free concessions fall away.

This makes the forthcoming general election even more important for hard-pressed savers and pensioners. This is an election where financial matters will come to the fore as an election issue. Make good use of it.

CMC 7/15/89
22/5/89

300

Pay up, or move out

The stark choice faced by Sea Point's elderly residents

By MONICA GRAFF

MANY of Sea Point's elderly residents — who have lived there all their lives — are faced with having to pay higher rents or move out of the area. And community leaders are virtually powerless to do anything about it.

Acknowledging the problem, several leaders — including Sea Point MP Mr. Colin Eglin, a town councillor for the area, Dr. John Sonnenberg, and the chairman of the Green and Sea Point Ratepayers' Association, Miss Annette Reinecke — blamed the situation on "the unpleasant side of free enterprise".

An influx of overseas buyers, time-share developers and millionaires who occupied their "luxury pads" for only a few weeks a year "as though it were the French Riviera" was squeezing out the elderly with soaring property prices, they said.

Mr. Eglin, who runs a rent clinic at the Democratic Party offices that drew a large crowd last Wednesday, said that even tenants in rent-controlled buildings could be affected if the owners renovated the flats, pushing up the rentals.

While the tenants had first option on moving back into the flats once the renovation or repair work was completed, they often found themselves priced out of the market, he said.

But Mr. Eglin added that he had been able to help

many fearful elderly residents who flocked to the rent clinic by explaining their rights to them.

Those over 70 or with a monthly income below R850 (R1,000) a single person or R1,250 for someone with a dependent were protected, tenants who had a degree of redoubt to the law.

Miss Reinecke said the only way to help the elderly was for service organisations to club together and buy up old buildings that they could rent out to the elderly at affordable rates.

Dr. Sonnenberg said that while the council did not have the power to stop market forces, it might be able to muster the funds to subsidise such a project.

Mr. Eglin said the high property prices would be a prohibitive factor in this regard.

1 000 sign pensioners phone petition

Star
22/5/89

Municipal Reporter

300

A petition to reduce pensioners' telephone rentals and call tariffs attracted more than a 1 000 signatures in Yeoville yesterday morning, and the organisers will now go ahead with a nationwide campaign.

Johannesburg city councillor Mr Martin Sweet said the first target was at least 5 000 names before calling for Government action as part of a commitment to security at grassroots level.

"The plight of pensioners fighting poverty has been

worsened by their very real fears about deteriorating security.

"Their telephone is often their only lifeline in a crisis. But many can no longer afford the cost," he said.

"One year's phone rental equals one month's income for a pensioner, or in the case of blacks, two months' official allowance.

"We will push for a reduction and at the same time call for tariffs to be set at a lower rate," Mr Sweet said.

"Businesses already benefit from such a concession because their phone rentals are tax deductible," he said.

"They pay about R10 a month for a line, which is far less than the charge to pensioners.

"The plan (for pensioners) is feasible as it could simply be coded into the specific number," Mr Sweet explained.

"This campaign will peak one month before the election, when we plan to present a massive petition Parliament.

"It is intended to tackle security at the front door instead of harping on emergency regulations and detention."

Lawyer attacks govt on pensions

THE frustrations that have beset former soldier John Choeu in his 43-year-long fight to get a war pension have moved a human rights lawyer to launch an attack on government.

And a donor, who wanted to remain anonymous, telephoned to say he wished to give R100 to the war veteran who lives in abject poverty in the barren northern Cape area of Madibogo.

Business Day reported last Friday that Choeu and 35 other war veterans who were now Bophuthatswana citizens had not received their pensions, even though the SA Foreign Affairs Department had announced in February that funds had been forwarded to the TBVC states with effect from January 1.

3 ED

THEO RAWANA

Lawyers for Human Rights national director Brian Currin said on Friday it was a disgrace that people had to fight and face long delays to get their pensions.

"The way black ex-civil servants and pensioners are treated by government is an utter disgrace," he said.

"The pensions paid to these people are an insult, considering what senior politicians are paying themselves."

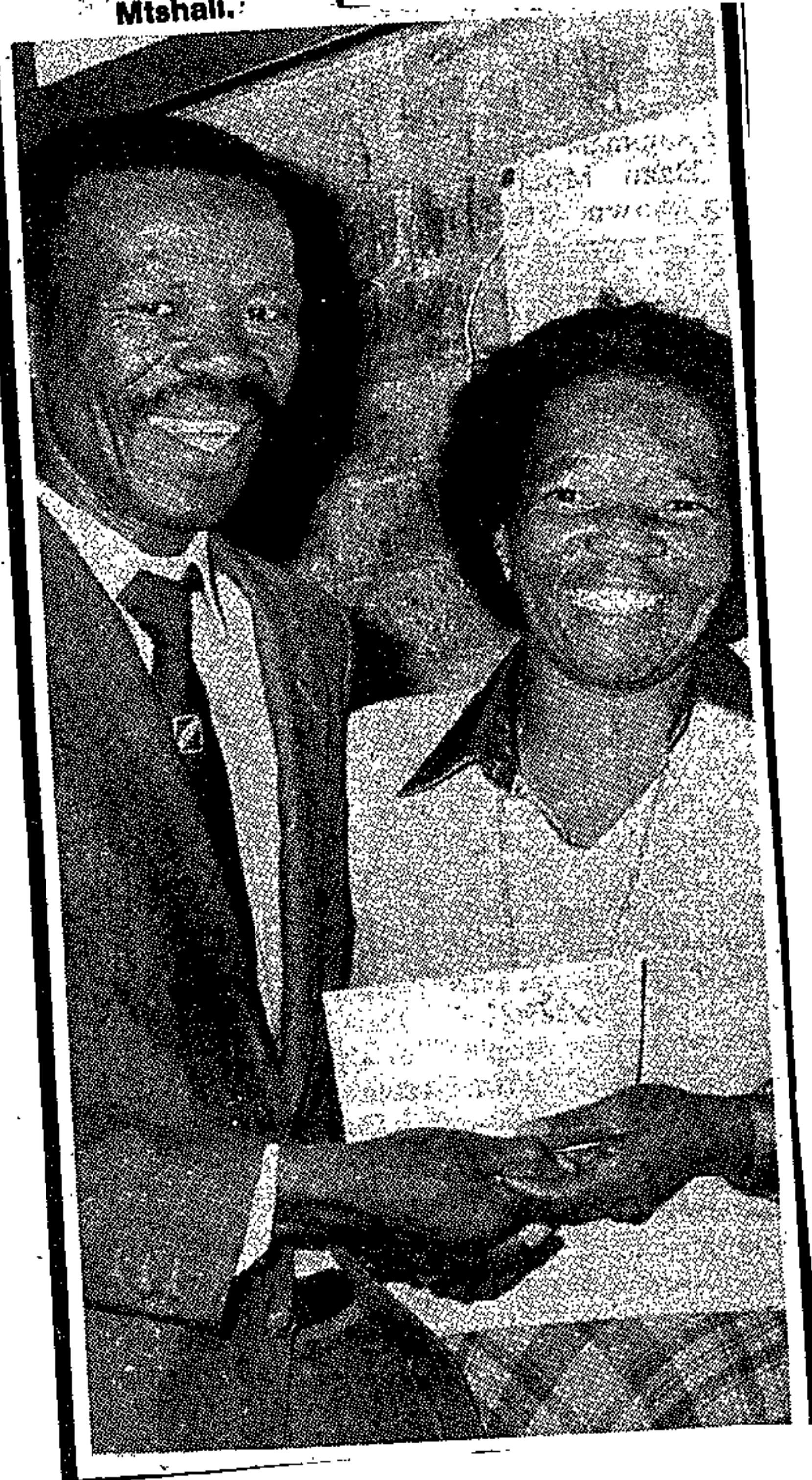
The Bophuthatswana Foreign Affairs Department, contacted for comment, said the Internal Affairs Department was handling the matter.

Attempts to contact the Internal Affairs Department's secretary at the weekend were fruitless.

B1024722/5757

R300 for aged of Soweto

The regional manager of Anchor Life Insurance, Mr Desmond Mavuso, presents a cheque for R300 to the matron of the Soweto Home for the Aged, Mrs Kenke Mtshali.





town rates
12 percent

Rates rise

**COST OF
LIVING
CRISIS**

Why an elderly woman eats dog food

By DAVID YUTAR
Staff Reporter

A SOCIAL pensioner was forced to exist on dog food when her money ran low at the end of the month — because it was the cheapest food available.

Her plight was one of many revealed yesterday when pensioners gathered in Claremont to protest against the escalating cost of living.

Another pensioner was found alone and without food by a messenger from a chemist, who went to her home to deliver urgently-needed medicine.

They may be alive, but only just, and many of them are far from well. They are struggling to make ends meet.

GRIEVANCES

This was the message of about 600 angry pensioners who filled the Claremont Civic Hall for a meeting called by the Association for Retired Persons and Pensioners (ARP&P) to discuss their grievances.

They all seemed to agree that their pensions were far from adequate when it came to meeting their ordinary day-to-day needs.

Many of them, particularly those living on social pensions, and on the rapidly diminishing interest from money saved during many years of hard toil, are having to cut back drastically on necessities like food and clothing.

Race discrimination is a harsh reality when it comes to state pensions, which are about R250 for whites, R200 for coloured and R150 for blacks.

Said Mrs Sheila Curtils of Claremont: "We don't buy red meat and live on chicken and fish."

HEATERS

"We don't use heaters and try to buy pre-cooked food. Hundreds of things which we previously did not consider to be luxuries, now are."

Pensioner after pensioner gave vent to the same complaints, and said they were managing to make ends meet only by exercising extreme frugality, and having to do without many of the items they once took for granted, and still consider to be necessities.

Mr Bill Ferreira, 64, has been a pensioner for four years. He is "definitely not able" to make out.

"My wife and I haven't been on a holiday for five years. I drive a 1964 car and couldn't afford to replace it."

"When I was 21, I took out a policy for £300. After it reached maturity 21 years later, it was worth absolutely nothing."

Another man, who has been a pensioner for five years, chuckled when I asked him to list some of the items he and his wife were forced to do without. "It's easier to tell you

By ANTHONY DOMAN, Municipal Reporter
and MICHAEL DOMAN, False Bay Bureau

CAPE TOWN'S rates are to rise by 12 percent as the city's total budget for the 1989/90 financial year increases to R1,277-million.

And rates in Fish Hoek will increase by 22.5 percent for the year starting July 1, said councillor Dr P J van der Walt in the town's budget speech last night.

This means with this year's increase Fish Hoek ratepayers are now paying nearly 70 percent more than they did three years ago, following increases of 23.5 percent and 23.4 percent over the previous two years.

Cape Town's operating budget stands at nearly R1-billion.

An electricity tariff increase is also on the way later this year, but this is expected to be no more than 11 percent.

Executive committee chairman Mr Dick Friedlander said the 12 percent rates increase was, in the present circumstances, "a very creditable achievement."

Last year's increase was 12.4 percent.

"I am satisfied that the increase has been restricted to the lowest possible level."

Residential properties are now liable for 3,763 cents in the rand after the usual rebate. The total rate is 5,085 cents in the rand.

Rents for council tenants will also increase, probably from August.

Mr Friedlander warned that increasing demands for more services were straining the city's resources to the limit. It was possible Cape Town might once again have to borrow money to finance projects.

And if present demand continued, user charges for services like refuse removal and sewerage might have to be introduced.

He raised the possibility of availability charges where serviced land was left undeveloped.

Asked to expand on his comments that inequities resulted from the out-of-date land valuations as a basis for rates payable, he said the city could not continue using "1979 values in a 1990 context."

The last general valuation was carried out a decade ago.

City treasurer Mr Donald Geyer agreed the city faced an "almost untenable situation". But a revaluation would merely "shift the incidence of rating around". The object would not be to increase income.

He agreed that valuations in some city areas — the Clifton bungalow area for example — were way below their market value. Other areas such as certain parts of Maitland might actually have a market value below their municipal valuation.

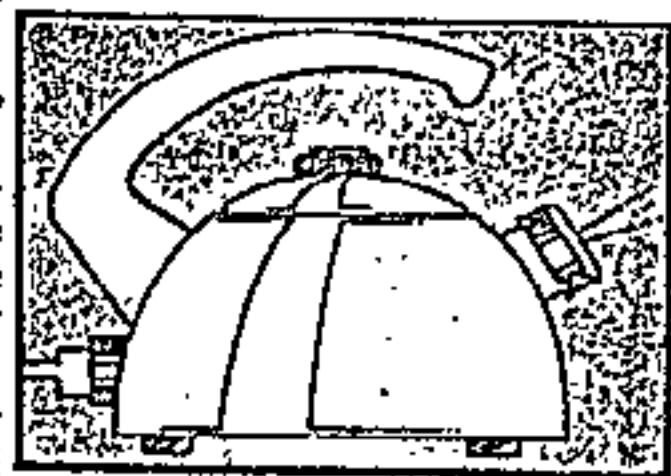
Delivering his budget speech at a special council meeting today, Mr Friedlander said much of the growth of the budget in rand terms had been caused by inflation.

There has also been a significant growth in requirements for the various services and in the demands of the population.

The pressure on the city for services and facilities by ratepayers and residents in peripheral areas is a cause for grave concern given our limited financial resources.

Mr Friedlander said that in view of criticism both inside and outside the council on the city's method of rating, the executive committee had recom-

(Turn to page 3, col 8)



Electricity up
later this year

Another man, who has been a pensioner for five years, chuckled when I asked him to list some of the items he and his wife were forced to do without. "It's easier to tell you what we can have," he said.

LUXURIES

"We have no more luxuries. I have just enough money to feed my wife and myself."

"We can't afford to invite the children round anymore."

Mr Victor Heiden, who has been branch chairman of ARP&P in Clarewyn for three years, says many state pensioners cannot afford to pay the association's annual fee of R4. Many do not attend meetings because they cannot afford public transport.

● Pictures, page 5.

and 28 TV — Page 3 of Topic

City pensioners protest

600 call on minister to quit, slate govt's 'golden handshakes'

Staff Reporter

NEARLY 600 senior citizens yesterday rallied behind the call for the resignation of Deputy Minister of Finance Dr Org Marais at an emotion-charged meeting in Claremont Civic Centre.

Adopting the slogan "Grey power to put South Africa on the road to recovery", the massed audience of elderly people and pensioners heard speakers stress the need for united consumer action against the rising cost of living.

Asking the meeting to adopt a resolution calling on Dr Marais to resign, the regional chairwoman of the Association for Retired Persons and Pensioners (ARPP), Mrs Kay Altman, said: "It would take more than one meeting to tackle all the problems confront-

ing the aged. And yet a man who is deputy finance minister and who earns R130 000 a year, who receives generous perks, dares to tell us we are no poorer than 20 years ago."

A forest of hands and a round of applause carried the motion, and others which called for an independent investigation into government spending, increased social pensions, the appointment of a Minister of Consumer Affairs, a national voluntary pension fund for all senior citizens, and withdrawing metered telephone calls.

Speakers from the floor angrily condemned non-taxable "golden handshakes" to departing government officials, stated taxation on private medicines and called for a return to "bread and butter" politics.

National Housewife's League vice-president Mrs Sheila Baillie said regular surveys

of basic household goods had shown "mind-boggling" inflation, to which a speaker from the floor shouted to approving claps: "What can we do about it?"

Mrs Baillie replied: "If everybody stands together, if the oldies stand together, we can get somewhere. But what do the young do?"

Saying the National Party had been in power "too long", Councillor Mrs Joan Kanley added: "Get involved, use your leverage. Get candidates who are concerned with bread and butter issues — economic issues are affecting every person in this country."

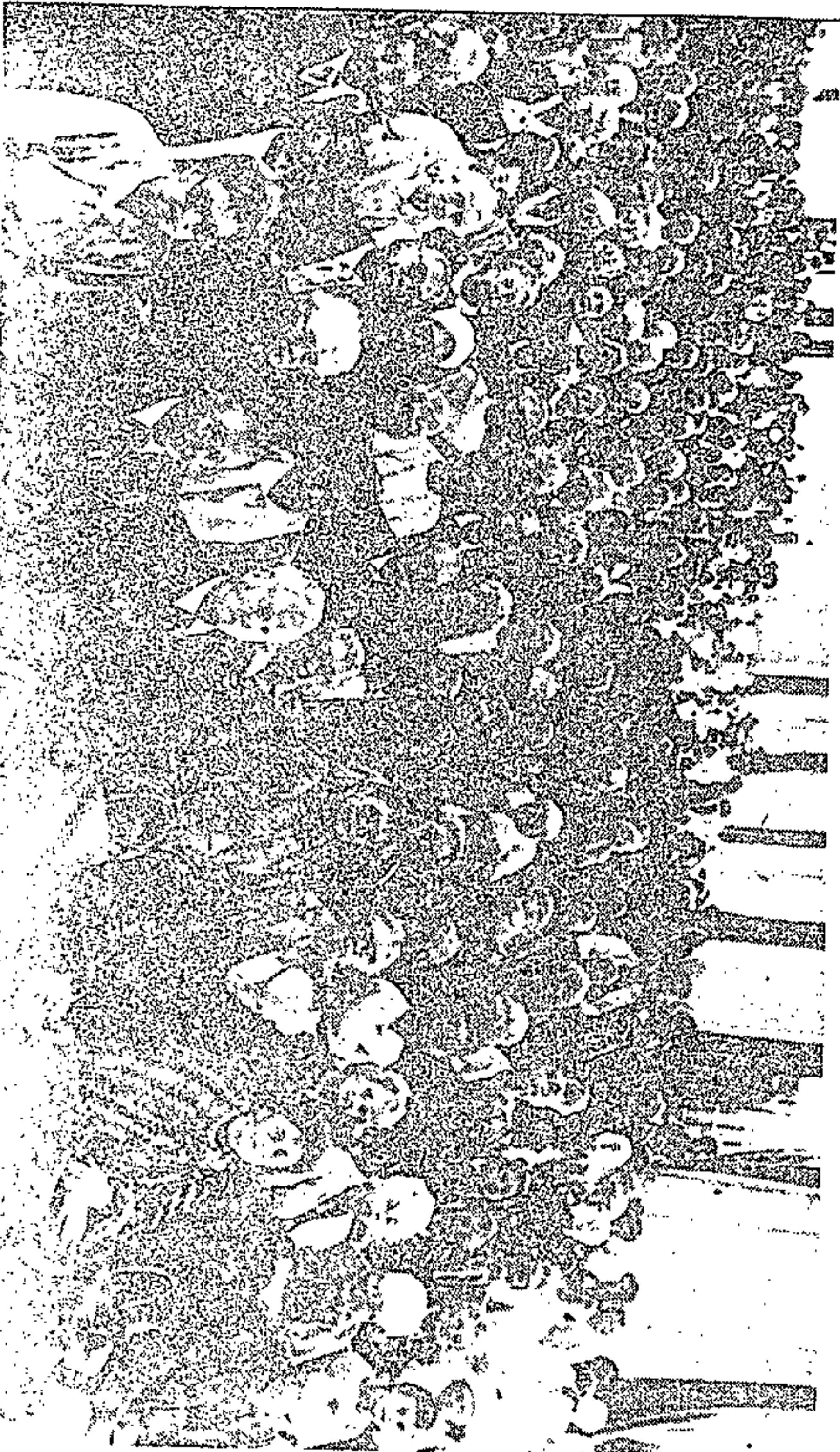
Heating to pharmacist Mrs Ros Smart's suggestions on controlling expenditure on medicines, a speaker from the floor replied: "Your speech was smart but will not affect the price of medicines. It will not bring the

costs down nor bring these problems to the ears of government."

Asking why the Minister of National Health and Population Development, Dr Willie van Niekerk, was not present, the speaker added: "We must send the message to the government that we are not going to put up with this any more."

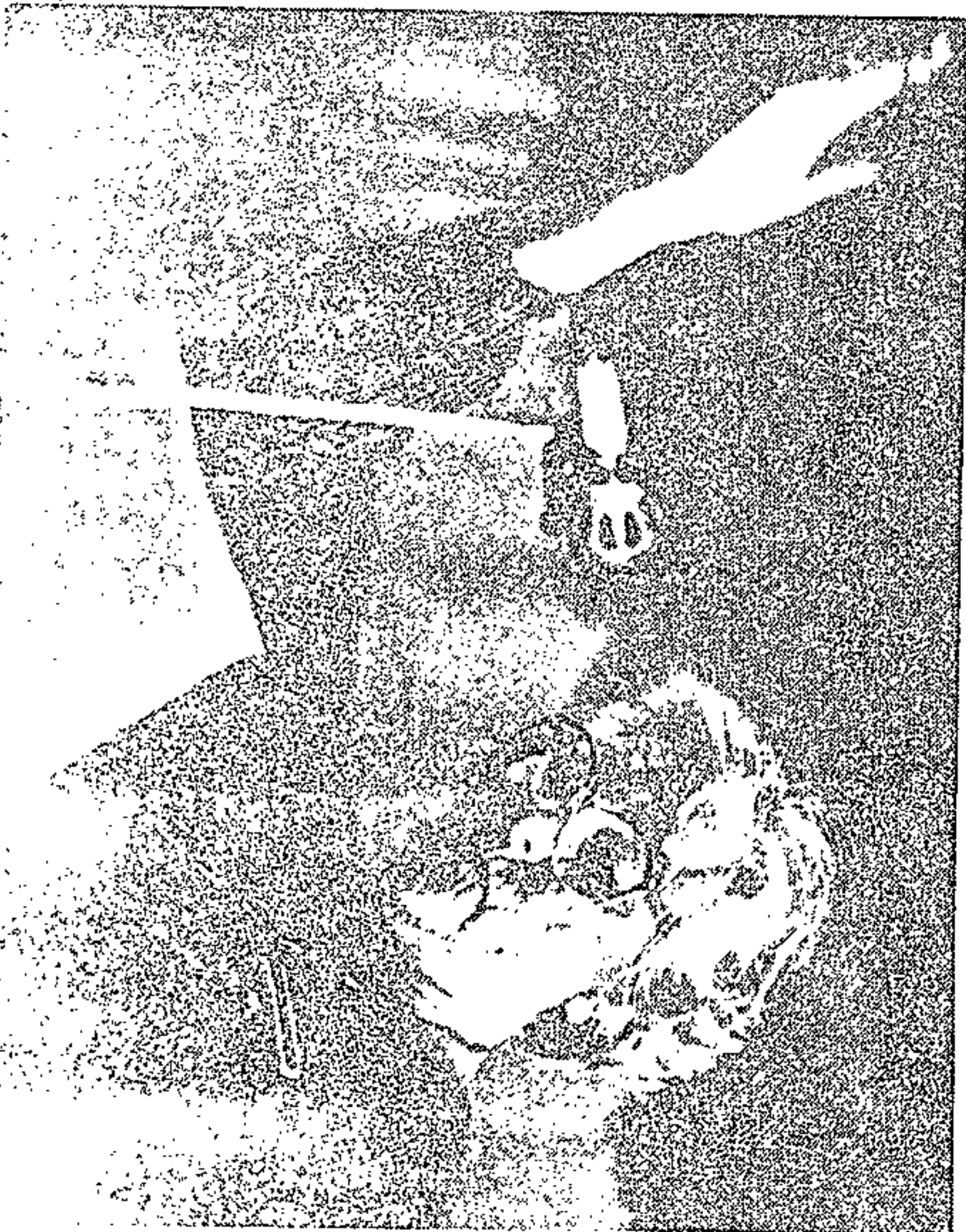
Tax consultant Ms Lizette Labuschagne warned that the change to Value Added Tax would "cost a lot of money", adding that foodstuffs, medicine, electricity and telephone bills would not be exempt from the new system.

"Unless we make our opinions felt, and not just before the election, it is going to be put into practice. The bottom line is we're going to pay," she said.



SENIOR CITIZENS RALLY

Nearly 600 elderly people yesterday protested at Claremont Civic



DRG MARRAIS

Mrs Kay Altman

Dr. Org speaks out



Dr. Org Marais

On costs

By TOS WENZEL
Political Correspondent

DR. ORG MARAIS, Deputy Minister of Finance, has conceded that his remarks on white South Africans being on average no worse off than they were 20 years ago were poorly timed.

He also conceded that pensioners who did not have fringe benefits had experienced a drop in real income and that they were suffering.

He committed himself to try to better their pensions and circumstances in the future, but had any money available.

While defending his remarks in Parliament last week that white South Africans had on average not become poorer in the past 20 years, he said today it was a bad time to make a speech like that because people were not interested in the economics of the situation, which were too complex.

Economic facts

People were at present finding it difficult to cope as the government was cooling down the economy because of balance of payments problems. People were sensitive in the cooling-off period and did not want to hear the hard facts from an economist.

It was a miracle that the government was able to keep the country up to standard in

He's out of touch, says bureau

By DAVID VUTAR, Staff Reporter
DR. ORG MARAIS, Deputy Minister of Finance is out of touch with harsh realities if he thinks South Africans are no worse off than they were 20 years ago, according to Dr. Ockie Stuart, director of the Bureau for Economic Research at Stellenbosch University.

He said Dr. Marais's claim was invalidated by hard facts.

One way of showing how much worse off the average South African was today, said Dr. Stuart, was to look at the dramatic decline in real disposable income—a process which started in the 1970s and had continued unabated.

Real disposable income (RDI) was 3.5 percent a year. From 1970 to 1979 total individual income after tax and allowing for inflation from 1960 to 1969 RDI increased by 2.2 percent a year. From 1970 to 1979 it increased by only 1.5 percent a year.

TAXATION

Dr. Stuart said that from 1960 to 1969 the per capita GDP increased by 3.5 percent a year. From 1970 to 1979 it again showed an increase but this time only of 0.8 percent a year and from 1980 to 1988 it declined by 0.6 percent a year.

(Turn to page 3, col 1)

Dr.

the past 15 years against the enormous onslaughts. The fact that the income of each member of a household had not collapsed amid the adverse conditions of the past few years and that there had not been an inflation rate of 1 000 percent was the achievement of a good government.

Dr. Marais was reacting to criticism of his remark in parliament that whites had, on average, not become poorer in the past 20 years.

Gold price blow

He said his speech in parliament had to be seen against the background that the gold price had dropped from a high of 870 dollars a fine ounce to the present 350 dollars.

This was a bad blow as gold represented 40 to 45 percent of South Africa's exports.

It should also be remembered that the country had to contend with two oil crises, that the price of the country's minerals and agricultural products had dropped on the international markets, that sanctions had damaged the economy, that the country for seven years had to struggle against drought conditions and that the government had to help the farmers with subsidies of R2.4 billion.

The subsidies to whites had also been maintained in relation to the gross domestic product. At the same time the government had to ensure that the country remained militarily prepared.

Dr. Marais said that according to figures of the statistical service after a survey of 5 000 households, the direct income of the head of the family had gone down in the period 1975 to 1979.

(Turn to page 3, col 1)

By REHANA ROSSCOW
Staff Reporter

A DECENT plate of food has become a luxury for some South African pensioners battling to survive in the face of rising prices.

Tragic stories of elderly people whose pensions have not kept pace with the rising cost of living have marred many dreams of a leisurely retirement.

One social pensioner was forced to eat dog food when her money ran low at the end of the month.

While social pensioners get R251 a month, coloured people and Indians R200 and blacks R150. For many, this is their only income.

COST OF LIVING CRISIS

A decent plate of food is a luxury for some

The economic crisis has sent food prices spiralling. And worst hit are the pensioners, whose fixed incomes have not kept pace with the cost of living.

The cost of food has risen a staggering 1 000 percent in 17 years and with increased taxes through GST, the average income would have needed to grow tenfold since 1972 simply to keep pace with inflation.

In 1972 a loaf of brown bread cost 9c. Now it costs 76c. White bread was 11c. Now it is 90c, the government's department of statistics revealed.

Meat is sold then for 42c for 2,5kg is now R1,83. Rump steak was R1,43 a kilogram and is now R16.

At 66c a kilogram chicken was considered expensive in 1972, but is now selling at R5,93 a kilogram for a dressed bird.

An average trolley of goods cost R273,82 in March this year, according to a survey by the South African Consumer Council.

A 78-year-old pensioner and sheep farmer

who lives alone in a "cheap flat" in Wynberg on an income of R262 said food had become a luxury. She asked not to be named because her pride is one of the few things she has left.

"My medication costs R100 a month and my rent is R80. That leaves very little for food," she said.

"I try to eat healthily, but for my health, you know, but it is impossible. Items like cheese and even fresh vegetables are getting beyond the reach of the pensioners."

She said her standard of living had dropped dramatically. She could no longer buy meat and lived on chicken and cheap fish.

Even the chicken and fish is a luxury. I buy the cheapest possible brands of food, and then use as little as I can to stay alive.

"I can't remember when last I treated someone to dinner. I get lonely sometimes, but unless my guests bring their own food."

She laughed when told about the cost of a trolley of food. "A trolley I haven't used one of those for a long time. Even my basket gets lighter each time I go to the shops."

Worse off than this pensioner is Mr. Dawood Edwards of Heidelberg, who supports his entire family on his pension of R206 a month.

There are seven mouths to feed in the Edwards house because three of his children are unemployed.

"Life is a struggle, but we survive with the strength God gives us."

"But God's strength is not the same as the strength one gets from a good plate of food."

Mr. Edwards retired from his job at South African Transport Services two years ago. His rent is R30 a month and electricity R50 a month.

He is fortunate to get his asthma medication at a near-day hospital at R1 a visit.

He has been buying less food in the past year than he did when he was earning a wage.

What hits us hardest is that the prices of staple foods like bread and milk keep going up," he said.

"We've cut down on luxuries. In fact we have luxuries only on special days. But we can't cut down on bread and other staples."

Mr. Edwards said he had not been buying butter and cheese regularly. Meat was added to food in only small quantities "to add a little taste."

He had not bought clothing for himself or his wife since he retired and had to "pay-by" for clothing for his grandchildren, who he supported.

What hurts me most is that I really laboured for years to get the little money the government is giving me. But I have to be satisfied. What can I do?"

"We do our shopping weekly and buy only the absolute necessities like coffee, tea, rice and other foods which keep our stomachs full."

"We have to leave behind a lot of things we would like to put in the trolley."

"I can't cope with the little I get. My money never lasts until the next payment, and we often don't eat as much as we need."

Mr. Edwards said his life was a "misery" because of his lack of money.

Okwethu organises a feast for senior citizens

THE management of Okwethu Pleasure Resort in Katlehong is organising a feast to entertain more than 1 000 senior citizens on the East Rand on June 10.

The Rev Paul Vilakazi, the co-ordinator, said the day's programme would include a dramatisation of life, a performance of music from the '50s and traditional and modern dance.

"This colourful event for our aged is one of the many cultural and sporting events run at this resort since its opening in September 1988," said Vilakazi.

The Okwethu management is working in conjunction with Societies for Care of the Aged to streamline the event.

"Okwethu is committed to social responsibility and building of nationhood. We therefore appeal to our communities to make Okwe-

tho really 'ours' as its name suggests," said Vilakazi.

Jabulani Mbinza, who runs a youth programme at Okwethu, said the resort would resume its miming contests during the June holidays.

"Our initial response to the mime contest was so overwhelming that a follow-up was natural," said Mbinza.

Okwethu is on a 66-hectare farm previously known as Williams Farm. It was converted into a multi-purpose recreational and entertainment resort.

This vast land of woods, lawns and farm-style houses lies between Vosloorus and Katlehong.

We're starving, say Guguletu pensioners

By REHANA ROSSOUW
Staff Reporter

"WE are starving here" was the constant refrain from black pensioners who packed the Guguletu Civic Centre today to collect their R150 monthly pensions.

A 56-year-old woman shook her empty purse to emphasise her plight.

At the bottom of the scale of pensions — white pensioners get R251 a month and coloureds and Indians R200 — starvation is a reality for elderly blacks in the face of the rising cost of living.

Many pensioners were disgruntled this morning because their payments had come a week late. They had expected to be paid on May 17.

FEELING THE PINCH

Mrs Florence Speelman, of Guguletu, said: "My money doesn't belong to me anymore. I'm broke even before I get paid."

"On May 17 I did not even have a grain of rice to eat and had to borrow food and money from my neighbours."

"Now I have to take this money and give it to the people I owe. I don't know how I'm going to survive until June 17."

Mrs Speelman has been on pension for only three months, but is already feeling the pinch. She has one child still at school and has to pay fees, rent and buy food with her R150 monthly income.

"I can't afford to buy meat anymore. We are living on samp, beans and mealie meal."

"Sometimes I make soup but I put only split peas and a few carrots into the pot. Soup bones are too expensive."

Mrs Speelman said that if it had not been for the support of her neighbours she would already have died.

Mrs Josephine Moletsane, 76, lives alone and does not have family or children to support her.

"I don't cook anymore because paraffin has become too expensive."

Mrs Moletsane said she could not understand how officials had decided R150 a month was an adequate pension for blacks. She said she would need at least twice that amount to live comfortably.

"Look at this," she said, opening her purse. "I don't have one cent."

(Turn to page 3, col 7)

Oldies abused by disinformation — Nat

By MICHAEL MORRIS
Political Staff

A NATIONALIST MP claimed this week's pensioners' protest meeting in Claremont was a "disinformation meeting" orchestrated by government critics to "abuse" the aged.

Mr Brian Edwards, MP for Maritzburg South, debating the Income Tax Bill, was reacting to reports on a meeting arranged by the Association of Retired Persons and Pensioners in Claremont, at which many of the 600 elderly spoke about their economic grievances.

However, Mr Edwards said "not much" had been said in the economics debate about the "additional benefits to the needy".

Only the "bad news is published by our critics and our aged are abused at disinformation meetings" like the one in Claremont.

Mr Jasper Walsh (DP, Pinelands) rejected Mr Edwards's description of the meeting.

He said: "That's actually not a reflection of what is happening."

"What is happening is that there has never been a time when so much attention has been given to the state of the economy and cost of living issues."

"The meeting in Claremont was not a political meeting, but was organised by an organisation reflecting the views of pensioners."

Mr Victor Heiden, director of the ARP & P, said the decision to hold the meeting had been taken independently of any political grouping.

The object was to bring to the public's attention the plight of pensioners.

Speakers at the meeting had explained why the price of medicine was so high and how high taxes hit the elderly.

"We did not necessarily intend to condemn anybody, but unfortunately we tend to blame the government for our plight as they control the economy," he said.

Black pensioners 'starving'

(Cont from page 1) *MR 64 25/5/89 300*
ing us badly. None of us are going to survive for very long."

Mr Velini Ntsodo, a former Transport and General Workers Union organiser, said if black pensioners organised themselves into a union they might be able to improve their lot.

Mr Ntsodo supports two grandchildren who are still at school but lives with his children and does not need to buy food or pay rent.

"We are all very dissatisfied. Everyone in this hall is hungry. Why do old people have to suffer so much? We are tired. We want to rest now."

Mr Ntsodo's income dropped from R700 a month to R150 when he left his job.

"The cost of living is hit-

● CPA spokesman Dr Annalie Rabie said the pension cheques had been paid a week late because of an administrative error.

Pensioners³⁰⁰ protest called ^{on 2/27/89} 'orchestrated'

Parliamentary Staff

A National Party MP claimed that this week's pensioners' protest meeting in Claremont was a "disinformation meeting" orchestrated by Government critics to "abuse" the aged.

Mr Brian Edwards (NP, Pietermaritzburg South) was speaking in the debate on the Income Tax Bill.

He was reacting to reports on a meeting arranged by the Association of Retired Persons and Pensioners in Claremont, at which many of the 600 pensioners in the audience spoke about their economic grievances.

However, Mr Edwards said "not much" had been said in the economic debate about the "additional benefits to the needy".

Only the "bad news is published by our critics and our aged are abused at disinformation meetings" like the one in Claremont.

Speaking after him, Mr Jasper Walsh (DP, Pinelands) rejected Mr Edwards's view.

He said: "What is happening is that there has never been a time when so much attention has been given to the state of the economy and cost of living issues."

B. M. ...

PENSIONERS' PITTANCE 'A SCANDAL'

THE Conservative Party said last night it was "a national scandal" that white social pensioners would have to survive on "the monthly pittance" government allotted them.

CP health spokesman Willie Snyman said his party deplored the NP's "callous disregard" of SA's elderly citizens.

"R250 is not enough to feed a single human being for one month, to say nothing of the other necessities of life such as medicines, a roof over one's head, clothing and transport," he said.

"So many people in SA today talk of human rights.

"The CP believes that a priority hu-

(300) Political Staff

man right is the right of an old person to be looked after by the community he has served all his life."

Snyman said government's financial credibility was at "rock bottom".

"Tales of corruption, high state spending, golden handshakes to disgraced officials and the pumping of money into political bottomless pits make the amount given to our old people much more shameful," Snyman said.

Snyman called on government to stop adding to SA's growing number of poor whites "who will no doubt show their disgust in the forthcoming election".

WRITE TO: The Editor, The Argus,
PO Box 56, CAPE TOWN, 8000.

14643 26/5/87

Adding up those golden handshakes

EVER since the Nationalists came to power after World War 2, our country has gone from crisis to crisis; whilst the country's cost of living and inflation rate has gone through the ceiling, our reputation has gone through the floor!

While the man in the street is constantly being called upon to dig deeper into his pocket, to tighten his belt, make sacrifices for the country, the "fat Nats" have been voting themselves salary increases, incredible pension benefits and golden handshakes, in addition to their other perks such as cheap mansions, luxury cars, free rail and air travel, free post and telephones, etc, while the opposition, realising that they

too are to benefit, merely raise faint squeaks.

While these gents haggle over reform, a pipe dream while the Nationalists are in power, let us not be fooled by the sweet double talk of the National Party leader, the economy of the country once respected in world markets, now faces a lack of foreign confidence never before experienced in its history! The rand has sunk to a level where ordinary South Africans are confined to the laager, while Cabinet Ministers, politicians and senior civil servants are enjoying overseas trips and luxurious accommodation.

While ordinary South Africans of all colours are faced with the constant price in-

creases in essential everyday living commodities, millions are being wasted to the glorification of Nationalist ideology!

While the promise of a leaner and cleaner government was assured the citizens of this country, each day more and more corruption in high places is being disclosed. It is senseless to make excuses and tell us it is also happening in other countries, we are not interested in other countries, we are interested in what is happening in our country!

As for a leaner government, the Public Service has swelled into a grotesque ever-growing and hungry monster which the taxpayer is forced to maintain.

While prices are increased in the event of surpluses, be it red meat, dairy products, etc, the control boards are busy disposing of such surpluses at bargain prices in foreign markets, thereby forcing the hard pressed man in the street to pay for their inefficiency and antiquated marketing methods.

It has been indicated that President Botha is due to receive a further R116 000 golden handshake on top of the R300 000 he received five years ago when he changed from Prime Minister to President, and a pension of R14 500 per month during his lifetime! Excluding his salary, perks etc, and taking his life expectancy of 10 years, this little deal is going to cost the

taxpayer R2 808 000!

The gravytrain is just as generous with:

☐ Mr Chris Heunis:

Golden handshake = R450 000
Pension: R13 000 pm x 12 = R156 000 pa
Life expectancy 10 years = R1 560 000

☐ Stoffel Botha:

Golden handshake = R260 000
Pension: R10 700 pm x 12 = R128 400 pa
Life expectancy 10 years = R1 284 000

☐ Greyling Wentzel:

Golden handshake = R300 000
Pension: R10 000 pm x 12 = R120 400 pa
Life expectancy 10 years = R1 284 000

☐ Piet du Plessis:

Golden handshake = R250 000
Pension: R12 000 pm x 12 = R144 400 pa
Life expectancy 10 years = R1 440 000

☐ Danie Steyn:

Golden handshake = R230 000
Pension: R10 000 pm x 12 = R120 000 pa
Life expectancy 10 years = R1 200 000

Added to these are Piet Pontes, Amichand Rajbansji and a number who would undoubtedly either retire before, or lose their gravy tick-et in the forthcoming election.

RIPPED-OFF TAXPAYER
Tokai

□□□□

from the Ministers concerned that times are hard and the usual propaganda.

However, if times are so hard the government can quite easily blow R650-million on two new Boeing jets for SAA and can squander another R80-million on gold watches for civil servants loyalty and can write off a R470-million maize debt — probably for farmers' loyalty — yet on our very doorsteps old people are eating dog food in order to survive! This whole situation is a disgrace.

Therefore the only solution is to vote out these squanders on September 6.

D HADDON

It is so saddening to read the article on the plight of our pensioners who contributed to the development of this our great land!

We also read about appallingly paid teachers and ... and get a long saga

Elderly need 'food subsidy'

CAP: TIA 15 26/5/89

Staff Reporter

SOUTH AFRICA — poised on the brink of economic disaster — is in need of unorthodox methods to relieve the strain on consumers, Shareholders' Association chairman Mr Issy Goldberg said yesterday.

He suggested a central trust company be set up by the manufacturers of food and other essential goods to subsidise grocery bills of those hardest hit by inflation — the elderly and families with young children.

He also suggested the chairman of Pick 'n Pay, Mr Raymond Ackerman, be appointed to oversee consumer affairs for the country, as he had made such a success of his small-profit, big-turnover company. The profits of Pick 'n Pay were about 2% of the gross national product, he said.

Speaking at the Institute of Citizenship, Mr Goldberg said that though he was a supporter of the free enterprise system, it was not helping those in need of an economic strategy to balance their household budgets.

Families throughout the country and throughout the

economic spectrum were hard-hit by inflation and the rapidly spiralling cost of living, while food companies were making vast profits.

Evidence of this was that personal savings had dropped from 12% of real disposable income to less than 1% in the past 10 years, he said.

Mr Goldberg also lashed out at the financial institutions for "marketing debt" to those desperate to maintain their standard of living. He pointed out that the new Usury Act provided for an interest rate of 31% on debt of less than R6 000, which meant the capital amount would double in 2,5 years — something which was seldom pointed out to those who borrowed the money.

He said independent research conducted by his association revealed that the consumer price index, generally regarded as a measure of the rate of inflation, was not accurate for most families.

It was, he estimated, "anywhere between 20% and 30% depending on the specific circumstances and spending patterns of the individual family".

By CHRIS BATEMAN

AT LEAST 100 Guguletu pensioners, among 1 600 who yesterday collected late pension cheques in the township, received only half the money due to them.

This means many can't support families or pay phone, electricity and rent bills.

Mrs Rose Diwati, 79, of Section Two, said after collecting R75 of the R150 due to her: "I'm not a skollie. I don't deserve this treatment. I came to Cape Town 60 years ago to make my daughter a teacher."

Mrs Nyamane Malusi Keke, a widow of NY 21, said she was supporting a bedridden daughter. "Now I won't be able to do anything for her. This money won't help me much."

Mrs Cecilia Dyantyi, 77, said most of her pension went to supporting her 17-year-old granddaughter's education and to feed herself.

Mr Bennett Ntsodo, 71, said his R75 would go to pay "a phone bill and for a few groceries".

All said the payout clerks had cited an "administrative problem" and had promised them that the shortfall would be added to their pension cheques next month.

Dr Annalie Rabie, a spokeswoman for the administrator's office, said CPA staff were "furious" at the latest error made by a private computer bureau in Pretoria.

"We realise people have suffered because of this and we're all systems go to Pretoria to effect payment as soon as possible," she said.

The week-long delay (affecting 1 600 people) and the shortfalls (affecting "a maximum" of 100 people) were "teething problems" of a recent move to privatise computerisation of pension payouts, Dr Rabie added.

As soon as the remaining payments were received her staff would do all they could to let pensioners know, she said.

● Coloured and Indian pensioners get R200 a month while whites receive R251.

100 get
only ^{245/89} half
their ³⁰⁰ pension



TOO LITTLE — AND LATE ... Mrs Rose Diwati (front) and Mrs Nyamane Keke, both 79, of Guguletu, board the bus with half their pensions.

Pensioners eat pet food

EATING pet food is a new trend among poverty-stricken pensioners. *Stw 2/15/89*

At a meeting in Claremont, Cape Town, this week social pensioners voiced their anger at the escalating cost of living.

One social pensioner said she was forced to exist on dog food when her money ran low at the end of the month because it was the cheapest food available.

Mrs Kay Altman, regional chairman of the Association of Retired Persons and Pensioners (ARP&P), said this was not fiction but had actually happened to a member of her organisation.

It's a dog's life for many pensioners

By REHANA ROSSOUNI
Weekend Argus Reporter

HAVING guests for dinner tonight? How about treating them to a real meat dish, set in delicious jelly which tempts even the most discerning palate?

This suggested meal has been lifted from a tin of pet food at a local supermarket.

Eating pet food isn't a new trend — poverty-stricken pensioners battling in the face of rising prices have been forced to change their diets to suit their pockets.

Social pensioners at a meeting in Claremont this week voiced their anger at the escalating cost of living and afterwards gathered round a reporter to tell of their plight.

One pensioner said she was forced to exist on dog food when her money ran low at the end of the month — because it was the cheapest food available.

Mrs Kay Altman, regional chairman of the Association of Retired Persons and Pensioners (ARP & P), said this was not fiction but had happened to a member of her organisation.

Better value

"She was living alone and battling terribly until we rallied round to assist her," Mrs Altman said.

"And she's not the only one. I've been told by members that cats' fish makes delicious fish cakes — but which I'm reluctant to try."

Mrs Altman said that elderly pensioners had resorted to scratch-

ing in dirtbins in search of food to eat.

A survey at a local supermarket showed that pet food gave more value for money than tinned food destined for human consumption.

A 425g of baked beans cost 69c while a popular brand of dog food retailed at 79c.

However, the pet food included meat (a cheap brand of corned meat sold for R2.65) and was richer in vitamins, protein and iron.

The dog food also had 60 percent more protein and 25 percent more iron per 100g than the beans.

The pet food contained vitamin A, B12, D and E, fibre and 19 other nutrients.

Mr Ian Goddard, head of market-

ing for Reckitt and Coleman, which has several brands of pet food on supermarket shelves, said that tinned dog food was absolutely safe for human consumption.

However, legislation did not allow the company to market their goods for any use other than pet food.

"In our tasting sessions the marketing staff test dog food on biscuits before new lines are put on the market," Mr Goddard said.

"When I first came into the business I was horrified, but I've since tasted the stuff myself."

An Argus employee who regularly tastes — but doesn't eat — her dog food reported that it was "rather bland, lumpy, had too little salt and was generally tasteless".



Mr Piet Badenhorst

ARCUS 29/5/89

Badenhorst in line for R¹/₄-m handshake

JOHANNESBURG. — The Minister of Health Services and Welfare in the House of Assembly and MP for Oudtshoorn, Mr Piet Badenhorst, has decided to retire as minister and MP.

Mr Badenhorst, 58, who has represented the constituency in the House of Assembly for 17 years, will receive a golden handshake of about R253 000.

Calculations show he will also receive a pension of about R9 300 a month.

In a statement Mr Badenhorst said he would not withdraw from public life.

He would not specify what he would do after the general election but said: "There are indications I will serve in another capacity."

INCISIVE TALKS

Mr Badenhorst is the sixth minister who will not be eligible for re-election on September 6. The other five, all members of the Cabinet, are Mr Chris Heunis, Mr Greyling Wentzel, Mr Danie Steyn, Mr Stoffel Botha and Mr Pietie du Plessis.

Mr Badenhorst said in a statement: "After serious consideration and incisive talks with office-bearers from the National Party in Oudtshoorn, I decided not stand for re-election."

"It was a privilege to represent the constituency, since April 19, 1972, for seventeen years in Parliament. For half of this period, from October 7, 1980, I was attached as minister and deputy minister to different ministries and thus did not live in Oudtshoorn."

Cap Times 30/5/89 (381)

PW's salary and pension are tax-free

Own Correspondent

JOHANNESBURG. — President P W Botha does not pay tax on his salary — unlike leaders in the United States or Britain.

As most citizens struggle to file tax forms before the June 6 deadline, Mr Botha and his wife Elize enjoy exemption under Section 10(1)(c) of the Income Tax Act.

Further, once retired, the president's pension, and that subsequently paid to his widow, remain tax-free.

However, any income from their investments or property will attract tax, Ernst & Whinney partner Mr Ken Walton says.

Bureau for Information figures reveal

Mr Botha earned R173 811, including R35 379 in allowances, which were also tax-free, last year. Whereas a top executive may earn almost double this, after tax his net earnings will be in line with the president's.

Mr Walton says it is difficult to assess the wealth of the president as his income never comes under public scrutiny.

However, in the US, where the president is probably the most highly-paid of all world leaders — earning \$200 000 (about R536 000) a year — his income tax returns can be published.

Mr Walton explains that under the Freedom of Information Act in the US, Americans are entitled to demand a wide variety

of information from government about their country — including publication of their president's income tax return.

The Reagans' published tax returns for the year ended December 1987 shows their largest asset to be a ranch in California. The remainder of Mr Reagan's income was derived from trust funds set up in 1981 when he had to realise his share investments prior to inauguration as president.

In the UK, the only person excluded from tax is the queen. The prime minister, Mrs Margaret Thatcher, who is entitled to a salary of £63 000, (about R277 200), has in the past few years declined pay rises and draws the same salary as her cabinet ministers of £51 000 (about R224 200) a year.

State of emergency censorship restrictions apply to a wide range of reporting, comment and publication

Grey power' on the march

By MALCOLM FRIED
PENSIONERS and retired people are being urged to take the issue of their financial plight out of their own circles and into public election meetings across the country.

Pensioners' representatives and politicians have said that a recent city rally of nearly 600 people to highlight the difficulties of senior citizens was merely the start of a campaign for economic relief.

The newly displayed strength of the retired was dubbed "grey power" by a city councillor, Mrs Joan Kanley, who predicted yesterday that their demands would soon have to be taken seriously by government.

Social workers noted that such open activism, by traditionally passive sectors of society, indicated deep dissatisfaction.

The regional chairman of the Association for Re-

Irate pensioners condemn council

Staff Reporter

NEARLY 300 Guguletu pensioners crowded a community centre in the township yesterday to air grievances ranging from racial disparity in pensions to non-payment of funeral expenses.

The meeting, called by the Cape Peninsula Black Pensioners' Organisation, comes a week after severe underpayment of at least 100 pensioners among 1 600 people forced by a computer error to wait an extra week for pension cheques.

Speaker after speaker said that since black affairs functions had been passed to local government, funeral expenses were either not paid out or severely underpaid and that maintenance of rented houses was non-existent.

"I share a drainage system with four other homes and it is constantly blocked and unhygienic. The gutters are in a despicable condition. Some of the houses are cracked — yet I pay religiously," Mrs Miriam Bengesi, 70, said.

Mr Michael Majozi, 73, urged that black pensions be raised by a minimum of R100 a month.

No repairs for ten years

"Your committee must get up off their seats. You must lift up your feet and take up these complaints now," he told his elected representatives.

Another unidentified speaker said that while his rental had steadily increased, there had been no repairs or maintenance for over a decade.

Another said that when he was finally able to buy a home he was solemnly promised by officials that all necessary repairs would be undertaken. "Nothing happened and rates keep going up."

CPA spokeswoman Dr Annalie Rabie said the delayed/underpaid pensions would be rectified to-

lived. Persons and pensioners (ARP&P), Mrs Kay Altman, said yesterday that members would be told by the association to "stand up and make their grievances known" at election meetings.

The ARP&P has 14 000 members and 22 branches around South Africa and, according to Mrs Altman, "hundreds" are joining every month.

She said that the statement by the Deputy Minister of Finance, Dr Oreg Marais, that whites were no worse off than 20 years ago, as well as extreme price rises, had galvanised her association.

"We've got to make bread-and-butter issues the most important issues," said Mrs Altman. "Our members have to go to election gatherings, speak out and make sure politicians are taking notice."

Mrs Kanley said recent claims by members of the National Party that the pensioners issue was a party-political manoeuvre were "not true".

Senior citizens had reached the stage where they could take no more. "People are being knocked hard and are desperate. They're not playing games. The message is starting to come across that, with an election pending, change must come."

A city social worker believed it was significant that traditionally passive senior citizens were taking a firm stand.

"That such usually quiet people are now becoming very noisy must indicate to the authorities that huge problems exist," said the social worker. Another said that such activism by the retired was a new phenomenon but was well organised and could spread fast.

Professor Andrew Prior, of UCT's department of political studies, predicted that as the number of elderly people grew, the pressure they mounted would become more vigorous.



MAKING A POINT... Mr Michael Majozi, 72, of Guguletu, holds the floor at a meeting of about 300 ARP&P pensioners in the township yesterday. Picture: RICHARD BELL



Late pensions: privatising payout control to blame

By REHANA ROSSOUW
Staff Reporter

PRIVATISATION of black pensions control was responsible for the delay in payments last week, a Cape Provincial Administration official said.

Guguletu pensioners tackled CPA officials at a meeting called to discuss the late payment of their pensions, the small amount they were paid and in some cases, the non-payment of money due.

Many pensioners complained that they were threatened with eviction and had their electricity cut because their pensions were paid late. They could no longer buy food on credit and

were hard-pressed to survive until the next payment.

The Old Age Pensioners' Association invited Mr Phillip van Schalkwyk, head of the CPA's Parow office, to a meeting after some pensioners complained bitterly over being paid only R75 of the R150 owed to them, and eight days later than usual.

The chairman of the meeting, Mr W Zanti, said Mr van Schalkwyk had been invited to Guguletu to "see for himself" what the grievances were.

"Last week Section 2 pensioners had many disappointments and fortunately, the CPA is here now to answer our questions," Mr Zanti said.

"We were blaming them for our problems, but we discovered today that the fault lies in Pretoria."

A speaker, Mr Vellani Ntsodo, said he was shocked when he was paid R75 instead of R150.

"I had my budget in order but when I was given R75 I couldn't go home immediately because I did not know how I was going to start paying my debts," Mr Ntsodo said.

"I went to the Black Sash office for help and they referred me to Mr van Schalkwyk. He said my money would arrive this week."

"Please help us, it is impossible to wait until the next payout day under the conditions we live in in the townships."

Mr van Schalkwyk said in response that some of the functions of administering black pensions had been privatised and was handled by a firm in Pretoria, which printed the pension cards and computerised records of payments.

"We did not get the cards on time last week and that is why we were late. Only 99 pensioners were paid half of the money owed to them," he said.

Mr van Schalkwyk said the outstanding money would be paid on Thursday.

He said the CPA would inform the authorities if the payments were late again. They would ask for an extension on the payment of rent and services.

"Soon we will have offices in Langa, Nyanga, Guguletu and Khayelitsha," he said.



Pictures: LEON MÜLLER, The Argus

ANGRY PENSIONERS: Short-changed Guguletu pensioners air their grievances on pensions at a 300-strong meeting.



A joyful Ms Fester.

Terror accused on bail after year in prison

By LINDA GALLOWAY
Supreme Court Reporter

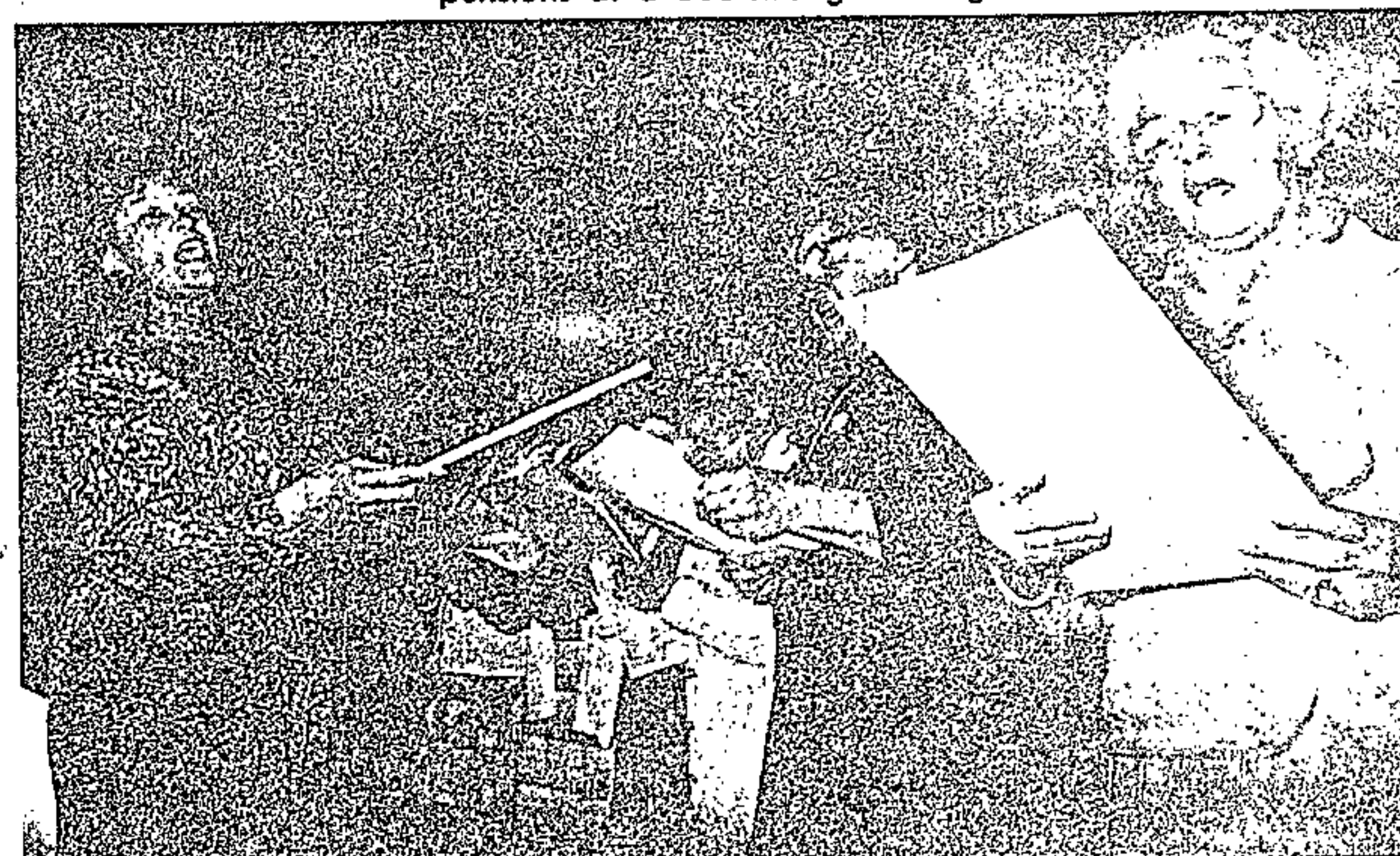
TERRORISM accused Ms Gertrude Fester, who has been in prison for more than a year, has been released on bail of R3 000.

Families and friends of those on trial sang and danced in the street as Ms Fester came out of the Supreme Court waving a clenched fist.

They clapped and chanted as Mrs Freda Fester hugged and kissed her daughter.

Ms Fester said she was happy and excited to be out of prison, but also shocked, as the decision to release her had come as a surprise.

Her mother said she was "so happy and excited" after "waiting so long".



SING FOR SUPPER: Brooklyn senior citizens at an information meeting to discuss their financial predicament take time off from raising their voices in anger to raise their voices in harmony as part of the programme. National Party MP Mr Kent Durr was guest speaker.

New Bill provides for full pay for retired judges

By DON HOLLIDAY
Staff Reporter

RETIRING Supreme Court judges will be paid the same salary as their serving colleagues for the rest of their lives, in terms of a Bill tabled in Parliament.

Under the present dispensation, judges who retire at the age of 70 receive a pension proportional to their years of service and equal to their salary on retirement after 15 years' service. In addition, they receive a gratuity proportional to years of service, with a maximum gratuity after 20 years in a specific office.

A judge is obliged to retire on turning 70, with a choice of retirement after 65.

In addition, judges are entitled to 4½ months' long leave after every four years' service and it is established practice in the provincial and local divisions of the Supreme Court to limit the terms of session of the courts to a total of 36 weeks a year.

The Bill provides for the establishment of the principle that a person

appointed as a judge, remains so for life and, in place of the present pension arrangements, continues for the rest of his or her life to receive the same salary as serving colleagues, or proportional to them.

After a judge's death, the surviving spouse would continue to receive 66.6 percent of the monthly amount.

It also provides for the removal of a judge from active service on reaching the age of 70 if he or she has completed at least 10 years' active service, otherwise on completion of 10 years' active service. However, a judge who at the age of 70 has not yet completed 15 years' active service, may continue to do active service until completing 15 years' active service or until attaining the age of 75.

If a judge were to elect not to accept the new dispensation, he or she could retire on the existing dispensation.

The Bill makes provision for the reduction of judges' long leave to 3½ months.

Employing no age restriction

By Penny Isemonger

It makes no sense to retire people just because they have reached a certain age, says Dr John Kane-Berman, director of the South African Institute of Race Relations.

He finds his policy of not discriminating against prospective employees on any grounds, including age, is paying dividends.

"If people apply for a job and they are good, we employ them," he says unambiguously. "I only realised how many older women had been employed here since I started more than five years ago, when someone in the office pointed it out to me.

"My secretary joined me shortly after I started, and she was past retiring age. She's been with me through thick and thin. She's an executive secretary of the old school — does shorthand, composes letters on her own and brings to the job a wealth of experience in office routine; the kind of person any chief executive would want to employ.

"From my own experience we have excellent senior people and we don't make any allowance for age," Dr Kane Berman says emphatically.

"This is a very, very busy place and the older people keep up; they are not scared of hard work.

"My own dentist died the other day and he was well over 80 and still practising. I had had good service from him — why dump him? If a person is still willing and able then there should be nothing to stop him or her from continuing to work after retiring age. I believe that recently there was a court decision in the US preventing older people from being discriminated against."

Neither is the Institute's policy one of employing people and leaving them to languish in that position. All new posts are advertised first within the organisation and anyone who is keen to move on is given the opportunity.

A particularly good example of this is the career of the Institute's assistant director, Mrs Sheila Whiteman. She joined the organisation about four years ago as a secretary in her late forties, moved to administrative secretary, on to deputy membership manager, followed by a short spell in publicity, then administrative manager and finally to where she is now.

"My children are grown up and all



Dr John Kane-Berman, surrounded by a happy and fulfilled band of "older" employees who are making a worthwhile contribution to the SA Institute of Race Relations. From left are Mrs Sheila Whiteman, Mrs Edna Nhlapo, Mrs Doris Wallace, Mrs Sue Gordon, Mrs Jill Wentzel and Mrs Allegra Rose.

● Picture by Etienne Rothbart.

my domestic responsibilities are behind me. Now I have all the time in the world to develop a career," she says.

"It gives me a reason to get up in the morning and I don't have to rush home in the evenings. When I telephoned my younger daughter, who is 30, in London and told her of my recent promotion she said: 'I'm so thrilled for you, Mum, but also for myself because you have shown me that one isn't finished when one reaches 40 or 50.'

"By the time you're in your 50s you've learnt a lot of people skills and have a great deal of experience to bring to a job," she explains. "My message to older women who are going through a difficult patch is to hang in there. Life will always offer another chance. But it is important to keep up one's skills and to keep up-to-date with developments."

After she was retrenched in her mid-40s, Mrs Allegra Rose, who is secretary to deputy director Mr Theo Coggin, did some temping before

deciding that she had to find a permanent post.

This was when the difficulties of getting a job at her age were brought home to her. She registered with about 18 employment agencies but none came up with anything. She scoured the ads in The Star and followed up anything which she felt was suitable.

"Four out of five of those contacted said they had an age restriction on applicants," says Mrs Rose.

"Forty-five was considered ancient, some put a limit at 35 years and one or two even at 25 years. When I heard about the job here I applied. My age was no problem. Shortly after I started they sent me on a word-processing course.

"I believe older people have a greater sense of responsibility than most young people," she said.

Her boss, Mr Coggin, says that he finds Mrs Rose is young in outlook: "She brings a maturity to the job which is so necessary, and presents a

younger image by being open-minded.

"I find it amazing," he says, "that other organisations take such a blatantly discriminatory attitude towards people of age, who have such gifts."

Mrs Sue Gordon, well-known for her work upgrading the skills and working conditions of domestic workers, is now, at 65, employed full-time at the Institute, where she is able to apply her experience to her work.

Ideally, she says, she would have loved to have gone back to teaching, but no school would employ someone of her age. What a loss to young children to be deprived of her impressive knowledge and experience, simply because she does not pass the age test.

South Africa is facing a critical shortage of skilled people. Hopefully, employers will discard their prejudices against employing people over 40, 50 or even 60, and rather choose someone purely on merit and ability to do the job.

Soweto's elderly hit out at pension payout chaos

By Stan Hlophe

Black pensioners feel they are worse off now that the Transvaal Provincial Administration has taken charge of pension payouts.

This view emerged after random checks by The Star yesterday among pensioners in Greater Soweto at payout points. Many said the change-over from the Department of Home Affairs to TPA last July had made their lives worse.

They complained of being shunted between pay points to be told money was not yet available, wasting money on travelling.

After waiting for hours in the early-morning cold, they were sometimes turned back because their identity numbers did not correspond with pay vouchers or were

told it was the wrong day.

"We used to wake up early in the morning and queue up in the open but at least come back home with our pay ... Now you don't know when you will get your pay," said Mrs Maria Kgakgutsi of Zola.

Mr Johannesburg Nkosi (75) of Emdeni South said it was chaos: "Why can't we have the same privileges as other races? Are we not citizens of this country?"

TPA deputy director Mr JSA van Kradenburg conceded his department was experiencing problems which he hoped would be resolved. But he said pensioners aggravated the situation by flocking to the payout points on the same day instead of coming on their scheduled dates.

CONS RAID PENSIONS

Sowetan 9/6/89 300

Top
street
seller
form
• See
page

By SIZA KOOMA

TRICKSTERS, known as *slaams*, are preying on old people queuing at Soweto pension payout points.

Old folk tricked out of money



Mrs Maria Nhlapo shows the pieces of newspaper she found instead of her pension money.

About 10 cases of pensioners who had lost their money through *slaams* trickery have been reported at the Phiri administration offices since last month.

Mr Reuben Nxumalo, a clerk at the offices, said he had seen some pensioners discover that their money had disappeared within minutes of being paid.

Straight

"Most of the pensioners come straight to our offices to pay rent once they have been to the cash window. I have seen the astonishment on some of their faces when they find out that there is no money, only bits of paper, inside their purses," Nxumalo said.

"Some of them do not discover that they have been swindled until they reach home. They come

• To Page 2

REPORTS, pictures and comments in this edition may be censored in terms of the Government's state of emergency.

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P.T.O.

PENSION FUND FOR DOMESTICS TO COST R11

A LIVING wage campaign by the South African Domestic Workers' Union has received an indirect boost from a Wandsbeck Insurance Consultancy, which says that for as little as R11 a month every domestic worker in the country can belong to a pension fund.

The claim by the consultancy is likely to increase the 50 000-strong union's artillery for a living wage and their ammunition to mount more pressure against domestic employers.

The consultancy says the amount of R11 makes provision for accidental death, a disability pension and funeral costs for employees and their families.

"It can be inflation-linked so as to grow over the years and upon retirement the pensioner has an income probably better than her working monthly wage.

"We feel very strongly that domestic workers are sadly lacking when it comes to the fringe benefits which are attached to most jobs today.

"A black domestic worker,

when it comes to retirement, is usually left destitute. He/she has not accumulated any savings and even if their employers give them a golden handshake, it will not cover them for the remainder of their lives," said the consultancy.

The consultancy has put the employer on the spot by saying that they believe the employer-assisted pension could be an important contribution towards the economy of the country and the well-being of countless families.

"The employer can contribute the full amount of the premium every month or, as in commerce and industry, can pay an equal contribution together with the employee".

The consultancy says the pension is paid on a debit order and could easily be transferred from employer to employer. Should the employee not work for some time, the pension would freeze and could be continued once he or she was employed again.

Living

Sadwu chairwoman Merciful Ngidi said the pension, which formed part of their wide-ranging demands for a living wage, was a good idea for domestic workers, most of whom had worked for long years without it.

She said the bulk of domestic workers were without pensions, except for a few whose employers contributed on their own for them every month.

Pension funds ready to fight tax proposal

Star 14/6/89

By Derek Tommey

The pension funds industry intends using every occasion to oppose a Government suggestion to tax the investment income of pension and provident funds.

Desmond Smith, newly elected president of the Pensions Institute, says such a move would be extremely inappropriate.

In an interview yesterday he said the proposal appeared to go against Government plans to get the private sector to bear a larger part of the burden of providing pensions for the aged.

He felt it was the wrong time to raise the matter as the Mouton Commission was looking into the whole question of pensions.

Mr Smith said it was difficult to know what action to take when there was nothing more definite than the odd statement.

But every opportunity should be taken to make the Government aware of the far-reaching implications should pensions funds be taxed.

Mr Smith (41) is senior general manager in charge of group benefits at Sanlam.

He said the Pensions Institute was raising with the Government the fact that private provident funds were not taxed, but that underwritten provident funds were.

The trade unions were calling increasingly for greater benefits from their provident funds, he said.



Desmond Smith

As a result, employers preferred to have their provident funds underwritten by financial institutions because this enabled them to guarantee benefits.

But if the management of a fund were handed to a financial institution, the return could be reduced by three or four percentage points because of tax having to be paid on its investment income.

Mr Smith welcomed the proposed abolition of prescribed assets for pension funds. He said it was a bold step to take in one swoop.

But the Pensions Institute was not completely satisfied with the draft guidelines for future pension fund investment.

One criticism was the proposal specifying that pension funds could invest up to 65 percent of their funds in equities and a total of 85 percent in equities and property.

Few pension funds had much money invested in property.

This provision could lead managers who wanted growth to increase their investment in the property market. This could lead to a shortage of suitable property for investment and push up property prices.

An aggravating factor was that property trusts were regarded as an equity investment and not a property investment.

Mr Smith said the guidelines were intended to be prudent. But in certain circumstances they could be imprudent.

However, the pensions industry had been assured by the Registrar of Financial Institutions that he would be extremely flexible in enforcing the guidelines.



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VOL. 288

CAPE TOWN, 14 JUNE 1989

KAAPSTAD, 14 JUNIE 1989

No. 11934

STATE PRESIDENT'S OFFICE

No. 1195.

14 June 1989

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 79 of 1989: Pension Laws Amendment Act, 1989.

KANTOOR VAN DIE STAATSPRESIDENT

No. 1195.

14 Junie 1989

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring gegee het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 79 van 1989: Wysigingswet op die Pensioenwette, 1989.



GOVERNMENT GAZETTE

OF THE REPUBLIC OF SOUTH AFRICA

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CAPE TOWN, 14 JUNE 1989

No. 11938

KAAPSTAD, 14 JUNIE 1989

STATE PRESIDENT'S OFFICE

No. 1199.

14 June 1989

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 86 of 1989: Pensions Second (Supplementary) Act, 1989.

KANTOOR VAN DIE STAATSPRESIDENT

No. 1199.

14 Junie 1989

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring gegee het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 86 van 1989: Tweede Wet tot Aanvulling van Pensioene, 1989.

Not a crisis, says Minister

Star 16/6/89 (300)

Pension fund is R23-m short

Pretoria Bureau

The latest actuarial valuation of the Government Service Pension Fund brought to light a total deficit of R23,28 million.

The Minister of National Health and Population Development, Dr Willie van Niekerk, announced at a press conference in Pretoria yesterday that a report on the actuarial valuation as at March 31 last year had just been received by his department.

Dr van Niekerk said the deficit had increased by R6,31 million since the previous valuation in 1985 but in relation to the size of the fund, it had "diminished in importance".

"The actuary states that it is encouraging that the level of funding of the fund could rise despite problems such as inflation, buying back of ser-

vice and the taking over of the Rail way Police," he said.

"The fund is still increasing rapidly. At present, therefore, more than sufficient funds to pay current benefits are flowing into the fund."

Dr van Niekerk said projections by the actuary in respect of the future financial position of the fund, as well as proposals for the improvement of the level of funding, would be submitted to his department for consideration in the near future.

He said no decisions had been taken yet about privatising the fund.

The Teachers' Federal Council said in a statement last month that many of the pension fund's problems might be solved if it was "democratised", giving contributors a say in the appointment of a board of trustees, and at least partially privatised.

Black pensions: Police called in

The Argus Correspondent

Argus 16/6/89 300

PRETORIA. — The Transvaal Provincial Administration has asked for a police investigation into alleged malpractices regarding pension payments to blacks.

This followed complaints by pensioners that they did not always receive the full amount of money due to them at payout points.

The Transvaal member of the executive committee for housing and community development, Mr John Mavuso, said the province undertook early last year to improve the payout system of black social pensions, especially regarding the quality of service, treatment of the elderly and the prevention of theft of pension money "if it should occur".

He said the TPA could not act immediately on the pensioners' complaints because of a lack of concrete proof and hesitation by some to report irregularities to the police.

The TPA "took thorough notice" of the complaints, however, and began to search for methods "to catch guilty persons in the very act" and to collect evidence.

"The province therefore approached the South African Police and requested a comprehensive inquiry into the matter," Mr Mavuso said.

"The TPA also pledged its full co-operation and support, since it is committed to clean administration and will not hesitate to take the necessary steps to counteract and uproot any malpractices if they should occur."

Own Correspondent

JOHANNESBURG. —

The deficit in the government service pension fund increased by R6 billion to R23 billion between 1985 and last year, the Minister of Health, Dr Willie van Niekerk, said yesterday.

Releasing details of the actuarial evaluation of the fund, Dr Van Niekerk said funding levels, after pension increases had been tak-

en into account, had grown from 32% to 41% in the same period.

He said the fund was still increasing rapidly and there were more than sufficient contributions flowing into it to pay current benefits.

The amount received from contributors was equal to 29,2% of

the fund, while the minimum needed to keep it viable was 25,5%.

He said pensioners need have no worries about not receiving their pensions.

The funding level of the government pension fund was higher than those of state pension funds in the UK and USA, he said.

CAP TRIB 16/6/87 300
State fund deficit R23bn

By Robyn Chalmers

THE Government service pension fund is still firmly on the road to bankruptcy, says Sanlam's former chairman Andreas Wassenaar. *SI Times 18/6/89*

Dr Wassenaar's comment follows the latest actuarial evaluation of the fund. It shows that the fund's deficit grew by R6-billion between 1985 and last year, resulting in an overall deficit of R23-billion.

Dr Wassenaar says he could have predicted the increase in the deficit in 1987 when he exposed the sorry state of the fund in his book *En Route to Fairyland*.

His criticisms flowed from rules dating from 1965 allowing public servants to reap benefits from the fund.

Jeopardy

The fund's solvency was placed in jeopardy. By 1985, when the first actuarial evaluation was conducted in 17 years, it had a deficit of almost R17-billion.

Dr Wassenaar says although the Government has limited some of the controversial buy-back service concessions, little other action has been taken to ward off the threat of future bankruptcy.

"The fact that the fund is growing is of no importance. If it stopped all new business today, it would continue to grow for the next 15 to 20 years because of the business it has on its books at present."

The deficit will increase to the point where the taxpayer

Pension fund heads for the rocks

will have to take on the total burden of a bankrupt fund.

The only way in which the Government can reduce the deficit increases is to amend two regulations immediately. They are:

- The regulation which determines a public servant's pension according to his or her salary on the last working day. This allows an employee to be transferred to a high-paying job in the last few months of service and greatly increases pension payments.

- The whole package under which employees can buy back service. This becomes important if the inflation rate continues to rise, combined with salary and pension increases.

Negative

Old Mutual general manager of employee benefits Gerhard van Niekerk says the fact that the fund is now subject to actuarial reviews is good, but it is still forced to invest in Part 1 assets, a cause for concern.

"There is no point in funding a pension fund which has to invest in areas which give negative rates of return. It would be cheaper to pay benefits out of revenue.

"The fund is going backwards in real terms."

R1-bn of ³⁰⁰ government pensions go private ~~(scribble)~~

Finance Staff

About R1 billion of public service pension fund money will be freed for new investment once the Finance Bill, which was passed in the last parliamentary session, becomes promulgated.

The total cash in the government service pension fund is estimated at R5,2 billion this fiscal year, of which R1 billion will be moved away from the Public Investment Commissioner to private fund managers.

According to newspaper reports this morning four institutions — Corbank, Old Mutual, Southern Life and Standard Merchant Bank — have been selected out of 24 applicants to manage R250 million each once the bill is promulgated.

But, while investment in futures and options will be allowed, no money can be diverted into equities and fund managers will only be able to invest 75 percent of their money into government stocks and 25 percent into semi-gilts.

This will change dramatically when hundreds of million rands, invested in the Sats pension fund, are also thrown open to private institutions for fund management.

According to the Finance Bill, this money can now be invested in equities and other investments and the Johannesburg Stock Exchange could see a significant share of this money.

The government service and the Sats pension funds are plagued by massive deficits and the greater flexibility allowed in managing the funds through the privatisation process should result in better returns and a subsequent reduction in the shortfall.

Looking better 23/6/89.

Latest actuarial valuation of the Government Service Pension Fund, as at March 31 1988, shows an improvement since the previous valuation at March 31 1985. Though the absolute deficit rose from R17bn in 1985 to R23bn in 1988, assets held increased from 51% to 63% of actuarial liabilities, according to actuary Malan & Partners.

If potential post-retirement pension increases are taken into account the increase is smaller — from 32% to 41%.

Reasons for the improvement are:

- ☐ Actual contributions to the fund amounted to 29,2% of members' pension-bearing remuneration while only 25,5% was needed to ensure existing benefits;
- ☐ The number of contributing members rose 24% to 487 000 against an increase in pensioners of only 15% to 79 000;
- ☐ Greater revenue from investments because of the rise in interest rates towards the end of the period and the larger capital base available for investment; and
- ☐ A change in the buy-back formula from September 1987.

Says chief pensions director Japie Visser: "The buy-back formula was a main reason for the previous deficit. On the new formula buy-backs are less attractive and the outlook for the fund is much better."

Since the change, only 88 people have elected to buy back service compared to 21 225 from April 1985-September 1987.

But buy-backs during the valuation period accounted for R1,3m of the deficit.

Interest paid on the 1985 deficit was the main reason for the increase in the deficit in the period to 1988. The valuation rate of interest used by the actuaries was 12% compared to 10% in 1985.

A consulting actuary says: "With buy-back arrangements apparently under control and the possibility of the fund being allowed to invest in equities, there should be continued improvement in its financial position."

Investment requirements now hamper growth. All assets have to be placed with the Public Investment Commissioners, who can only invest in fixed interest securities. Visser says investment decisions are made by the Department of Finance. ■

By Robyn Chalmers

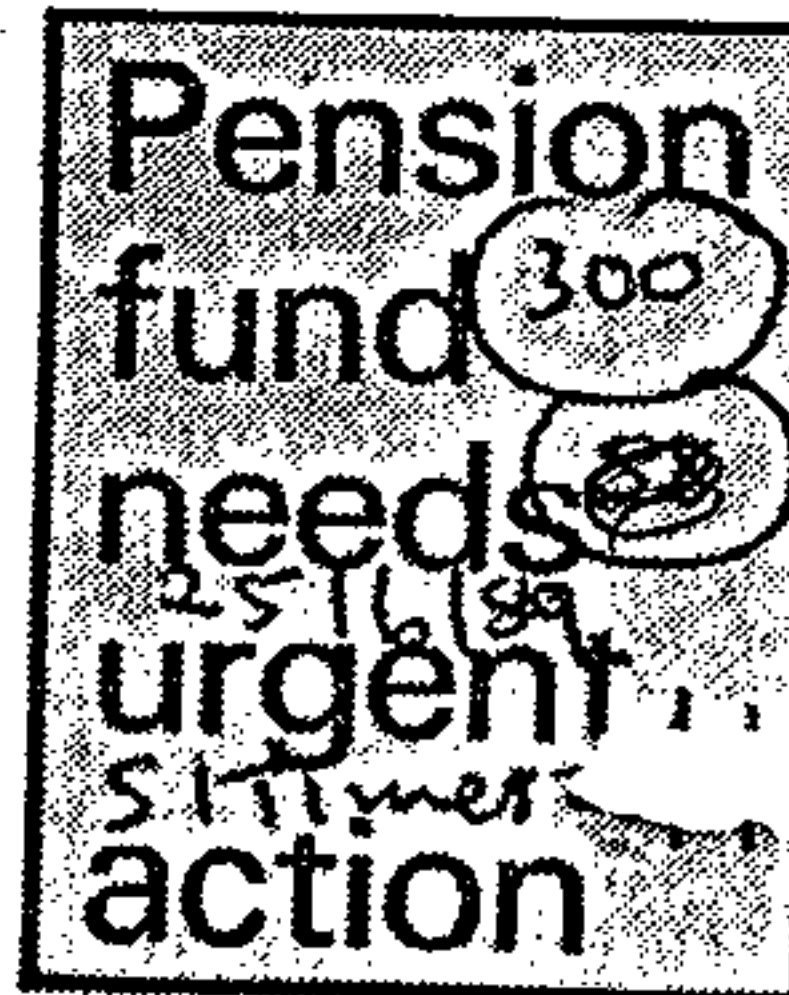
THE ageing SA population will result in huge Government pension payments unless a retirement provision system is created soon says Sanlam chief economist Johan Louw.

He says such a system must involve a large part of the total population, and should move away from a national pension or retirement system towards large-scale private schemes.

"One only has to take into account the big increase in the black population in recent years to realise that the situation is urgent. The private sector must get involved in retirement provision by creating a system which makes it easy for workers to provide for their future."

Teachers Federal Council (TFC) chairman Dudley Schroeder believes the situation could be alleviated if the Government Service Pension Fund was democratised and at least partially privatised.

He says money from State pension funds had been used



as a cheap source of funding certain Government expenditures for too long.

Mr Schroeder says it is imperative that action be taken to end the lengthy debate concerning the Government pension fund.

He says some of the recommendations made in an internal investigation report by the TFC were considered during a recent Standing Committee meeting in Pretoria. These included that:

● Democratisation is essential and contributors to the Government pension fund should be given a say in the

appointment of a Board of Trustees.

● An investment policy which will ensure maximum returns on capital and income should be applied. This means that the current statutory requirements of the fund to invest in Government stocks and obligations which yield a very limited profit only should cease. A more realistic income from interest at competitive current rates would eventually eliminate existing financial problems.

● Serious consideration should be given to the possibility of privatising the Government pension funds at least partially.

● The State should, within an agreed period, replenish current deficits from its own sources. These deficits can largely be attributed to the historical fact that pension funds whose funding was totally inadequate, were integrated with the Government pension fund.

● In cases of resignations before the age of retirement is reached, contributions should be deposited in a reserve fund.

Constant worry about money takes the joy out of life

Food is a luxury for many

By Lorna Schmidt

Everybody is tightening purse strings nowadays, but it's not an easy task when you are an old age pensioner with an income of R250.

The rent eats up as much of R170 and there is still electricity and water to be paid, among other essentials.

At that age you may also have to go for medical treatment three times a week at about R5 a visit.

There is hardly anything left over for food.

This constant worry about making ends meet takes all joy out of life, at a time when a person should be able to sit back and take a well-deserved rest.

This is the plight of the almost 200 pensioners seen daily by Meals-on-Wheels, which is run by the Congregational Church in Yeoville.

No facilities

They deliver a fully balanced meal at cost of 45c, not always because the beneficiaries are in financial despair, but because they may not have proper facilities for cooking or may be bed-ridden.

"The people I feel sorry for are the ones who thought they had prepared for their old age," says Mrs Margo Sprong, a helper at Meals-on-Wheels.

"Because some of them receive as little as R50 above the social pension, they end up losing much-needed benefits."

Rent for small flats in the Johannesburg area can be as high as R200 to R220 a month.

Other pensioners live in better surroundings but may also

lack money for food.

"Many people see old age pensioners living in lovely, expensive flats but do not realise that these people are spending all their money on them," says Mrs Sprong.

"They do not realise the financial problems these people are experiencing until sometimes it is too late — and they collapse from malnutrition."

Many of these pensioners are reluctant to accept hand-outs and Meals-on-Wheels therefore charges a minimal amount for the food.

A meal consists of soup, a starch, a yellow and green vegetable, meat or fish and a pudding — quite a bit for 45c.

The remainder of the cost is covered by a small municipal grant the service receives and donations from the public.

An 87-year-old woman and her grandson, whom she was raising, were found sleeping in one room in a run-down block of flats.

In fact, on the day food was being delivered to them, the building was being raided by the drug squad.

Despite these living conditions, the grandson is a well-balanced, polite young man.



Meals-on-Wheels delivers nearly 200 meals like this to old age pensioners in Johannesburg daily. Many would not receive any nutrition otherwise.

Picture by Stephen Davimes.

These are people that need your help.

The Star's Operation Snowball tries to provide some warmth, in the form of blankets, to people like these during the freez-

ing winter months, but this is not possible without donations.

If you would like to help, please send donations to: Operation Snowball, PO Box 1014, Johannesburg, 2000.

Donations acknowledged

Wetcad holds its first exhibition

By SONTI MASEKO

PENSIONERS in Meadowlands, Soweto, brought together by an organisation — We Take Care of the Aged and Disabled (Wetcad) — in May last year, yesterday held their first exhibition at a local church.

WOMAN

Jessys, hats, scarves, tablecloths, pillowcases, scatter cushions and table mats were among the various items on display at the church and each member of the group proudly attached their name to an item presented for the display. What began on a small scale with one woman helping her neighbour, ended up with her co-ordinating works for more than 80 pensioners. For the past year on every Wednesday, pensioners in Meadowlands met at a local church, work together, eat together and share their problems and experiences.

Problems

"It has become a big social event for them. They leave here looking forward to the next week," said Mrs Vicky Zungu, the PRO for Wetcad and co-ordinator of the group. "Initially, the old people used to approach me with problems concerning pensions. With the birth of



Mrs Salome Ramakope, Mrs Elizabeth Mogashwa and the organiser of the exhibition, Mrs Vicky Zungu display the items at the exhibition.



Mrs Mamaki Maruping distributes pamphlets to pensioners with information on nutrition.



Pensioners enjoy good nutritious soup during the exhibition of the items they produced over the past few months.

On display were colourful scarves, fashionable knitted hats and doilies all knitted and crocheted in complex and exciting patterns. The group planned to sell the items and with the money, buy more material and make more items and eventually have enough money for picnics and other activities that will entertain the old people. Besides working together, the weekly meetings of the aged in Meadowlands have become a self-help and support system. Each member contributes 50 cents and gets a balanced meal, usually pap, vegetables, soup and meat. "For most of them, it is the only decent meal they get in a week," Zungu said.

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Courses will be run on Saturday mornings from 8.15am to 12.30pm for three months commencing July 22.

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THE COLLEGE OF MANAGEMENT



Old folks keep warm

300
THERE were warm smiles at Mohlakeng yesterday when the town council gave blankets to pensioners to see them through the winter.

Pictured from left are Mrs Lep Letsolo, Mrs Angelina Mthetwa, Mrs Elizabeth Shihawu, Mrs Regina Diale and Mr Johannes Shihawu and Mr Julius Khumalo at the back.

Sowetan 27/6/87



Mrs Marie Welman, Mrs Aletta Mellet and Miss Johanna Barnard, who walked many kilometres to receive a cup of hot soup, enjoy it in the winter sunshine. ● Picture by John Hogg

Winter is a cold, sad time for poor

By Lorna Schmidt

Most people don't enjoy the winter months, and this is especially true for thousands of pensioners on the Reef.

For many of the people who live in Jan Hofmeyer the only warmth, friendship and comfort they receive is when they walk the many kilometres to a soup kitchen run by Mrs Johanna Swanepoel.

Here they receive a warm meal, and warm company from other pensioners in the same predicament as themselves.

And they delight in seeing the 200 young children, who also receive a daily meal, playing around them.

Visiting the kitchen is the highlight of the day for these people.

For a lot of them this meal goes a long way, but even though it may help for a little while, once they leave they go back to their cold, lonely homes.

This is where Operation Snowball can help.

Many of these people cannot afford to buy themselves a warm meal, never mind a warm blanket or a woollen jersey.



Snowball has tried to help as much as possible.

Blankets have been given to some of them, but there aren't enough to go around. There is not enough money and this is where you can help.

Spare a thought for those who cannot afford to look after themselves, old age pensioners and the disabled.

Dig deep into your pocket and post some money to help a good cause for really needy people.

Every rand counts, no matter how little.

To those among us who have literally nothing, whatever you can spare will be a blessing.

Please send your donation to Operation Snowball, PO Box 1014, Johannesburg, 2000.