SOCIAL SECURITY - PENSIONS

1990

MAY — DEC.

HOUSE OF ASSEMBLY

QUESTIONS

† Indicates translated version.

For written reply:

General Affairs:

State pension funds

289. Mr B B GOODALL asked the Minister of National Health and Population Development:

(a) What amount of money is there in each specified State pension fund, (b) what percentage of each pension contribution is contributed by the (i) individual and (ii) State and (c) in respect of what date is this information furnished?

B734E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(a) and (b) (i) and (ii)

Pension Funds	Total Amount	% Individual	% State, Institutions, Authorities
Government Service Pension Fund	R19 061 136 874	26,68	73,32
Associated Institutions Pension Fund	R 3 366 559 381	32,89	67,11 by Institutions
Temporary Employees Pension Fund	R 2 119 709 659	33,33	66,67 by State and Institutions
Authorities' Service Pension Fund	R 1 860 667 365	33,49	66,51 by Authorities
Authorities' Service Superannuation Fund	R 80 833 865	43,48	56,52 by Authorities

(c) as at 31 March 1989.

State pension schemes

290. Mr B B GOODALL asked the Minister of National Health and Population Development:

(a) How many State pension schemes were there as at the latest specified date for which information is available, (b) what are their names and (c) what was the (i) state's contribution in respect of, and (ii) total value of the assets held by, each of these schemes as at that date?

B735E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(a) Two pension schemes, one provident fund and five pension funds were administered by the Department of National Health and Population Development as at 31 March 1989,

(b) and (c) (i) and (ii)

Pension Schemes, Provident and Pension Funds	*Contribution by State*	*Total Value of Assets*
Members of Parliament and Political Office-bearers Pensions Scheme	Pensions paid from Revenue — R13 091 715	Nil

Pension Schemes, Provident and Pension Funds	*Contribution by State*	*Total Value of Assets*
Members of Statutory Bodies Pension Scheme	Pensions paid from Revenue — R883 286	Nil
Associated Institutions Provident Fund	R26 339 (other contributions paid by various institutions from own funds)	R10 406 183
Government Service Pension Fund	R1 802 494 498 (including contributions by Post and Telecommunications)	R19 061 136 874
Associated Institutions Pension Fund	R1 357 856 (other contributions paid by various institutions from own funds)	R3 366 559 381
Pension Fund for Temporary Employees	R143 999 997 (other contributions paid by various institutions from own funds)	R2 119 709 659
Authorities' Service Pension Fund	Contributions paid by various authorities from own funds	R1 860 667 365
Authorities' Service Superafinuation Fund	Contributions paid by various authorities from own funds	R80 833 865

HOUSE OF REPRESENTATIVES

QUESTIONS

† Indicates translated version.

For oral reply:

General Affairs:

Pensions: judicial commission

*1. Mr W J DIETRICH asked the Minister of National Health and Population Development:

(1) Whether a judicial commission has been appointed to investigate the question of pensions in general; if not, why not; if so, (a) what progress has been made to date and (b) what were the terms of reference of this commission;

(2) whether she will make a statement on the matter?

C85E

†The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) No, there is no necessity for such an investigation. Last year, the Minister of Finance appointed a committee under the chairmanship of Prof Wynand Mouton to investigate a Retirement Provision System for South Africa. Particulars in this regard can be obtained from the Department of Finance,

(a) and (b) fall away;

(2) no.

Mr P A S MOPP: Mr Chairman, arising from the hon the Minister's reply, has she ever been involved in discussions with the hon the Minister of Health Services and Welfare of the House of Representatives regarding the equalisation of social pensions?

†The MINISTER: Mr Chairman, this matter that the hon member is now raising does not have a bearing on civil pensions. That is how I understand the matter. My reply to the question of the hon member only has a bearing on civil pensions.

Sectional title schemes picking up in popularity

SECTIONAL title schemes are gaining popularity as an alternative to shareblock schemes whose potential pitfalls have been illustrated by the troubles of the Helderberg Retirement Village.

Board of Executors (BOE) Properties director Rob Walters, writing in the latest issue of BOE quarterly The Wale Street Journal, said the most important consideration for anyone contemplating buying a retirement unit of any kind was that the developer should be reputable.

Walters said the main difference between shareblock and sectional title ownership was that under sectional title the purchaser owned the unit and had a registered interest in common property such as a clubhouse, swimming pool or catering facilities.

"This means that in respect of the common property, he or she is a part owner — the size of the part being determined by the size of the owned interest in relation to the entire scheme," Walters said.

If the sectional title development ran into trouble, owners of individual units were not at risk in respect of their investment.

The purchaser of a shareblock unit does not acquire title to the unit but enters into an agreement that provides usufruct. He pays a nominal amount for a share and the rest of the money goes to the developer as loan capital.

Sectional title and shareblock unit owners have to enter into a contract with the developer where the developer estimates the running costs of the block for three years and levies for two years, taking escalation factors into account in the process.

The risks to the shareblock purchaser are that if the developers run into financial difficulty, the villagers can lose their homes, to which they have no title.

Bought

Their loan to the shareblock company is ranked as a claim and they would participate in dividends with other creditors on a pro-rata basis.

Walters said a third alternative for retirement villages was "life-right", where the prospective villager bought a unit for the rest of his life or until he wished to sell, but the capital appreciation of his investment would go to the village, not the individual.

He warned prospective investors in any type of scheme to take into account the running costs of the village and the likely escalations in these costs.

These costs could eat into a cash flow from income that in all probability was not going to increase.

Amounts due on 31 December 1989

Magistrate District	Name	(a) Rents	(b) Services	(c) Other	Total
Warrenton	Ikhutseng	21 729	270 192	205 302	497 223
Windsorton	Kutlwano	1 598	12 939	27 585	42 122
Worcester	Zweletemba	142 852	67 567	0	210 419
		11 336 781	59 439 204	13 294 200	84 070 185

Urban land for Blacks

217. Mr P G SOAL asked the Minister of Planning and Provincial Affairs:

(a) How much land was set aside in each province in 1989 for urban occupation by Blacks and (b) where in each province is this land situated? B542E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

I refer the honourable member to the reply which was furnished to question 149, as put by Mr J J Walsh.

Battered women: shelters

222. Mrs C H CHARLEWOOD asked the Minister of Planning and Provincial Affairs:

Whether the provincial administrations are responsible for any shelters for battered women in (a) Cape Town, (b) Durban, (c) Johannesburg, (d) Bloemfontein and (e) Port Elizabeth; if so, how many in each case; if not, why not? B550E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(a) No
(b) No
(c) No
(d) No
(e) No

The rendering of such services are undertaken by private welfare organisations and churches.

Nthorwane, Greylingstad: resettlement

238. Mr P G SOAL asked the Minister of Planning and Provincial Affairs:

(1) With reference to the resettlement of the persons currently residing in Nthorwane, Greylingstad, (a) how many households are to be moved and (b) what is their average monthly income;

(2) (a) how many sites are available at the site which they are to be resettled, (b) what is the size of each site and (c) on what basis are they to be allocated;

(3) whether sites are available for renting; if not, why not; is so, at how much per month;

(4) whether sites are available for purchasing; if not, why not; if so, (a) what is the purchase price and (b) on what terms may they be purchased? B608E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(1) (a) 417 households.

(b) The incomes vary between R208 and R380 per month except pensioners who receive R150 per month.

(2) (a) 608 sites are available in the new township.

(b) The average size of residential sites is 325 sq. m.

(c) The Village Council has decided to allocate sites as the people apply to move.

(3) Sites are available for renting at R35 per month. This amount includes service charges.

(4) Sites can be purchased on the 99 year leasehold system.

(a) A final decision has not yet been taken but according to preliminary calculations a site with water and water-borne sewerage will cost approximately R3 500.

(b) The conditions are negotiated between the seller, the SA Housing Trust and the buyers.

Nthorwane, Greylingstad: resettlement

239. Mr P G SOAL asked the Minister of Planning and Provincial Affairs:

(1) Whether, with reference to the new area in which the persons currently residing in Nthorwane, Greylingstad, are to be resettled, the local town committee is to build any new houses there; if so,

(2) whether these houses will be available for (a) renting and/or (b) purchasing;

(3) whether any assistance is available to residents in the form of loans to build houses; if not, why not; if so, (a) what assistance and (b) on what terms;

(4) whether a means test will apply to loans; if so, what are the relevant details;

(5) whether existing houses are available for (a) renting and (b) purchasing; if not, why not in each case; if so, (i) for how much, and (ii) from whom, in each case? B609E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

(1) The Village Council will not build any houses. The SA Housing Trust has erected 13 houses which are presently being rented with a view to the sale thereof.

(2) Lapses.

(3) (a) The National Housing Commission has already approved in principle the granting of material loans to a maximum of R10 000 for the erection of homes in the new township.

(b) The standing conditions of the NHC will apply, i.e. loans are to be repaid over a period of 30 years.

(4) The subsidy scheme of the NHC will be applied. Payments are calculated according to a sliding scale and based on a person's income.

(5) The 13 houses erected by the SA Housing Trust, are being rented at R50 per month with a view to the sale thereof at approximately R20 000 per house. They still belong to the Trust.

All other sites are without improvements.

Black social pensions

250. Mr J J WALSH asked the Minister of Planning and Provincial Affairs:

(a) What percentage of Black social pensions is paid (i) monthly, and (ii) directly into savings accounts, in each province and (b) in respect of what date is this information furnished? B640E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

Transvaal:

(a) (i) 78,07%.
(ii) 8,6%.
(b) April 1990.

Cape Province:

(a) (i) 100%.
(ii) 8,5%.
(b) As at 31 March 1990.

Orange Free State:

(a) (i) 50,35%.
(ii) 6,01%.
(b) 28 February 1990.

Natal:

(a) (i) 38%.
(ii) 3,7%.
(b) 28 February 1990.

Blacks: old-age pensions

291. Mr B B GOODALL asked the Minister of Planning and Provincial Affairs:

(1) (a) How many Black persons in the Republic applied for old-age pensions in 1989 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?

B736E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

Transvaal:

(1) (a) 41 134.

(b) (i) (aa) 37 768.

(bb) 1 967.

(ii) 1 399 which in the majority of cases are applications returned to the offices of origin for correction and/or the furnishing of missing information.

(2) 31 March 1990 — 197 235.

Cape Province:

This information is not available as it is not kept separately in respect of the four types of social pensions, namely old age, disability, blind and war veterans.

As far as the Cape Province is concerned the combined information in respect of these four types of pensions are as follows:

(1) (a) 20 180

(b) (i) (aa) 16 789

(bb) 3 391

(ii) Nil.

(2) 119 758 on 31 January 1990.

Orange Free State:

(1) (a) 6 003

(b) (i) (aa) 4 725

(bb) 1 181

(ii) 97.

(2) 64 915 on 31 December 1989.

Natal:

(1) Unfortunately it is not possible to furnish the required information in respect of applications of old-age pensions only. It can be stated however, that very few applications for old-age pensions are turned down. The figures furnished hereunder are accordingly in respect of all categories of social pensions and allowances.

(a) 9 518

(b) (i) (aa) 7 598

(bb) 1 675

(ii) 250

(2) As on 28 February 1990 — 61 268.

Own Affairs:

Teacher-training colleges: applicants not admitted

89. Mr J J WALSH asked the Minister of Education and Culture:

Whether any qualified applicants were not admitted to White teacher-training colleges because of (a) lack of facilities and (b) other specified factors in 1989; if so, how many such prospective students were (i) admitted and (ii) refused admission to these colleges in 1989; if not, (aa) what is the combined capacity of these colleges and (bb) what total number of students is enrolled at present?

B646E

The MINISTER OF EDUCATION AND CULTURE:

(a) No,

(b) yes, quotas were met and certain applicants did not meet minimum admission requirements,

(i) 1 436

(ii) 2 780

(aa) 10 150

(bb) 6 585.

Free settlement areas: education

95. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether he has determined a policy for the provision of education in free settlement areas; if not, why not; if so, what is this policy;

(2) whether his department and/or individual schools falling under his Department have received requests from individual parents

for the admission of pupils classified as non-White; if so, (a) what total number of applications of this nature was made and (b) what was the response thereto?

B652E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes, to render service if so requested;

(2) yes,

(a) applications from 47 individual parents who are on the protocol list and enjoy diplomatic privileges and from 153 other parents,

(b) all requests from diplomatic personnel were granted as well as one request from another parent with regard to three pupils.

Equal pensions possible

W/Mail 4/5 - 10/5/90 (300)

Weekly Mail Reporter

THE Mouton Committee investigating state old-age pensions is likely to recommend the equalisation of pension provision across racial groups. But it's not clear where the money will come from.

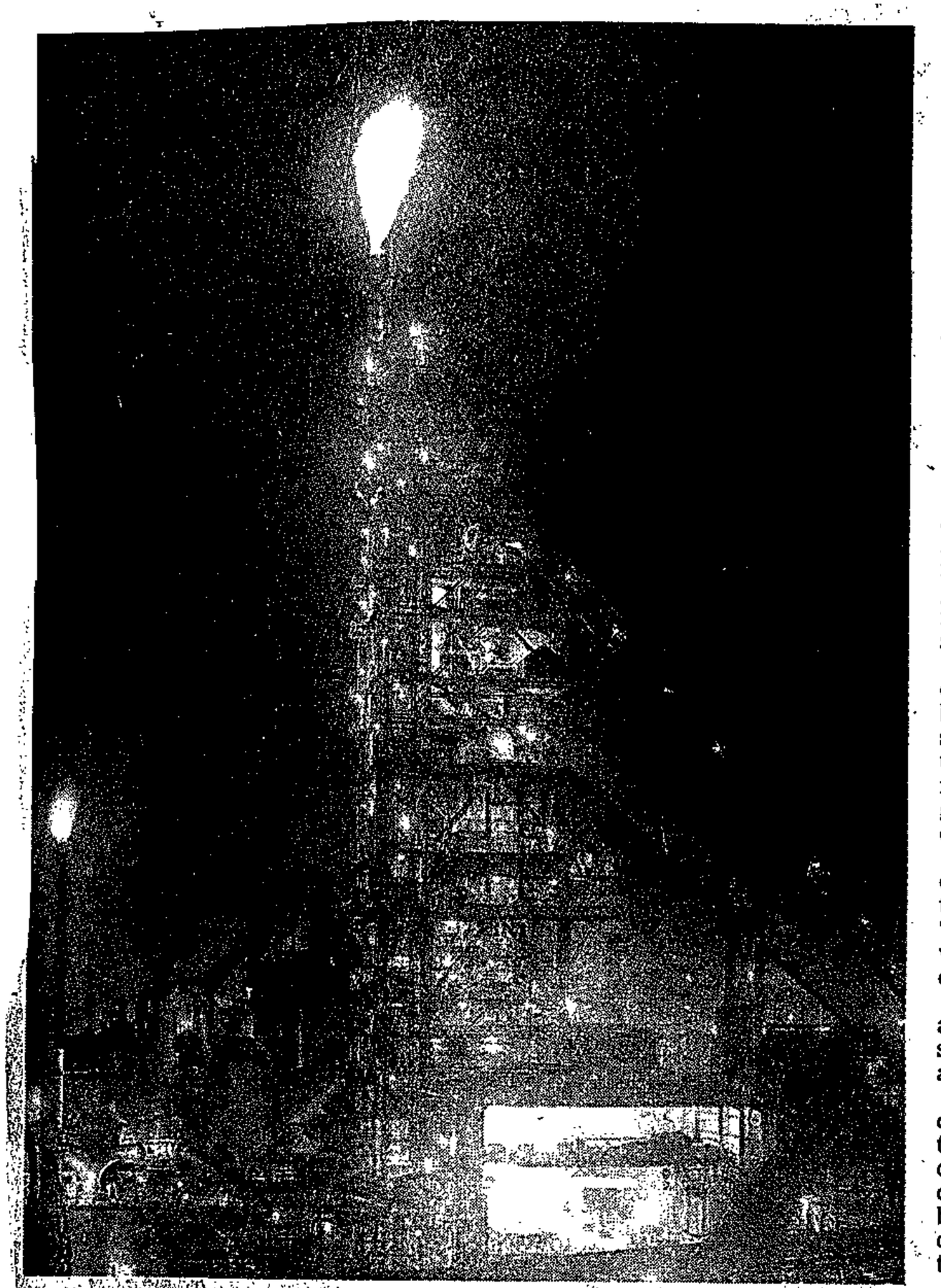
The issue is highlighted in the latest *Trustee Digest*, a journal for pension and provident fund trustees published by the Labour and Economic Research Centre.

The journal notes state expenditure on pensions has increased — to just over R3-billion budgeted for 1989 compared with R1,3-billion in 1987. However, it questions how any equalisation of or improvement to pensions will be funded given that President FW de Klerk advocates improved welfare services but simultaneously promises decreased government spending.

The government appears to be relying on the private sector to provide. But *Trustee Digest* suggests even though company pension schemes do relieve some of the state's burden, "there remains a sizeable need for adequate state retirement provision".

As evidence it cites the Mouton Committee's own findings in the two reports the committee has published so far. The committee estimates less than 50 percent of the total economically active population belong to pension funds. Even in the formal sector only about 70 percent of employees have some type of retirement provision.

The committee has concluded an additional R2-billion each year is needed to make pension provision available for those involved in the informal sector.



Iscor's environmentally friendly Corex plant at Pretoria.

Unions will fight for a share of control

UNIONS can be expected to increase pressure for a share of control over capital funds — be they pension or provident funds, foundations or CSR allocations.

Labour and Economic Research Centre (Lerc) projects co-ordinator Taffy Adler says they will also increasingly link what they see as socially responsible investment to the kind of macro-economic programmes and policies being developed through Cosatu.

Lerc is a group acting as consultants to the militant black union movement on such issues as housing, training, retirement benefit funding, work study, job grading, shiftwork and productivity.

Adler says this priority is emerging as business continues in its unwillingness "to share CSR initiatives with unions in a seriously consultative way".

The predominant management view is that social security is a matter of management prerogative.

He says retirement security, housing and education are moving to the top of union agendas on the social security front. Of these, because of the immediacy of the problem, housing is the most insistent.

At the same time, Adler says, a clear perception has been developed by union leadership on the link between education and economic well-being.

Over the last couple of years, a basic breakthrough has been achieved in union participation in the administration of retirement benefit schemes. The negotiation is over the amount of money, especially employer contributions, transferred to these funds and how it is invested and disbursed.

The retirement fund investment scenario is becoming far more favourable to what Adler calls an "alternative investment policy".

Alternative

Until now, he says, there have been no serious alternative investments, even where unions are strongly involved in pension fund administration.

Adler says some unions are close to major retirement fund investments in land and housing. He is unwilling at this stage to say where this is occurring.

However, he says these alternative investments are not handouts. In financial terms, they are the equivalent of investment in Eskom gilts — providing a market-level rate of return on a secured, no-risk investment.

It is not a matter of workers' savings subsidising housing development. No one believes that retirement fund assets can be used as charitable donations.

Adler says: "All this has emerged in the negotiating framework and is an exciting departure from the old investment patterns."

But when it comes to CSR funding, employers are reluctant to set up funds with union participation in decision-making — not only on the level of funding but where these resources should be placed.

If unions gained a share of control over such funds, how would they use them in a manner linked to "macroeconomic programmes and policies".

Adler says these policies are being developed. However the general thrust is towards manufacturing-led internal consumer-based growth lending itself to job creation and wealth redistribution.

"Socially responsible activity will be defined as that which develops this activity. The trend will be away from charitable-type projects towards developmental ones and productive enterprise.

"Educational, training and housing projects will be at the forefront," he says.

Helderberg village has last-minute reprieve

Own Correspondent

CAPE TOWN — The financially stricken Helderberg retirement village near Somerset West, in which many elderly people have invested their life's savings, was saved by being placed under judicial management yesterday.

Mr Justice H L Berman made the order following a provisional order granted after Dennis Edward Lehman, chairman of the board of directors of the Helderberg Village Share Block Holdings Ltd, brought an application.

An application to intervene, brought yesterday by Personal Trust — a creditor of Shemara Holdings, the developers of the village who have been placed in final liquidation — was postponed to March 18.

Mr Justice Berman said Lehman and he should be given an opportunity to reply.

Lehman brought his application after applications for the liquidation of the company and for it to be placed under judicial management were brought.

In an affidavit, Max Henry Hales, a court-appointed judicial manager, said a report was tabled at a meeting called on May 2 to inform villagers of developments.

Hales said 207 villagers were present at the meeting and 206 voted in favour of the company being placed under final judicial management while one abstained.

The villagers also supported the judicial managers raising a capital levy of about R7m from them while the Allied Group was being asked to grant a loan facility of about R5m, Hales said.

Villagers agreed that they must contribute additional funds to save the village and the judicial managers believed they would receive enough funds to pay the creditors.

Malans Transport	Wheeler Plumlec
Rohr Roads	Genrec MEI
Bowmast	

(b) (i) See (1)(a)(i) and (ii) and (1)(b)(i) and (ii) above.

(ii) The lowest tenders were accepted.

(3) KTC	Brown's Farm
(a) Ikapa Town Council	CPA
(b) Ikapa Town Council	CPA and West-Cape RSC

Cape Peninsula: old-age homes for Blacks

195. Mr K M ANDREW asked the Minister of Planning and Provincial Affairs:

Whether there are any old-age homes for Black persons in the Cape Peninsula; if not, (a) why not and (b) what steps are envisaged by his Department in this regard; if so, (i) what are the names of these old-age homes, (ii) who financed them, (iii) how many persons can be accommodated in each and (iv) how many such homes were built by the Government in the past three years?

B475E

The MINISTER OF PLANNING AND PROVINCIAL AFFAIRS:

Yes.

(a) Falls away.

(b) Falls away.

(i) The Langa and Nyanga Homes for the Aged.

(ii) The staff of the homes are on the staff establishment of, and paid by the Cape Provincial Administration. The Administrative and maintenance costs are financed by the Ikapa Town council.

(iii) The Langa Home accommodates 51 persons and the Nyanga Home 24 persons.

(iv) None.

Public Service officials in self-governing territories

218. Mr P G SOAL asked the Minister of Development Aid:

(1) (a) How many officials in the Public Service had been seconded to each self-governing territory, (b) what post was held by each such official, and (c) what was the cost of secondment of such officials, as at 31 December 1989;

(2) whether all posts in the self-governing territories in respect of which secondment is required were filled as at 31 December 1989; if not, how many remained vacant as at that date;

(3) whether any further secondments are envisaged; if so, how many?

B543E

The MINISTER OF DEVELOPMENT AID:

(1) (a) and (b) The information as requested is contained in the attached schedule.

(c) The cost of the secondment of the officials amounted to R96 869 000 for the period 1 April 1989 to 31 December 1989.

(2) No. A recent survey indicated that 1 809 of the posts concerned were vacant on 31 December 1989.

(3) Yes. Numbers will be determined on the basis of stated requirements, the availability of funds and the availability of manpower.

POSTE GEÏDENTIFISEER VIR BEKLEDING DEUR TOEGEWESE AMPTENARE: 31 DESEMBER 1989
POSTS IDENTIFIED FOR OCCUPATION BY SECONDED STAFF: 31 DECEMBER 1989

Beroepsklas / Occupational Class	KwaZulu Geïdentifiseer / Identified	KwaZulu Gevul / Filled	Lebowa Geïdentifiseer / Identified	Lebowa Gevul / Filled	Gazankulu Geïdentifiseer / Identified	Gazankulu Gevul / Filled	Qwaqwa Geïdentifiseer / Identified	Qwaqwa Gevul / Filled	KwaNdebele Geïdentifiseer / Identified	KwaNdebele Gevul / Filled	KaNgwane Geïdentifiseer / Identified	KaNgwane Gevul / Filled	Totaal/Total Geïdentifiseer / Identified	Totaal/Total Gevul / Filled	Vakant / Vacant
Aanklaer Prosecutor	2	0	1	1	0	0	2	2	1	0	0	0	6	3	3
Administrasie-beampte Administration Officer	79	56	3	1	0	0	5	1	36	20	29	15	152	93	59
Administrasieklerk Administration Clerk	18	15	8	5	2	1	2	2	17	10	11	9	58	42	16
Ambagslui Artisan Staff	197	88	163	116	19	14	23	10	49	30	48	21	499	279	220
Apteker Pharmacist	49	34	1	1	10	4	0	0	3	1	3	1	66	41	25
Arbeidsterapeut Occupational Therapist	8	5	1	1	6	2	0	0	1	0	3	0	19	8	11
Argitek Architect	1	1	0	0	1	0	0	0	0	0	1	0	3	1	2
Bedryfsekonoom Business Economist	3	0	1	0	0	0	0	0	5	1	0	0	9	2	7
Belastingbeampte Taxation Officer	0	0	0	0	0	0	1	0	0	0	0	0	1	0	1
Boorinspekteur Drilling Inspector	1	1	0	0	0	0	1	0	0	0	0	0	2	1	1
Bosbouer Forester	5	3	9	6	0	0	0	0	0	0	3	2	17	11	6
Bosbouvoorman Forestry Foreman	0	0	0	0	0	0	0	0	0	0	2	2	2	2	0
Bosbouwetenskaplike Forestry Scientist	2	2	2	2	0	0	0	0	0	0	1	1	5	5	0
Bourekenaar Quantity Surveyor	1	0	0	0	0	0	0	0	0	0	1	0	3	0	3
Brandweerman Fireman	0	0	0	0	0	0	2	1	0	0	0	0	2	1	1
Departementele Inspekteur Departmental Inspector	0	0	0	0	0	0	0	0	1	0	0	0	1	0	1
Dieetkundige Dietician	0	0	0	0	0	0	0	0	0	0	1	0	1	0	1
Direkteur: Gesondheidsdienste Director: Health Services	1	1	1	0	1	0	0	0	0	0	1	0	4	1	3

TPA admits mistake over Alex pensioner

By SY MAKARINGE

THE Transvaal Provincial Administration this week admitted it made a mistake when it did not backdate pension benefits to a 67-year-old Alexandra township grandmother who made an application more than two years ago.

After several months of going through frustrating bureaucracy, Mrs Malethuthu Rosina Sibanda of 3-4th Avenue, Alexandra, will finally receive all monies owed to her since December 1987 at 80 Albert Street, Johannesburg, next Friday.

Sibanda said she cried like a baby on April 2 when TPA officials gave her a cheque for R300, benefits for February and March.

But she was powerless to confront the officials on why her pension was not backdated to the year on which she applied.

"These people are generally very rude. I did not want to be given a dressing down in front of other people. I just walked away and started crying like a baby," Sibanda said.

Although she qualified for State pension in 1982, Sibanda only made her application on December 4, 1987 at the age of 65. She said officials told her she would be contacted as soon as her application had been processed.

But four months went by and there was no word from the TPA.

"I went back to the local payout point in April 1988 to find out what was happening. I was told to go home and not be a nuisance as Pretoria was still processing my application.

"The people were so rude that I did not go back to the payout point until the middle of last year when I decided enough was enough.

When I got there I was told to submit another application as the original had gone missing," Sibanda said.

Little comfort for black aged

Political Staff

THE Cape Peninsula had only two old-age homes for black people and these could accommodate only 75 people, the Minister of Planning and Provincial Affairs, Mr Hernus Kriel, said yesterday.

He also said the government had not built any such homes in the Peninsula in the past three years.

Mr Kriel, was replying to a question in the House of Assembly by Mr Ken Andrew (DP, Gardens).

Rentals crisis is hurting elderly

Rentable accommodation is becoming increasingly difficult to come by in Cape Town, with demand far outstripping supply. Apartment blocks going sectional title are helping to fuel the rental crisis. ANDREW BERGMAN reports.

CAPE TOWN is experiencing what is seen as the city's worst rental crisis since World War II, with an acute shortage of rentable accommodation of all kinds.

A Top of The Times survey shows that up to 150 applications are being received by agents for each average-sized flat or cottage advertised.

More and more buildings are being converted to sectional title and tenants not in a position to buy are struggling to find alternative similar accommodation.

It has been alleged that certain companies, agents and individuals are taking advantage of the situation, with claims that flat-seekers are being "ripped off" in their desperation to find a roof to put over their heads.

The situation has been highlighted by the recent sale to a developer of one of the biggest apartment blocks in Cape Town, Bordeaux in Sea Point. Tenants in the block have been served with the mandatory 90-day option to buy.

About 70% of the tenants are over 70 years old and many have lived there for up to 30 years.

One tenant, who has asked not to be named, says her aging mother has nowhere to go. "Even the old-age homes are full," she says.

Fingers have been pointed at specific companies, Compu-Let and Compu-Place. These companies gather information on flats and houses to let from estate agents. They then advertise a selection of them in the newspapers.

When prospective tenants call about a specific property they are informed that no information may be released to them unless they subscribe to the service which costs, in the case of Compu-Place, R90 for six months.

Often, by the time a person has subscribed, the property applied for is no longer available. Subscribers find that many properties appearing on the computer print-outs have "already been taken".

Few, if any "to let" adverts are to be seen in the newspapers from companies or agents other than these two.

While some members of the public complain they are being swindled the companies concerned deny they are acting in any way improperly or unethically.

A spokesman for one newspaper group says the group's office has been "inundated" with phone complaints. It is pointed out that while little can be done about complaints over the phone, a written objection must be submitted to the Newspaper Press Union. Procedures require the NPU to approach the advertiser, who states his case.

After one such written complaint, the NPU agreed that adverts not stating that a subscription was necessary for information were indeed misleading and the body has approached the advertisers concerned to "take corrective action".

Brent Billingham of Compu-Place denies his operation is unreasonable.

"We are simply a listing body," he says, "and we do not get involved in the actual letting of the flats." He explains that his company just provides a list of a number of available properties.

"The estate agents give us a list of the vacancies they have on their books and we list these free of charge. Our computer operator contacts the agents and owners twice a week asking them what is still available, what has been taken and what has become available.

"The list is then updated immediately."

Asked why many of the premises had already been taken by the time a subscriber called the agent, now armed with a fresh list, Billingham admits his company can make "slip-ups", but that every effort was made to eliminate these.

. . .BUT AGENTS DENY ANY RIP-OFF ON ADVERTISING

tion ceiling of 100 units a month for 1990 will be maintained to ensure top quality and service.

ployees countrywide, he believes people distinguish Drake from the rest of the computer industry.

New deal for the elderly

300

Sl Tues 13/3/90

Business Times Reporter

THE Natal South Coast is the home of a new-concept retirement village.

The village results from unprecedented co-operation among several government departments and welfare organisations.

Care for Life spokeswoman Carol Holman says the South Coast has the highest ratio of elderly people in SA, but insufficent facilities and services to care for them.

The Care for Life village was developed near Port Shepstone using loans from the Department of Local Authorities, Housing and Works which will be repaid over 30 years at 1% interest. It was built by subsidised labour from the Department of Manpower.

prawn is sold. | the LAN group, a buying con- | but insufficent facilities and Manpower.

Villagers ready to pay more

S/Times 13/5/90

A BITTER struggle for control of the Helderberg retirement village in the Boland was resolved this week when the holding company was placed under judicial management.

The ruling followed an urgent meeting by 207 villagers on May 2 at which all but one voted in favour of judicial management.

Many people feared they could lose their savings after investing in the upmarket retirement village, set in picturesque surrounds near Somerset West.

Financially stricken and in danger of being shut by creditors, the village became a verbal and legal battleground in the past few months.

But this week's courtroom skirmish has given the villagers new hope.

Mr Justice H L Berman made the order on the return date of a provisional

By Alan Duggan

order after an application by Dennis Edward Lehman, chairman of the board of directors of Helderberg Village Share Block Holdings.

The judge postponed an application to intervene by Personal Trust, a creditor of developer Shemara Holdings, which is now in liquidation.

Mr Justice Berman said "serious allegations" had been made against Mr Lehman, and he should be given an opportunity to reply.

Max Hales, a court-appointed judicial manager, said in an affidavit that a report was tabled at a meeting of villagers on May 2 to inform them of developments.

They were told that the LTA construction company had agreed to abandon its lien over six cottages and 13 garages and that the liquidators of Shemara Holdings had delivered share certificates.

Mr Hales said the villagers also supported raising a capital levy of about R7-million.

The Allied group was being asked to grant a loan facility of about R5-million for completion of the central facilities, legal costs and any payment to Shemara Holdings.

Residents also agreed to contribute further sums to save the village, said Mr Hales. The judicial managers believed they would receive enough money to pay unsecured and secured creditors.

They believed there was a reasonable possibility that the company could become a successful concern.

(300) (📷) C/Press 13/5/90

Pensioner slams cops



Naomi Manye with her grandchild Thato. Manye has expressed anger at the 'wild policemen' who ransacked her home. ■ PIC: TLADI KHUELE.

By SANDILE MEMELA

A SOWETO pensioner this week expressed anger at the "wild behaviour" of security policemen who ransacked her house in search of her son who went into exile in 1977.

Naomi Manye, 72, of Orlando West, said the policemen terrorised her family and humiliated her two sons who were mistaken for alleged ANC commander Christopher Tsie Manye.

The raid took place on the night of the final day of the historical Groote Schuur talks between the African National Congress and the government.

According to Manye one of the dozen security cops who burst into her house said they wanted Tsie because "he is a smart man who can teach us something".

Her two sons, Azi and Tilu, were forced to produce their identity documents to prove they were not the wanted man.

Manye also claimed the police pointed guns at her 73-year-old husband Thomas, who was asleep in the bedroom.

Raid on home by twelve men

"It is really unthinkable that this kind of thing can happen at a time when the government is considering granting indemnity to exiles.

"I never expected this to happen when there is so much hope in the country. The wild behaviour of the police has left me questioning the government's commitment to finding a peaceful solution to the problems of the country," said Manye.

Soweto police spokesman Lt-Col Tinnie Halgryn could not confirm the raid.

But, said Halgryn, "the house could have been singled out for searching under the recently launched Project Watchdog aimed at crime prevention".

Police bust massive vehicle smuggling gang

By SOPHIE TEMA

JOHANNESBURG police have uncovered a massive motor vehicle theft network in Zuurbekom which transported stolen cars to Zimbabwe, Zambia and other African states.

The car racket group was uncovered by "Operation Watchdog", which was launched throughout the country on May 1 this year by police to clamp down on crime and the theft of motor vehicles.

Witwatersrand police liaison officer Colonel Frans Malherbe said the network specialised in taking vehicles to African states through Botswana using false registration plates and clearance documents.

Malherbe said several vehicles worth R1-million – including a posh Mercedes Benz 380 SEC – were recovered from Zuurbekom this week while 12 others are reported to have already passed from the same address through Botswana in the last six months.

The other vehicles recovered are a Toyota Corolla, a BMW and a heavy duty truck hijacked in Orlando in February this year.

The owner of the Mercedes Benz was traced to Pretoria and is a Basie Booysens, who sold the vehicle for R160 000 in a deal done at Jan Smuts Airport last week.

Booysens was given a cheque that bounced at the bank.

Five black men believed to be members of the "cheque syndicate" have been arrested in connection with the theft of the vehicles and police are hunting for syndicate leader Peter Vickerman – a mechanic who they say did all the alterations to the vehicles.

Malherbe said police arrested the entire syndicate on South African territory, except for Vickerman, 41, who [illegible] on the run inside the

ery after it was falsely reported that a truck belonging to the United Brush Company had been hijacked on Tuesday morning.

Police threw a cordon around all areas and roads in search of the vehicle.

The truck was later found on the New Canada-Soweto route heading towards Dobsonville and had in fact not been hijacked.

The driver and his assistants, all employed by United Brush – were arrested.

Police are now trying to establish whether the three men are linked to the "cheque syndicate".

Although investigations have not revealed the exact destination of vehicles in Botswana, the police force there has been alerted and it is hoped more arrests will be made.

"Police believe Botswana is only being used as a transit route to Zambia, Zimbabwe and further on, and intensive investigations are being made to find out

New Act is inhibiting, says Sanlam

GERALD REILLY

PRETORIA — Retirement village developers will find it difficult to raise loan capital after the implementation of the Housing Development Schemes Act for retired people, says Sanlam Properties' senior manager Ben Lochner.

Lochner says the main objectives of the Act are to protect the rights of the elderly against crooks.

However, the strong and honest developers are also being inhibited.

Speaking at the National Association of Home Builders conference here last week, he said developers could now not touch purchasers' money before certain conditions had been met.

Retirement villages were a minefield of lost capital and savings and unkept promises, of super inflation, of developers trying to make money.

He said many developers did not have the capital for development and started selling off-plan, taking deposits or even full payments in advance.

Many developers landed with capital shortages and could not meet commitments. In some cases there was dishonesty.

Administrative and maintenance costs were underestimated and levies rocketed, Lochner said.

CAA-Tonis 16/5/90 300

City pensioners to march

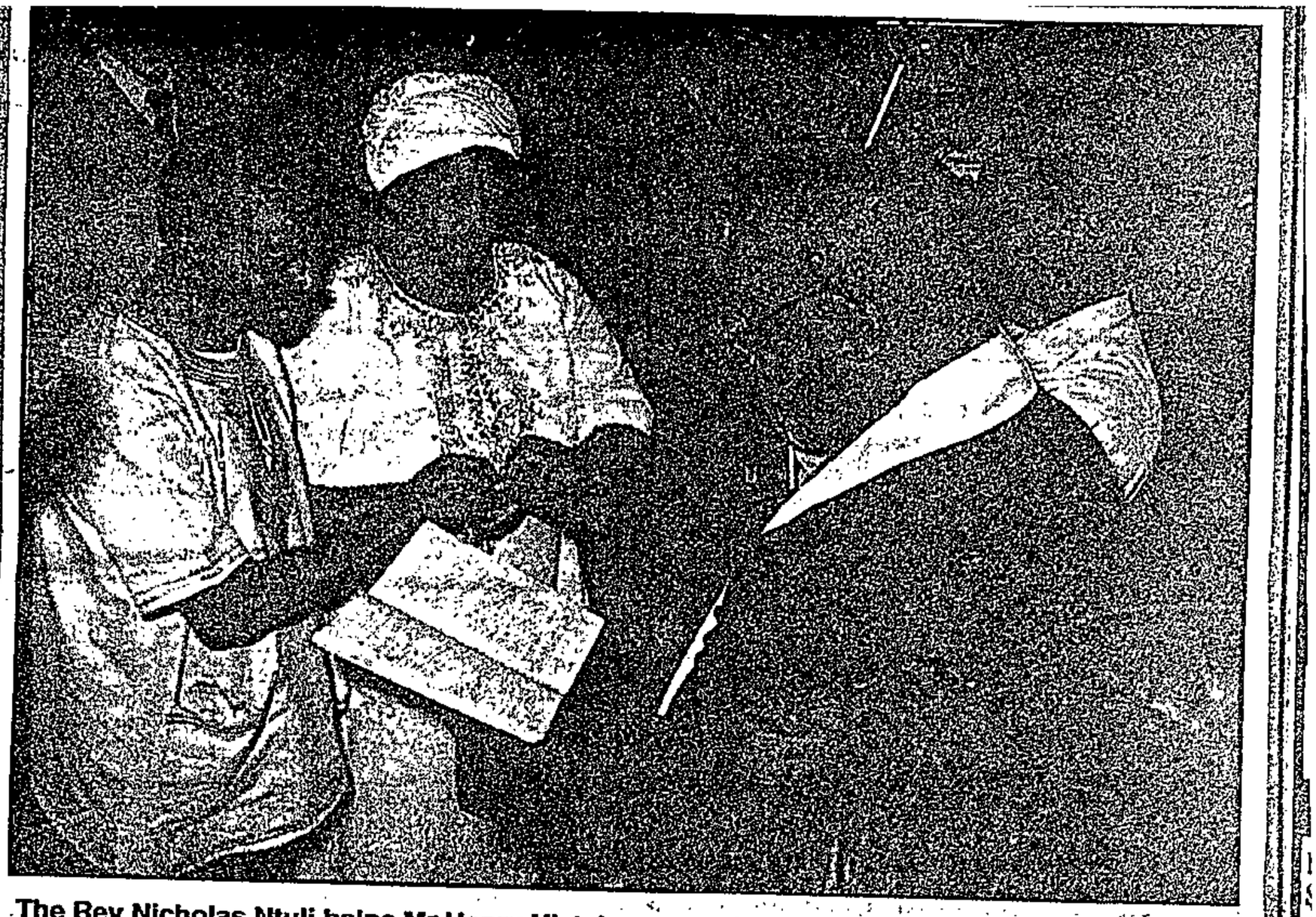
Staff Reporter

BLACK pensioners have been given permission by Cape Town City Council and the chief magistrate of Cape Town to march from the Golden Acre to the City Hall to protest against low government pensions.

The march will take pace on May 22.

On the steps of the City Hall, the chairman of the Black Pensioners' Organization, Mr Winnard Zantsi, will hand over a petition to the MP for Claremont, Mr Jan van Eck.

Mr Zantsi said yesterday that blacks were receiving pensions of R150 a month. White pensioners receive R260 a month.



The Rev Nicholas Ntuli helps Mr Henry Hlatshwayo and his bride Joana with the ring during their wedding at the Soweto Home for the Aged yesterday. Pic: LEN KUMALO

Special day for aged couple

Soweten 17/5/90 (300)

By PHANGISILE MTSHALI

A LOST wedding ring and poor memory did not stop 65-year-old Henry Hlatshwayo from saying "I do" to his equally aged sweetheart, Joana Mtshali (63).

Staff and residents of the Soweto Home for the Aged will remember yesterday as the day that proved that love has no boundaries when the two tied the matrimonial knot.

The two pensioners made their vows in the home's tiny chapel in front of fellow residents resplendent in their best costumes and suits.

However, the unusual ceremony was marred by the ravages of old age.

The groom had misplaced the wedding ring and when the Rev Nicholas Ntuli asked for it the home's staff passed around several rings, most of which did not fit the bride's tiny finger. Eventually, one was found to save the day for the happy couple.

Hearing

Ntuli had to repeat the marriage vows several times to make sure that the hard-of-hearing couple got them right.

Under his guidance Hlatshwayo, his husky voice shaking, vowed to love and cherish his wife "until death do us part".

The bride's sister, Mrs Evelyn Maseko, also a resident at the home, was the couple's only relative present.

Hlatshwayo is divorced with two children and his new wife never married and has no children.

Said a beaming Joana: "We met and fell in love. It was love at first sight.

"Today we are just celebrating. We signed in court on Tuesday and are very happy," she said.

Staff at the home sang with booming voices as the couple marched from the chapel hand in hand to the diningroom for a "small lunch".

Cor

A fresh approach to housing finance

USING retirement funds to assist with housing finance is a fresh and flexible approach to making houses more affordable to the low-income buyer, says Old Mutual assistant GM employee benefits Henk Beets.

In an article published in the Labour and Economic Research Centre's quarterly Trustee Digest, Beets says at national level government priority given to schemes which subsidise or aid home-ownership and the provision of affordable shelter for South Africans, have to contend with other important national needs — such as health care, education and care of the aged.

Important

This means individuals and employers have to be involved in developing systems and structures to enable people to buy their own homes.

The need for appropriate accommodation extends into retirement, so that an investment in housing by an individual has to be seen as an important part of retirement preparation, he says.

The provision of housing assistance is no different from other employee benefits. However, the cost of providing a full range of benefits at the same time to all employees can be higher than can reasonably be afforded either by the individual or by the company.

What is needed is greater flexibility in individual benefit options available from retirement funds and a focus of available resources on meeting priority needs first.

It is important to identify individuals' priorities and to direct the available cashflows towards their lifecycle of needs, he says.

If owning a house is an immediate priority, money which is used for retirement benefit provision can be diverted for some time to make this possible and to speed up the process of home-ownership.

Beets gives an illustration how this approach operates and how it makes housing finance cheaper and easier to obtain.

A new member joins a fund to which he or she makes contributions and to which the employer also contributes.

Over a period of time, credit is built up and some or all of this accumulated credit is refundable to the member should he or she withdraw from the fund.

After a period, an amount equal to the member's credit in the fund (or the withdrawal benefit less any tax liability) is lent to the member as a deposit on the purchase of a home.

Subsequent contributions to the fund are also lent back to the member to assist in repaying the housing-loan commitments to other institutions (for example a bank or building society).

The contributions are therefore effectively channeled directly into repaying the member's mortgage bond.

After all the money owned to the bank or building society has been repaid, contributions to the fund again started accumulating towards the member's retirement benefit.

In addition, the portion of the member's income which was previously used to repay the mortgage loan is redirected to the fund to help ensure an adequate benefit is built up when the member retires.

Beets says through this process the member, remains eligible for the normal death and disability benefits provided by the fund.

If the member resigns before retirement, his or her outstanding loan from the fund is offset against the withdrawal benefit (less tax payements due).

If the mortgage bond has not been fully repaid, the member is still responsible for the rest of the repayements to the bank or building society.

The key features of the approach when considering low-income earners are:

☐ Members who would otherwise have difficulty in accumulating the required deposit for the purchase of a home are granted access to a lump sum;

☐ Traditional mortgage-loan finance is made more available because of availability of a deposit, and because the member is able to repay a loan by redirecting his or her retirement fund contributions to the lender.

Affordability:

☐ Full ownership of the home is made faster by making available additional repayments. Furthermore, contributions to retirement funds are normally based on a percentage of salary and increase as salaries go up. This approach also means the member can repay a mortgage bond much faster.

Security

There is greater security and easier administration for a bank or building society because repayments are collected in bulk through the employer's salary administration system.

Beets says the state plays an important role in creating and adapting the financial climate which can encourage and facilitate private home-ownership and retirement funding.

Certain facilities already exist within the pension and provident funds for making housing loans to members.

But, he says, these structures are inadequate and need to be amended to fully accommodate this scheme.



BREAKTHROUGH ... National Union of Mineworkers general secretary Cyril Ramaphosa and Southern Life chairman Neal Chapman shake hands after the signing of an agreement for the Cape-based insurance giant to administer the Mineworkers Provident Fund. The newly established fund, which has more than 220 000 members from more than 70 mining operations, marks a breakthrough in the mining industry and caters for unskilled and lower semi-skilled employees. Membership is compulsory for NUM members in recognised bargaining units within the industry. Voluntary membership is not restricted to NUM members and the total number of employees who could be admitted to the fund is estimated at more than 300 000.



GESTURE OF THANKS . . . Pensioners raise their hands in appreciation after receiving assurances that their petition for equal pensions for all races would be passed on to the government. Picture: STEWART COLMAN

CAPE Times 23/5/90

300

Equal money call as pensioners march

Staff Reporter

ABOUT 300 black pensioners marched from District Six to the City Hall yesterday in support of a demand for equal pensions for all races.

Cape Peninsula Black Pensioners' Organisation chairman Mr Winnard Zantsi, leader of the legal march, handed over a petition to DP MP Mr Jan van Eck in front of the City Hall.

Mr Van Eck undertook to pass it on to Mr Hernus Kriel, who is in charge of black pensions, and to other affected government ministers and the provincial authorities.

The petition objected to the "blatant discrimination" of officially granting black pensioners R175 a month (from July), coloured and Indian people R225 and whites R276.

The petition also complained about long pension queues, pensioners having to wait a month before the next payout if they were too ill one month to collect their money, and about cash pension payments, which they said were a security hazard.

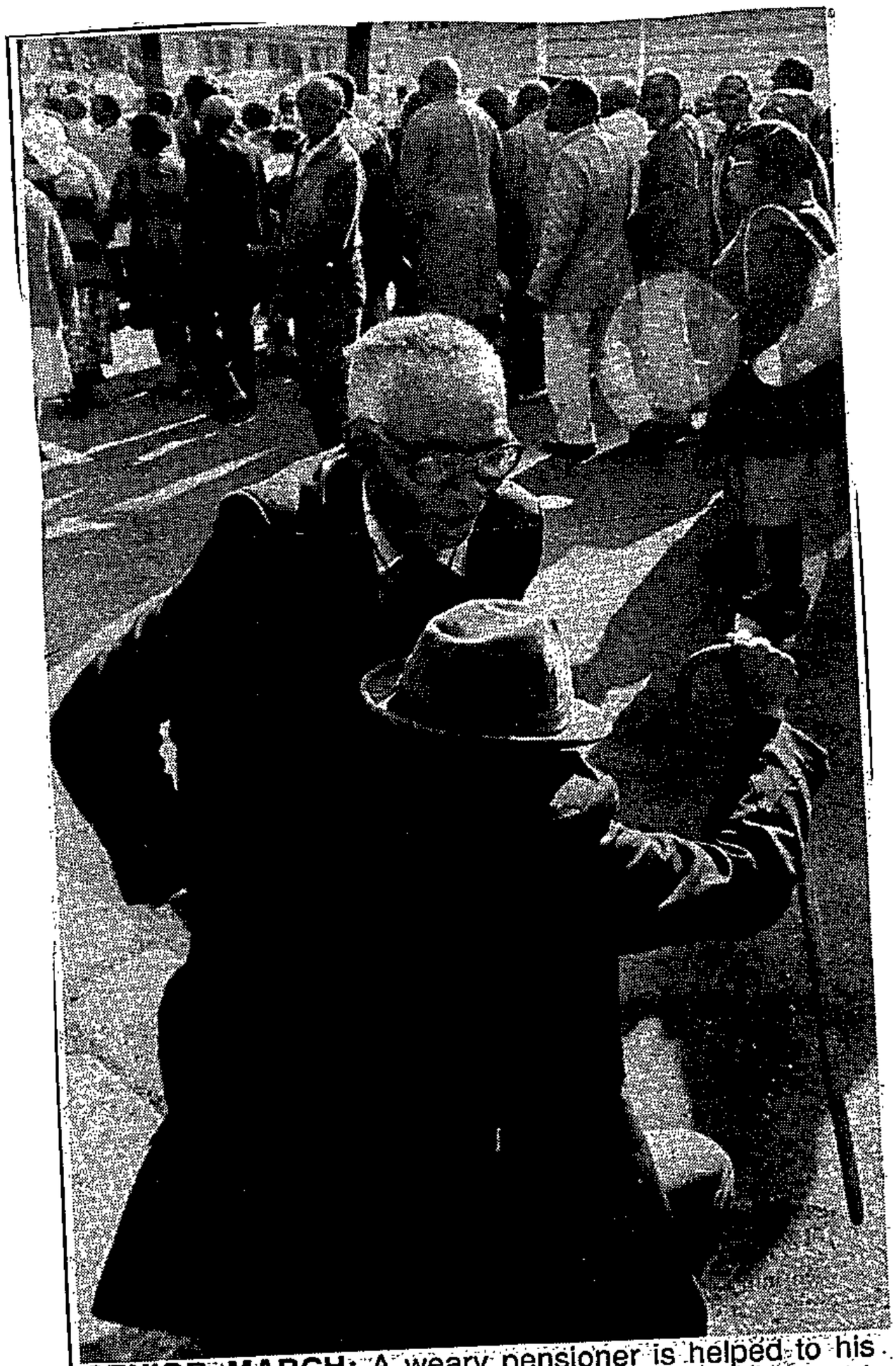
The Rev Jameson Jonas, general secretary of the organisation, said black pensioners actually still received R150 a month, as their extra R25 a month promised in the budget had not yet come through.

The extra amount would apparently be paid from July, even though coloured and white pensioners had already got their increases.

"It is not fair," he said.

The pensioners marched very slowly, singing hymns as they went. They were followed by two ambulances.

Mr Jonas prayed at the end of the march before he, Mr Zantsi and Mr Van Eck said a few words.



SENIOR MARCH: A weary pensioner is helped to his feet to continue a protest march in central Cape Town this week by about 200 African pensioners over unequal state pensions. — **Full story page 7** PIC: YUNUS MOHAMED

The 'throwaway' people

South 23/5 - 29/5/90 (300)

OLD-age homes and retirement complexes are springing up all over the country. With the increasing demand for housing and extended families cramped into houses meant for one family, the aged are being abandoned.

Ignored by the state and discarded by their own families, and many times incarcerated in homes where they are unhappy and poorly treated, the aged, it is argued, need protection in South Africa.

"I get angry every time a family approaches us for place at our home," said the secretary of a Wynberg old age home.

Destitute

The home was established to provide accommodation for destitute elderly people and excluded people who had families to care for them.

"Nowadays we get requests to accept people who have families to care for them, especially people who have been abandoned in hospitals.

"We can't say no because we are subsidised by the state and have to accept their referrals.

"But I am angered by the young people today who have lost respect for their parents."

Great-great-grandmother Mrs Caroline Abrahams, 96, was rescued from an old-age home in Bellville by her daughter-in-law after she threatened to run away.

One of her children commited her to the home after complaining that caring for her took too much effort.

Toothless

"I didn't like the place they sent me to. I would have run away if my legs could move fast enough," said Abrahams with a toothless grin.

"The biggest problem was the food they gave us. I love drinking tea all day but at the home we were lucky if we got tea once a day.

"They gave us soup with our porridge in the morning — can you believe that? Soup with sweet porridge!"

Abrahams said although the poor food was her biggest problem in the two months she spent at the home, there were other problems as well.

She took R30 with her when she was booked in, but when she asked for money to buy new slippers, she was told she had no money.

Deducted

Her pension of R218 a month was collected by the staff and R180 was deducted for the cost of her stay.

"I never saw a cent of the other money. I asked to see the rules of the home, but everytime I asked, the staff ignored me," Abrahams said.

Now the energetic 96-year-old is concerned that her daughter-in-law might get tired of caring for her and place her in a home again.

"I have to keep on my toes all the time so that I don't upset anyone."

Mr Chittaranjandas Chavda, of Cravenby Estate has a Supreme Court battle on his hands to stop his son from evicting him from the family home.

His son, the legal owner of Chavda's house, has asked the court to evict his father.

Chavda transferred ownership of the house to his son in 1982, believing his property would belong to his children after his death.

He continued living there with his wife and two daughters.

"In December last year my son sent me a lawyer's letter saying I must vacate the house within three days.

"He wanted me to pay R450 rent if I continued living in my house.

"How can I afford to pay that kind of money? My one daughter is mongoloid and the other is still at school. I only survive on the pension I get.

"I never thought I would see the day when my own son kicked me out of my home."

Not only does the state pay a pittance in pensions, but they make no attempt to ease the plight of the aged, welfare and community organisations say.

THE PLIGHT of many aged people is causing concern.

Traditionally, the aged have been a vital and useful part of our society. In many homes, they cared for the young and provided the wisdom and guidance which come with age and experience. Yet today, in many instances, the aged have been cast aside at a time when they need care and attention.

REHANA ROSSOUW reports:



FOUR GENERATIONS: After her ordeal at an old-age home, Mrs Caroline Abrahams, 96, is surrounded by her family again. With her is, clockwise from bottom, great-grandson Shaun Geyer, daughter-in-law Mrs Margaret October and grandaughter Mrs Caroline Conradie.



ANXIOUS: Miss Johanna Capes, in the doorway, and her sister, Miss Clara Capes, are waiting for the axe to fall after being evicted from their home.

Pensioners march in protest against low pensions

South 23/5 - 29/5/90 (300)

TRAFFIC came to a standstill in the centre of Cape Town on Tuesday morning when 200 pensioners marched in protest against their low pension payments.

Unlike most protest marches where freedom songs and militant toyi-toyis are a rule, the pensioners - some aided by walking sticks - sang hymns and moved slowly down Darling Street.

Cape Peninsula Black Pensioners Association chairperson Mr Winnard Zantsi said while white pensioners receive R276 a month, black pensioners struggled to survive on R150 a month.

Pensioners had been promised a 25 percent increase in April which whites, coloureds and Indians received, but African pensioners were told to wait until July, Mr Zantsi said.

The pensioners marched from District Six to the City Hall where some collapsed on the pavement.

Three elderly Bellville sisters are waiting for the axe to fall after the municipality decided to evict them from their flat.

The Capes sisters, aged 67, 53 and 50, lived in their house in Cupido Street since 1974.

Registered

Their younger sister, in whose name the flat is registered, moved out last year and the sisters were told by the municipality to leave the premises.

"We'll probably be out on the street soon. None of us were ever married and we don't have children to support us," said Miss Johanna Capes, 67.

"I can't sleep at night because of the worry and every time the postman comes I rush to see if our final warning has come."

Capes said she expected that after her retirement she would be able to rest. The eviction notice had affected her nerves and she twisted restlessly on the chair in her spotless house, wringing her hands.

The sisters' lawyer, who took their case to court in an attempt to get them to stay in the house, lost their case after the magistrate decided the council had grounds to evict them because of the long waiting list for housing.

"It was the first time in my life that I appeared in court. How can they kick us out because other people are waiting for houses? It's not fair," Capes said.

Her younger sister, Clara, was more optimistic. "Maybe Mr Right will come and rescue us three old spinsters," she said.

Negotiated

A spokesperson for the Bellville municipality said he could not comment on the Capes' eviction as the matter was being negotiated with the Bellville Residents' Association.

In their recent report on the current state of black pensions in South Africa, the Black Sash concluded: "There seems to be a lack of concern that the pensions are a life-line, not only for the pensioners but for whole families often dependent on them."

The 'throwaway' people

South '23/5 - 29/5/90 (300)

OLD-age homes and retirement complexes are springing up all over the country. With the increasing demand for housing and extended families cramped into houses meant for one family, the aged are being abandoned.

Ignored by the state and discarded by their own families, and many times incarcerated in homes where they are unhappy and poorly treated, the aged, it is argued, need protection in South Africa.

"I get angry every time a family approaches us for place at our home," said the secretary of a Wynberg old age home.

Destitute

The home was established to provide accommodation for destitute elderly people and excluded people who had families to care for them.

"Nowadays we get requests to accept people who have families to care for them, especially people who have been abandoned in hospitals.

"We can't say no because we are subsidised by the state and have to accept their referrals.

"But I am angered by the young people today who have lost respect for their parents."

Great-great-grandmother Mrs Caroline Abrahams, 96, was rescued from an old-age home in Bellville by her daughter-in-law after she threatened to run away.

One of her children commited her to the home after complaining that caring for her took too much effort.

Toothless

"I didn't like the place they sent me to. I would have run away if my legs could move fast enough," said Abrahams with a toothless grin.

"The biggest problem was the food they gave us. I love drinking tea all day but at the home we were lucky if we got tea once a day.

"They gave us soup with our porridge in the morning — can you believe that? Soup with sweet porridge!"

Abrahams said although the poor food was her biggest problem in the two months she spent at the home, there were other problems as well.

She took R30 with her when she was booked in, but when she asked for money to buy new slippers, she was told she had no money.

Deducted

Her pension of R218 a month was collected by the staff and R180 was deducted for the cost of her stay.

"I never saw a cent of the other money. I asked to see the rules of the home, but everytime I asked, the staff ignored me," Abrahams said.

Now the energetic 96-year-old is concerned that her daughter-in-law might get tired of caring for her and place her in a home again.

"I have to keep on my toes all the time so that I don't upset anyone."

Mr Chittaranjandas Chavda, of Cravenby Estate has a Supreme Court battle on his hands to stop his son from evicting him from the family home.

His son, the legal owner of Chavda's house, has asked the court to evict his father.

Chavda transferred ownership of the house to his son in 1982, believing his property would belong to his children after his death.

He continued living there with his wife and two daughters.

"In December last year my son sent me a lawyer's letter saying I must vacate the house within three days.

"He wanted me to pay R450 rent if I continued living in my house.

"How can I afford to pay that kind of money? My one daughter is mongoloid and the other is still at school. I only survive on the pension I get.

"I never thought I would see the day when my own son kicked me out of my home."

Not only does the state pay a pittance in pensions, but they make no attempt to ease the plight of the aged, welfare and community organisations say.

Three elderly Bellville sisters are waiting for the axe to fall after the municipality decided to evict them from their flat.

The Capes sisters, aged 67, 53 and 50, lived in their house in Cupido Street since 1974.

Registered

Their younger sister, in whose name the flat is registered, moved out last year and the sisters were told by the municipality to leave the premises.

"We'll probably be out on the street soon. None of us were ever married and we don't have children to support us," said Miss Johanna Capes, 67.

"I can't sleep at night because of the worry and every time the postman comes I rush to see if our final warning has come."

Capes said she expected that after her retirement she would be able to rest. The eviction notice had affected her nerves and she twisted restlessly on the chair in her spotless house, wringing her hands.

The sisters' lawyer, who took their case to court in an attempt to get them to stay in the house, lost their case after the magistrate decided the council had grounds to evict them because of the long waiting list for housing.

"It was the first time in my life that I appeared in court. How can they kick us out because other people are waiting for houses? It's not fair," Capes said.

Her younger sister, Clara, was more optimistic. "Maybe Mr Right will come and rescue us three old spinsters," she said.

Negotiated

A spokesperson for the Bellville municipality said he could not comment on the Capes' eviction as the matter was being negotiated with the Bellville Residents' Association.

In their recent report on the current state of black pensions in South Africa, the Black Sash concluded: "There seems to be a lack of concern that the pensions are a life-line, not only for the pensioners but for whole families often dependent on them."

THE PLIGHT of many aged people is causing concern.

Traditionally, the aged have been a vital and useful part of our society. In many homes, they cared for the young and provided the wisdom and guidance which come with age and experience. Yet today, in many instances, the aged have been cast aside at a time when they need care and attention.

REHANA ROSSOUW reports:



FOUR GENERATIONS: After her ordeal at an old-age home, Mrs Caroline Abrahams, 96, is surrounded by her family again. With her is, clockwise from bottom, great-grandson Shaun Geyer, daughter-in-law Mrs Margaret October and grandaughter Mrs Caroline Conradie.



ANXIOUS: Miss Johanna Capes, in the doorway, and her sister, Miss Clara Capes, are waiting for the axe to fall after being evicted from their home.

Pensioners march in protest against low pensions

South 23/5 - 29/5/90 (300)

TRAFFIC came to a standstill in the centre of Cape Town on Tuesday morning when 200 pensioners marched in protest against their low pension payments.

Unlike most protest marches where freedom songs and militant toyi-toyis are a rule, the pensioners - some aided by walking sticks - sang hymns and moved slowly down Darling Street.

Cape Peninsula Black Pensioners Association chairperson Mr Winnard Zantsi said while white pensioners receive R276 a month, black pensioners struggled to survive on R150 a month.

Pensioners had been promised a 25 percent increase in April which whites, coloureds and Indians received, but African pensioners were told to wait until July, Mr Zantsi said.

The pensioners marched from District Six to the City Hall where some collapsed on the pavement.

LEGISLATION F/M 25/5/90

Back to square one

The newly published Housing Development Schemes for Retired Persons Amendment Bill will starve the retirement village industry of development funds.

That, according to Sapoa, it will perpetuate the problems of the original Section 10 of the Act which was repealed because of pressure from the private sector.

Sapoa's response relates to one of two property-linked Bills published last week. The other was the the Usury Amendment Bill by the minister of finance. The Usury Act amendments are integral to the grand strategy, masterminded by the Urban Foundation, to entice institutional funds into low-cost housing.

In a strongly worded memorandum to the Director-General of Trade & Industry, Sapoa executive director Brian Kirchmann points out that the Retired Persons Amendment Bill (the second such amendment in less than a year) secures right of occupation to a retirement village unit for the purchaser, irrespective of whether the deal involves sectional title, share block or life right.

However, the main problem is that the amendment is structured so that it gives the unit buyer rights superior even to those of the mortgagee who provides the funds for the purchase.

He goes on to suggest that it would be trite to mention that a mortgagee lends to a mortgagor on the principle that the property can be sold to meet outstanding debts if the buyer fails to meet bond repayments.

However, in terms of the proposed legislation, any sale in execution now becomes subject to 75% of the holders of right of occupation consenting to the sale.

Kirchmann adds: "We cannot envisage any mortgagee being prepared to lend money subject to these conditions. To expect a mortgagee to acquire the consents envisaged in the Bill before a sale in execution is preposterous."

He further claims that the amendment is badly drafted because it is vague about issues such as preferrent claims and where they apply. He suggests that the holder of a right of occupation should have rights equal to that of the registered lessee.

Kirchmann and Sapoa's view is endorsed by property attorney Johan Roodt who points out that the amendment is designed to give pensioners a real right to the property they occupy irrespective of the type of purchase (*Property* February 9).

"If it goes through as it stands, a buyer of a life right unit will have greater rights than a freehold title owner who is subject to a mortgage bond." He believes the proposal, if approved, will severely affect the ability of developers to fund such schemes because of the lack of security for capital finance. It also restricts the developer's rights when dealing with his property. No scheme can take place on the site without the consent of all occupants.

"The net result is that all schemes in future will have to be self-financing because there will be no security available for long-term lenders. It makes nonsense of the business of development.

"Secondly, it fails to address an existing loophole related to the definition of retirement villages. This allows developers to bypass the constraints of the Development Schemes for Retired Persons Act altogether by simply not calling the development a retirement village and not confining occupation to people over the age of 55."

The Usury Act amendments (nine in all) seem likely to have a smoother passage. They are aimed at resolving two perceived obstacles to the entry of the financial institutions into low-cost housing (*Property* December 8).

They relate to the recovery and scale of the administrative costs of providing home loans by the banks and building societies.

Key aspects of the new legislation will be to entitle lenders to levy what is called the bond administration fee which will be a one-off R175 and a monthly ledger fee of R5 a month from borrowers.

Furthermore, every time the security under the property is varied or substituted, the lending institution — which previously wasn't entitled to charge for reviewing the new financial circumstances — will be entitled to charge R100.

In terms of security, an example would be where a person has a bond over two properties and wishes to have one of them released. The R100 will recover the administrative cost of making the change.

It also clears up a long-standing anomaly related to the charging of compound interest on overdue mortgage instalments.

The Usury Act amendments are an integral part of the Urban Foundation's strategy to dramatically dent the low-cost housing logjam. As part of this initiative the foundation negotiated a R20m loan guarantee fund on the international financial markets which will reduce mortgagee exposure in the sub-R35 000 housing arena, particularly as such lending carrics a higher risk as a result of political disturbance, and the risks of defaulting on payment by purchasers because of strikes, boycotts or loss of employment.

According to attorney Standish O'Grady, who worked on drafting the legislation, the Bill will also entitle the lender to recover premiums for guarantee insurance (the premiums paid into the loan guarantee fund for high-risk, low-cost housing). ■

Protea chief sounds warning

Investors attracted by the high potential returns inherent in all-equity-based retirement annuities should first ensure that all or part of their funds can be transferred at any time to more conservative portfolios.

This is the advice of Jim Brayson, senior executive of the Life Division of Protea Assurance, the first life assurer to offer clients an all-equity-based investment option.

"While equities have consistently out-paced most other investments in the long term, the stock market is by no means always the source of optimum returns.

"At a given time, alternative investments such as gilts, options or property might be yielding higher earnings and, in these circumstances, policyholders should have the option of moving wholly or partially into a fund that enables prevailing conditions to be fully exploited," he says.

Protea Assurance has a sophisticated split investment link enabling clients to participate in up to five different investment portfolios on a single policy.

Star 26/5/90

The company's technological lead is such that it remains the only life assurer in SA able to switch all or part of a policyholder's contributions under an existing retirement annuity or endowment policy — as well as the capital already accumulated — to an all-equity fund.

In fact, all four provinces funded pre-primary education from available funds of such a Department with relation to the pupil/teacher ratio on the basis of stipulated regulations under the ordinances. The hon member is very much aware of the fact that money is not generated for pre-primary education within the formula. Each province, each education department, is able to use some money for pre-primary education within the available funds he receives, because it is a very important part of education.

The Natal Education Department used a stipulated amount for pre-primary education. He continued with the same amount for the funding of pre-primary education until the beginning of January this year. The other provinces started scaling down at previous occasions, as the Natal Education Department already did from 1986 with regard to other financial posts within the Department because the finances became less. The Natal Education Department felt however to continue until the beginning of January. What happened then?

At the beginning of January the Director of Education realised that he must run his Education Department in the best manner possible with his limited funds. He then thought it proper to take a little money away from pre-primary education which is not compulsory education. He then dropped 80 posts which were all temporary posts in which temporary teachers served.

There is in other words no question about the fact that he terminated the service of 80 people. The contracts of the 80 people who were in those temporary posts expired, and the contract was not renewed because there were no more posts. That is why I stress that. Nobody suffered any loss. I can assure the hon member if my memory is not playing tricks with me, that of those 80 people who were in these teaching posts, there are only 23 who are not filling teaching posts, that is in a school or in pre-primary education or wherever it may be.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

White old-age pensioners: means test

*4. Mr B B GOODALL asked the Minister of Health Services, Welfare and Housing:

Whether any steps are being taken by his Department to adjust the means test for White old-age pensioners; if not, why not; if so, what steps? B1130E

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:

The income leg of the means test was extended as recently as 1 April 1990 when social pensions were increased.

The Mouton Commission is currently investigating the whole question of the payment of social pensions and in particular the further extension of the means test. The outcome and recommendation of their investigation are being awaited and until such time no further announcement in this regard will be forthcoming.

J G Strijdom Hospital: application for certain post

*5. Mr M J ELLIS asked the Minister of Health Services, Welfare and Housing:

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, applied for a post as part-time consultant surgeon at the J G Strijdom Hospital in November 1989; if so, what is the name of this person;

(2) whether he was considered for this post; if not, why not; if so,

(3) whether he was appointed to this post; if not, (a) why not and (b) in what manner was he informed of this decision? B1131E

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:

(1) The person referred to and whose name is known to the member, was interviewed by the Superintendent of the J G Strijdom Hospital during November 1989. At this interview he was requested to submit a Curriculum Vitae and a completed Z83 application form. This request was never acceded to and he was therefore not considered for this post.

(2) and (3) Fall away.

Teacher Education for the 21st Century

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

(1) Whether his Department received from the Natal Education Department a copy of a document entitled *Teacher Education for the 21st Century*; if so, (a) why, (b) what is the purpose of the document; (c) what is his response to its contents and (d) what are the future plans for the document;

(2) whether he will make a statement on the matter? B1132E

The MINISTER OF EDUCATION AND CULTURE:

(1) No, but the Department is aware of the document which has not been finalised;

(2) no.

Johannesburg College of Education lecturer: appeal

*7. Mr A GERBER asked the Minister of Education and Culture:†

(1) Whether, with reference to his reply to Question No 3 on 14 March 1989, the appeal case of his Department against a court judgment in which a decision of his Department in respect of a lecturer at the Johannesburg College of Education was set aside, has been concluded; if not, when is it expected to be concluded; if so, what is the outcome thereof;

(2) whether he will make a statement on the matter? B1141E

The MINISTER OF EDUCATION AND CULTURE:

(1) No, the appeal will be heard on 13 June 1990;

(2) no.

For written reply:

General Affairs:

Development Bank of Southern Africa: decentralisation

371. Mr H H SCHWARZ ased the Minister of Finance:

What total amount did the Development Bank of Southern Africa, in 1989, (a) invest in, and/or (b) grant in loans to, each specified development region where decentralisation concessions or incentives are applicable? B899E

The MINISTER OF FINANCE:

In the 1989/90 financial year, which ended on 31 March 1990, the Development Bank of Southern Africa had the following loan commitments for projects in the implementation and negotiating phases in the nine development regions.

Region	*Number of loans*	*Amount (R'000)*
A	3	1 625
B	11	269 148
C	13	90 295
D	94	384 878
E	52	374 721
F	15	50 905
G	120	332 095
H	34	196 754
J	21	219 270
Total	363	1 919 691

Notes:

(i) Each of the above development regions has two or more industrial development or deconcentration points, for which different concessions or incentives apply. The Development Bank loans per region are not necessarily for projects at such points.

(ii) Apart from the abovementioned development regions, the Bank in the past financial year also had commitments of almost R300 million for 18 loans for projects in neighbouring countries.

Government: amounts owed

410. Mr H H SCHWARZ asked the Minister of Finance:

What amounts were owing to private bodies and persons by the Government, other than on bank facilities and stock issues, as at (a) 31 December 1989 and (b) the latest specified date for which information is available? B957E

The MINISTER OF FINANCE:

(a) 31 December 1989 — R1 649 580 314,96

(b) 30 April 1990 — R1 228 120 406,89

(Foreign loans, stock issues and Treasury bills excluded).

Pension funds put R50-m into Golden Walk

By Roy Cokayne

A consortium of 20 pension funds has invested R50 million in Debruynplan (Pty) Ltd's R140 million Golden Walk shopping and office development in Germiston.

The investment in Golden Walk, the second major development outside Pretoria by Debruynplan (Pty) Ltd, was organised by Dr Peter Penny of Herbert Penny (Pty) Ltd.

A spokesman for Debruynplan (Pty) Ltd, the property development arm of the Debruyn Group, said the investment represented a nod of approval for the company, particularly as the pension funds had expressed the desire to be involved from the outset in their future developments.

Debruynplan (Pty) Ltd managing director Mr Henri de Bruyn said Golden Walk was the most exciting project developed by the De Bruyn Group in its 104-year history.

"No wonder investments are streaming in," he said.

The spokesman said Debrynplan (Pty) Ltd had arranged a short-term bond from Syfrets Bank and a long-term bond from Syfrets Participation Mortgage Nominees to fund the development and started negotiating with potential investors only recently when the development was nearing completion.

"The complex is about 90 percent completed and the key tenants — the OK, Pick 'n Pay and Woolworths — are all open. The development, including four cinemas will be finished within the next two months.

The Golden Walk centre is owned by Astra Property Holdings (Pty) Ltd, which is a wholly-owned subsidiary of Debruyn's Beleggings (Pty) Ltd. Astra Property Holdings (Pty) Ltd is being converted into a share block company, Astra Shareblock Company (Pty) Ltd, to accommodate the investors.

CU's profits rise by 31% to R48-million

Commercial Union has announced a 31 percent increase in 1989 after-tax profits for with-profit life and pensions policyholders to R48 million from the previous year's R36,7 million.

These profits, used to boost the value of policyholders' benefits, derived from investment income and capital appreciation on equities and property which were substantially higher than that assumed in fixing premium rates, said general manager John van der Linde.

A 20,25 percent total yield on deposit administration plans for pension funds underlined Cusaf's competitiveness in providing retirement benefits, he said.

Cusaf's life fund stood at R1,353 billion at end-December 1989, backed by assets of R1,803 billion, a 50 percent increase on the 1988 asset figure. — Sapa

B Day 6/6/90

Average pension payouts devastated by inflation

300

1983

ALAN FINE

WHILE close to 90% of SA's formal sector employees now enjoyed retirement fund membership, the average monthly pension payout has been ravaged by inflation — dropping by about 60% in real terms in the past 17 years.

These are among the findings released yesterday by the Mouton Committee investigating the retirement fund industry and charged with making recommendations on a future system.

Committee secretary Reg Munro told Business Day the committee was making public the results of its exhaustive research — with some initial diagnoses of problems — to open public debate on the matter.

The committee has been asked by Finance Minister Barend du Plessis to submit at least an interim report to him by November.

Committee research has disclosed that by 1988 more than 6-million South Africans were retirement fund members, more than four times the number in 1970.

The establishment of a provident fund for black mineworkers last year — with a potential membership of 500 000 — would have increased that figure substantially, Munro said.

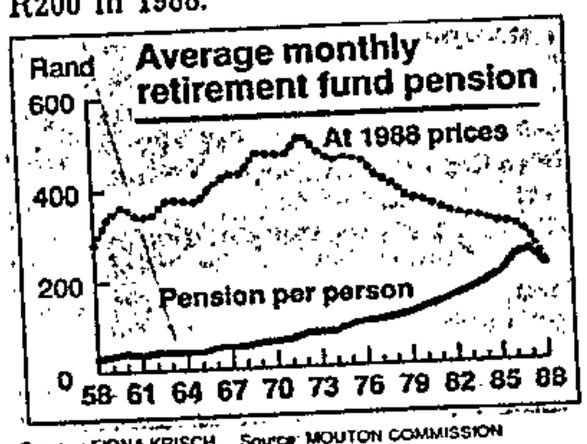
Since the bulk of the formal sector work force was covered, a national contributory pension fund would not achieve much, Munro concluded.

He said there were serious problems in drawing the informal sector into the retirement benefit industry.

"Incentives are tax-driven, and the informal sector does not pay tax," he pointed out. Another problem related to ensuring regular contributions.

Munro said committee research showed while the retirement fund industry had done a good job in drawing people into membership, and had achieved reasonable returns on investment despite the prescribed asset regulations, it had done poorly in ensuring pensioners' payouts kept pace with inflation.

After a steady climb in real average pension payouts until 1972 (about R500 a month when converted to 1988 prices) the figure had fallen to about R200 in 1988.



Graphic: FIONA KRISCH Source: MOUTON COMMISSION

This, said Munro, was a result of inflation and the first large group of unskilled, low-paid black workers reaching retirement age after a relatively short period of fund membership.

Inflation remained a problem. More recently black unions had initiated a trend towards provident, rather than pension, funds. "Provident funds expose beneficiaries to inflation badly. I do not know whether they have got to grips with the problem of using lump sum investments to provide returns which take account of inflation," Munro said.

A further problem, he said, was transferability. Today less than 10% of people changing jobs transferred accumulated benefits to new funds.

But, he added, his view was that imposing a law making transferability compulsory was not the answer.

"We are looking for a holistic solution," said Munro.

One positive development, in so far as retirement fund contributions were seen as deferred pay, was that the interest payable on withdrawal benefits was increasing mostly, he believed, because of union pressure.

While in 1985 96% of people withdrawing from funds earned less than 6% on contributions, this figure had fallen to 54% by last year. In 1985 1% earned more than 10% interest; the number last year had risen to 5%.

lifting this coveted cup.

ITALIA'90

Old pensioner dies from cold at pay point

By LANGA SKOSANA

A DOBSONVILLE, Soweto pensioner froze to death yesterday while waiting for her pay at the township's Kopanong Cummunity Centre.

Mrs Mary Nomayezo Tshaka, who age is not known, of Hashe Street, is said to have arrived at pay point about 3am - to be first in the queue - and waited outside the hall for the paymaster who normally arrives at 9.30am.

Her body, covered in a blanket, lay on the grass for about four hours before police arrived.

A Weather Bureau spokesman said the temperatures dropped to minus eight degrees at Jan Smuts Airport at 5am yesterday and it was possible that at Dobsonville it could have dropped to minus 12 because of the wind blow.

To Page 2

Pensioner freezes to death

From Page 1

Transvaal Provincial Administration assistant director of pensions Mr Don Hill said yesterday more community involvement with the elderly could eradicate such tragedies.

"What we would like to see is that people should get their money from the banks but this looks unaccepatable to banks as they do not make money out of paying pensioners.

"Another way is to get family members to draw on behalf of the pensioners as it would help those who are sick and those who cannot walk." Hill said.

His department wanted to encourage people not to queue for their money at dawn.

Dobsonville Advice Centre chairman Mr Sandile Ntwasa said he had found Tshaka's body at about 6am when he arrived to prepare sitting for the pensioners.

He said she may have been at the pay point since 3am. He immediately contacted members of the Dobsonville Care of the Aged and the police.

"It's heart-breaking when our old people have to die this way" he said.

His organisation and the Dobsonville Care of the Aged had impressed on the elderly not to come to the pay point before 8am.

" I chased away one old man, Mr Abram Moleane, last night who wanted to spend the night here," he said.

Moleane, when asked why he wanted to spend the night at the pay point, said he wanted to be first in the queue.

Mr Jafta Seitshiro, chairman of the Dobsonville Care of the Aged, said about 80 of the 400 Dobsonville pensioners usually queue up from dawn in spite of requests to come after 8am.

HOUSE OF DELEGATES

QUESTIONS

† Indicates translated version.

For oral reply:

General Affairs:

State President:

Cabinet: appointments from HOR/HOD

*1. Mr D K PADIACHEY asked the State President:

(1) Whether he intends appointing any members of the House of Representatives and/or the House of Delegates to his Cabinet; if not, why not; if so, when;

(2) for what reasons were no members of the House of Representatives and the House of Delegates included in his team that had talks with certain extra-parliamentary bodies from 2 to 4 May 1990?

Hansard 7/6/90 D164E

The STATE PRESIDENT:

(1) It is not convention for the State President to discuss or to motivate publicly appointment of members of the Cabinet. There is in principle no objection to appointment of members from the House of Representatives or the House of Delegates, as was proved during the period when the Chairmen of both Ministers' Councils served in the Cabinet. There are various reasons why this is not the case at present. This does not, however, mean that the leaders concerned are excluded from negotiations and discussions. In fact, I created a forum for discussion of matters of common interest among the three Ministers' Councils, the State President and members of the Cabinet and regular discussion takes place in this forum.

(2) The meeting between the Government and the ANC from 2 to 4 May 1990 was merely one of several discussions in the pre-negotiation process which the Government is conducting with a variety of parties and organisations. The main purpose of this meeting was the removal of obstacles which might be standing in the way of the real negotiating process, with special reference to the ANC. Discussions were held recently with other parties and organisations as well. This series of discussions has to be distinguished from the real negotiating process, which will be far more representative.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the answers given by the hon the State President, while I do accept the principle that details in respect of Cabinet appointments are not for public discussion, what would the hon the State President's view be in respect of the genuine concern and criticism that while this Parliament consists of three Chambers, the members of the Cabinet are appointed from one Chamber only? I am not questioning details, I am questioning a principle, particularly in that there were Deputy Ministers with portfolios who were Ministers attached to the Cabinet of this country. Hansard 7/6/90

The STATE PRESIDENT: Mr Chairman, I cannot fully agree with the statement by the hon the Leader of the Official Opposition that he accepts that the composition of the Cabinet should not be discussed by the public. They are welcome to discuss it. What I am saying is that it is not the convention for the State President to motivate the composition of the Cabinet.

In circumstances where there can be full co-operation and when there is general agreement about the major policy directions, obviously it would be best if majority leaders from the other Houses also served in the Cabinet. This matter has a history, as the hon member knows, and because of this history I have in a very specific way tried to accommodate the need for regular interaction. Discussions take place on a regular basis between myself and the Chairman of the various Ministers' Councils of all three Houses of Parliament, and we are satisfying the need for proper interaction and communication as best we can.

The ACTING CHAIRMAN OF THE HOUSE: Order! We shall now proceed to the next question. We have only five minutes for all four questions, and I regret that we have no more time for this question.

Ministers:

James Commission of Inquiry: representations

*1. Mrs D GOVENDER asked the Minister of Justice:

Whether he or his Department has received any representations in respect of prosecution arising out of the report of the James Commission of Inquiry; if so, (a) (i) when and (ii) from whom in each case and (b) what was the (i) purport of and (ii) response to each such representation?

Hansard 7/6/90 D185E

The MINISTER OF JUSTICE:

As far as could be ascertained no representations in respect of a prosecution arising from the James Commission of Inquiry were received by the Department of Justice. However, the Office of the State President as well as my office received representations pertaining to matters arising out of the report of the abovementioned Commission.

Motor-car licences: concessions to pensioners

*2. Mr K PANDAY asked the Minister of Transport: Hansard 7/6/90 (300)

Whether it is the intention to grant concessions to pensioners in respect of motor-car licences; if not, why not; if so, (a) when and (b) what is envisaged in this regard?

D197E

The MINISTER OF TRANSPORT:

No, although the present road traffic regulations, which came into force on 1 June 1990 in accordance with the Road Traffic Act, 1989 (Act No 29 of 1989), provide for the exemption from motor vehicle licence fees of certain persons or body of persons, it is envisaged that all exemptions be phased out according to the principle that every person or body of persons that owns a motor vehicle and is a public road user, should pay licence fees;

(a) and (b) fall away.

Grey Street: business watch

*3. Mr M MOHANLALL asked the Minister of Law and Order: Hansard 7/6/90

(1) Whether, in view of the current crime rate in the Grey Street complex in Durban, he intends establishing a so-called business watch in this area; if not, why not; if so, (a) when and (b) (i) what form will this business watch take and (ii) by how many policemen will it be manned;

(2) whether he will make a statement on the matter? Hansard 7/6/90 D205E

The MINISTER OF LAW AND ORDER:

(1) and (2)

During 1989 the Regional Commissioner of Natal and the Chairman of the Natal Chamber of Industries, started a business watch in the central business area of Durban.

The business watch consists of 1 lieutenant, 2 sergeants and 10 constables with their own vehicle, radio network and a control centre at the Broad Street charge office.

The South African Police and the Durban City Police also entered into an agreement of co-operation in terms of which the City Police make approximately 15 members per shift available to assist the business watch with the combating of crime. By so doing the activities of the business watch could be expanded to also include Grey Street and Warwick areas. Members attached to the business watch, patrol the business areas concerned mainly on foot.

In addition to this, a satellite police station was opened at the Berea West railway station which borders on Grey Street.

At present serious attention is being given to enlarging the numerical strength of the business watch with a further 10 members as soon as possible.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Harms Commission: legal team

*4. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Justice: Hansard 7/6/90

(1) Whether he or his Department authorised the State Attorney to engage the services of a legal team to represent any persons appearing before the Harms Commission

Bill to protect rights of retired

CAPT Tue P 8/6/90 300

Political Staff

TRADE, Industry and Tourism Minister Mr Kent Durr plans to outlaw allegedly misleading offers of life rights to retirement homes, as part of a broader initiative to protect the rights of people who participate in retirement schemes.

Mr Durr, who was introducing debate on the Housing Development Schemes for Retired Persons Amendment Bill in Parliament yesterday, said that apart from the changes proposed in the Bill, he was considering other legal amendments to outlaw the misleading offers. These amendments would prohibit property developers from offering buyers life rights when, in fact, they did not get occupation rights.

The Bill is aimed at ensuring that the occupational rights of retired people participating in housing schemes are protected. To achieve this, the Bill's proposals compel developers to have the purchaser's title deed endorsed by a registrar of deeds before life rights are offered. This places the property under the jurisdiction of the legal amendments.

The Bill follows a number of cases where the life savings of retired people participating in retirement schemes have been threatened.

Special provision will be made to accommodate the endorsement of title deeds for existing schemes.

Housing Bill to help retired

CAPE TOWN — It was always tragic to hear about retired people who had lost all their savings through the action of housing developers, **Trade and Industry Minister Kent Durr** said yesterday.

Introducing the Housing Development Schemes for Retired Persons Amendment Bill, he said the Bill's main thrust was to ensure that the occupational rights of a retired person were safeguarded once he participated in a housing development scheme within the ambit of the Act.

It also created the right of occupation in favour of a retired person.

No retired person whose rights fall within the ambit of the Act will undergo the agony of losing that for which the person has worked for. — Sapa.

RETIREMENT VILLAGES F/M 8/6/90

A frail balance (300)

Frail care centres may offer the elderly the security of being looked after when they're infirm. But they've also been identified as one of the principal reasons so many retirement villages run into trouble.

Villages boasting such facilities may have a marketing edge over competitors who don't offer them. However, in many cases, frail care centres, expensive to establish and run, have turned into monetary millstones.

Many developers are thus giving serious thought to a viable alternative to dedicated frail care centres in individual villages.

The Human Sciences Research Council recently conducted workshops in Cape Town and Pretoria on retirement villages at which the issue of frail care centres featured strongly. According to the HSRC's Dr Monica Ferreira, a working document has been drawn and is now under discussion.

Some developers who have pressed ahead on their own in finding workable alternatives have run into contractual problems with village occupants. A case in point is Edenvale's Leisure View (*Property* April 27) where some villagers are upset at a proposal to provide an alternative plan.

F/M 8/6/90 (300)

Sapoa's retirement committee has also taken up the issue. At a meeting last week attended by representatives of several church bodies, the National Council for the Aged and government, it was decided to investigate the possibilities of shared facilities.

This is not a problem for planned schemes, but changing purchase agreements and the contractual rights of residents of existing schemes is legally complicated.

Sapoa director Brian Kirchmann says a sub-committee, motivated and steered by the council, has been established to identify villages where frail care centres, or the promise of them, presents a problem. It will then ascertain, by survey, what the residents want and which villages believe their problems can be overcome by shared facilities.

They will become candidates for a pilot project which will seek practical and cost effective ways to transfer frail care out of the hands of individual villages into satellite centres servicing several communities.

"Such satellites could be properly staffed and nursing sisters would be sent around to the villages to deal with the normal day-to-day things which trouble old folk." he says.

Initially in mind, are three pilot projects, one in the Transvaal, one in Natal and one in the western Cape. ■

Spade attack on pensioners

Cape Times 11/6/90

300

Staff Reporter

A MAN attacked a 70-year-old pensioner and his 69-year-old wife with a spade at their home in Simon's Town on Saturday.

Mr Denys Mosel is in a stable condition at Groote Schuur Hospital's intensive care unit. Early yesterday he underwent a five-hour operation.

His wife, Mrs Peggy Mosel, is recovering in False Bay Hospital, Fish Hoek.

Mrs Mosel told yesterday of how the attacker had repeatedly bludgeoned her husband with the spade before turning on her.

She has a broken arm, multiple bruises and head injuries. She said if it had not been for some "quick thinking" she could have suffered a similar fate to that of her husband — or worse.

Mrs Mosel said the incident occurred soon after 9am on Saturday when a young gardener recommended to them by a friend was helping her husband in the backyard of their hillside Dorries Drive home at Froggy Farm near Simon's Town.

"I was in the house and looked through a window to see Denys lying face down in the backyard."

She said the man came through the back door and grabbed her. He demanded money and she gave him R40.

Mrs Mosel said her attacker then started beating her up and throwing her around the sitting room. "I do not know where I got the strength from, but I fought back like a tiger."

The attacker then dragged Mrs Mosel down a passage to the couple's bedroom.

"He left me there and went outside. I think he was going to fetch the spade. I locked myself in and started screaming."

Mrs Mosel said the ordeal ended when neighbours streamed onto the Mosel property to help.

Police said yesterday that a man had been arrested within half-an-hour of the attack. He will appear in court soon on a charge of attempted murder.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Questions standing over from Tuesday, 5 June 1990:

Cape Province: hospitals for Whites only

*1. Mr K M ANDREW asked the Minister of Health Services, Welfare and Housing:

(1) Whether there are at present or were in May 1990 any hospitals for Whites only in the Cape Province; if so, (a) which hospitals and (b) why;

(2) whether all the services provided by these hospitals are now available to all races; if so, since when; if not, why not;

(3) whether any change is planned in regard to such hospitals; if so, what change?

Hansard 12/6/90 B1161E

†The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:

(1) (a) and (b) No.

Four provincial hospitals in the Cape Province were transferred to the Administration: House of Assembly in terms of the Republic of South Africa Constitution Act, 1983.

(2) Yes. All the services provided by these hospitals have always been available to all races subject to the availability of funds.

(3) No.

Mr K M ANDREW: Mr Speaker, arising from the hon the Minister's reply, is he aware that as recently as this month people phoning Conradie Hospital in Cape Town for information about admission have been asked what their colour is? [Interjections.]

†The MINISTER: Mr Speaker, to the best of my knowledge, the four hospitals that are under discussion here are the Volks Hospital, William Slater Hospital, the Port Elizabeth General Hospital and the Walvis Bay Hospital. It seems to me that the hon member for Cape Town Gardens directed his question to the wrong address.

*2. Mr K M ANDREW — Health Services, Welfare and Housing. [Question standing over.]

New questions:

White teachers' colleges: persons of colour

*1. Mr A GERBER asked the Minister of Education and Culture:†

Whether it is his Department's policy that persons of colour be permitted (a) to receive education and (b) to reside in hostels at White teachers' colleges; if not, why not; if so, how many persons of colour are currently (i) studying, and (ii) residing in hostels, at teachers' colleges under his Department's control?

Hansard 12/6/90 B1185E

†The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING (for the Minister of Education and Culture):

(a) Yes, in terms of Items 2 and 14 of Schedule 1 of the Constitution, service is rendered at three teachers' colleges,

(i) 285 distance teaching students at the Natal College of Education, 11 B Prim Ed students at the Edgewood College of Education and 53 B Prim Ed students at the Johannesburg College of Education;

(b) no, because the Department does not render a service in this respect,

(ii) falls away.

†Mr A GERBER: Mr Speaker, arising out of the hon the Minister's reply, can he tell us whether tuition at the teaching college and residency in hostels of that teaching college are also regarded as services to persons of colour?

†The MINISTER: Mr Speaker, the hon member for Brits will surely not take offence if I do not reply to his supplementary question. I believe he must utilise the opportunity and put the question to my hon colleague, the hon the Minister of Education and Culture. [Interjections.]

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Homes for the aged: already non-racial

*2. Mr H D K VAN DER MERWE asked the Minister of Health Services, Welfare and Housing:† Hansard 12/6/90 (300)

Whether the homes for the aged falling under his Department are non-racial already; if so, from what date; if not, why not?

Hansard 12/6/90 (300) B1187E

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:

The Department at present subsidises 428 homes for the aged. The policy in respect of admittance to these homes is determined by the managements and owners of the homes concerned. The Department subsidises only Whites who are admitted to these homes.

The Department of Health Services and Welfare controls and operates four homes for the aged, namely Tini Vorster Home, Sonop, Karatara and Silwerkroon. At present only Whites are admitted to these homes as they are community orientated.

Lumpy-skin disease: shortage of vaccine

*3. Mr W L VAN DER MERWE asked the Minister of Agricultural Development:†

(1) Whether any shortage of vaccine supplied by Onderstepoort for the combating of lumpy-skin disease has been experienced since 1 January 1989; if so, why;

(2) how many doses of vaccine have been provided (a) in the Republic and (b) to African states and other countries since that date;

(3) in respect of what date is this information furnished? Hansard 12/6/90 B1226E

The MINISTER OF AGRICULTURAL DEVELOPMENT:

(1) Yes, a shortage of lumpy-skin disease vaccine was experienced due to the fact that the disease took on epidemic proportions at the end of 1989. One of the reasons for this is that farmers neglected to immunise their stock the preceding period. The supply and production of vaccine coincided with the demand because the vaccine does not have a long shelf-life.

There has not been a shortage of lumpy-skin disease vaccine since mid-April 1990.

(2) (a) 4 409 900 doses were supplied in the RSA between 1 January 1989 and 31 May 1990.

(b) 144 900 doses (that is 3,18% of the total 4 554 800 doses manufactured) were supplied to foreign countries (including African states) during the same period. Hansard 12/6/90

(3) The period in respect of which this information is supplied is 1 January 1989 to 31 May 1990.

For written reply:

General Affairs:

Harms Commission: counsel for SAP

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

(1) (a) (i) What are the names of the senior and junior counsel appearing for the South African Police before the Harms Commission and (ii) how many years has each such counsel been in practice and (b) what arrangements have been made between the Police and such counsel regarding remuneration to be paid to them;

(2) whether any counsel are being paid retainers; if so (a) to whom are such retainers being paid and (b) (i) how much is being paid, and (ii) why, in each case;

(3) whether any arrangement has been made between the Police and any counsel regarding the (a) duration of services and (b) length of notice required for the termination of such services; if so, (i) what are these arrangements, and (ii) why were they made, in each case?

Hansard 12/6/90 B776E

The MINISTER OF LAW AND ORDER:

(1) (a) (i) Advocate L Visser (SC)
Advocate S J Maritz (SC)
Advocate M D Du Preez
Advocate P Kemp

(ii) 20 years
17 years
14 years
11 years

(b) The fee structure of the advocates was compiled beforehand by way of agreement.

(2) No.

(a) and (b) Fall away.

Cape Times 12/6/90

Spade attack man critical

300

Staff Reporter

A 70-YEAR-OLD Peninsula man is still in a critical condition in the Groote Schuur Hospital's intensive care unit following an attack in Simon's Town where he was repeatedly hit over the head with a spade by a worker.

Groote Schuur Hospital spokesman Mrs Una Bloch said Mr Denys Mosel was still unconscious.

Mr Mosel underwent a five-hour operation on Sunday morning after suffering severe head injuries as a result of the attack at his Dorries Drive, Froggy Farm home on Saturday morning.

His wife, Mrs Peggy Mosel, is recovering from the ordeal in False Bay Hospital, Fish Hoek.

Aid scheme to hit widows

JOHANNESBURG. — Pensioners and widows linked to the Statutory Organisations Medical Scheme (Soms) are set to pay medical contributions for the first time from July 1.

Soms administration manager Mr A M le Grange said the overwhelming majority of the scheme's more than 110 member organisations had already agreed to the proposal.

All except one of the employer organisations linked to Soms had also agreed to subsidise the contributions of pensioners and widows, Mr Le Grange said.

"I think most of our members will pay above 50% of the new contributions," he said.

Mr Le Grange was unable to give any details of which organisations had agreed to subsidise the medical contributions of pensioners and widows or how much they were prepared to pay.

If the changes were not introduced Soms would go bankrupt, he said. — Sapa

RETIREMENT VILLAGES

Tidying up?

The proposed Housing Development Schemes for Retired Persons Amendment Act, which came into force last week, could kill the retirement village industry.

Trade & Industry Minister Kent Durr says he's been assured it won't stifle investment in retirement villages but he has been accused of making short-term political capital at the expense of developers and, in the long run, the elderly. FIM 15/6/90

A Johannesburg property lawyer, for example, maintains the Act will make it too risky for lenders to provide independent developers with funds. The upshot is that the industry is likely to be left in the hands of a few large institutional developers, such as Old Mutual and Sanlam, which are already in the retirement village market.

Not everyone, however, believes the amendments are counterproductive. Dennis Lehmann, former management committee chairman of the mothballed Helderberg Retirement Village (under judicial management) says that, though it came too late to help Helderberg, the Act should be welcomed because it will prevent undesirable developers.

(300)

provided certain principles are embodied in the Act. I am advised that the State law advisers have confirmed that these principles are indeed embodied in the new Bill."

Durr added he may also introduce legislation to end alleged misleading advertising relating to "so-called life rights." This would also affect the Housing Development Schemes for Retired Persons Act. "It would forbid developers claiming they are offering a life right when purchasers do not acquire rights of occupation.

"I'm sure that once the provisions of the amendment Bill are enacted, no retired person whose rights fall within its ambit will go through the agony of losing that which he has endeavoured to provide during his economically active life.".

Lehmann believes the amendments, though not retrospective, will close "a few little doors" and make it more difficult for fly-by-night, inexperienced and inefficient developers to squander the money of retired people. FIM 15/6/90

Responding to criticism that it will discourage retirement village development, Lehmann says the Act will enhance the credibility of developers. "People will no longer be suspicious because they know they are protected by tight legislation. True developers with access to cash who want to get into this market will not be discouraged."

However, a leading private developer argues: "Durr is trying to make political cap-

(300)

The amendments, primarily aimed at securing the right of occupation for the buyer of a unit, irrespective of whether the deal is done via sectional title, share block or life right tenure, has also been roundly criticised by Sapoa. FIM 15/6/90

Focus of criticism from a developer's viewpoint falls on section 4B of the Act which deals with alienation of land subject to right of occupation. It states that the land on which a village is located may not be sold without the consent of 75% of village occu-

(300)

pants. It also gives them a preferential claim to the proceeds of a sale.

It was this clause that prompted Sapoa to write a strongly worded memorandum to the Director-General of Trade & Industry when the draft amendment was first published (*Property* May 15). The Bill was not changed but the issue was addressed by Durr in parliament. FIM 15/6/90

He said: "The legal advisers of the Association of Mortgage Lenders say the association has no objection to the amendments,

FIM 15/6/90 (300)

ital out of the Act after the Helderberg disaster, but he is killing the retirement village market by going too far. Who will lend money on bond for such developments?

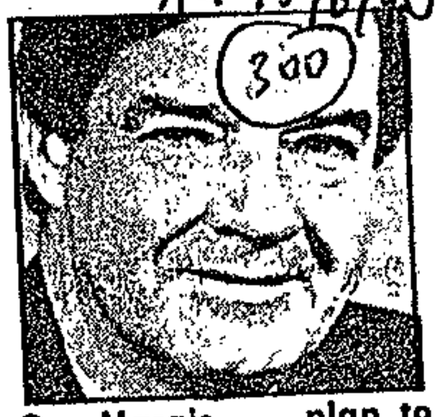
"Any potential mortgagee will back off once he realises he cannot sell the property in execution to recoup losses from a defaulting mortgagor without the permission of 75% of villagers. Furthermore, even with their permission the village occupants have a priority claim to the proceeds of the sale," he says. ■

Govt set on equal pensions for all

By Sven Lünsche

CAPE TOWN — The Government is set to introduce pension parity for all races if proposals to tax food next year are approved.

Presenting the draft Bill on the new Value-added Tax (VAT) system, which will be opened to the public for comment on Monday and introduced in Parliament in October 1991, Deputy Finance Minister Org Marais said yesterday the Government was looking at taxing all food items.



Org Marais ... plan to help the needy.

He said the additional revenue received of about R2,45 billion from the tax on food would be used to assist the needy through programmes targeted specifically at them.

The inclusion in the VAT net of food and other items currently excluded from GST payments would allow the new tax to be introduced at a lower rate than the present 13 percent GST.

"There will be a definite adjustment of social pensions if food is taxed and if everything goes according to plan equal pension payments to blacks and whites could be on the cards," Dr Marais said.

White pensioners currently receive a monthly state pension of R250; R100 more than black pensioners.

To achieve parity at current pension levels would cost the State about R2,2 billion and this adjustment would have to be phased in gradually, he said.

The additional funds received would also allow the Government to assist the poor more directly through:

- The introduction of feeding schemes, nationwide, for young children and pregnant women.
- Subsidies for service centres and mobile feeding units for the aged.
- Subsidies to charities which will, unlike at present, have to pay VAT.
- Training and job creation programmes for the unemployed.
- School feeding schemes.

Dr Marais said these programmes would link up with the general food programme currently being examined by Government in consultation with community groups.

He said that the current exemption of food under GST was mostly enjoyed by people other than those for whom it was intended.

"Over 80 percent of the people who benefited from the subsidy did not really need it and by raising these additional funds we can help the poor communities more directly and more effectively."

No VAT would be charged on private second-hand car sales, or any private sales, Dr Marais said, unlike the present where anyone buying a car in a private deal must pay GST.

Dr Marais said that when VAT came in later next year, only "enterprises" would pay sales tax and it would not apply to any private deals.

● See Pages 3 and 10.

Warning on early pensions

Business Times Reporter

ST Times 17/6/90

SMALL businesses have been urged to implement staff pension and provident funds while they can still do so voluntarily.

International management consultants Kessel Feinstein Horwath warns that such schemes are sure to be mandatory in the "new" South Africa.

When it happens many companies could be in for a shock, says KFH's David Nathan.

"They may be obliged to backdate company contributions to the date each staff member began employment. That could be costly."

300 0

Transfer

He says changes are needed in the approach to pensions, which pay on retirement, and provident funds, which pay out a lump sum.

"In the first instance smaller businessmen must understand the need to do better for their staff before it is forced on them.

"They also need to come to terms with the fact that everyone has a right to a pension."

Mr Nathan says there should be statutory provision for the transfer of pension or provident fund contributions from one employer to another.

"Employees can seldom do that today. The pension starts again when they start a new job with a significant loss in accumulation."

appointment of an actuary to establish the extent of commitments and indicators that may influence the determination of the Board's budget.

(b) On 31 January 1990 the Board had R10 647 393,96 at its disposal for the financial year ending 31 March 1990. This includes the balance of funds appropriated, interest received and legal costs recovered. The administration costs of the Board amount to approximately 14% of its annual budget. The remainder is available for legal aid to needy persons. The Board therefore has sufficient funds to fulfil its financial obligations for the previous financial year which ended on 31 March 1990. To this may be added that a budget of R17 million has been appropriated to the Board for the current financial year, in contrast with the budget of R15 million for the previous financial year. The Government has also approved that the following amounts at least be appropriated over the next two years: 1991-92 financial year R19 million and 1992-93 financial year R22 million.

Of course in view of possible actuarial reports this whole position may be reviewed.

INTERPELLATIONS

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Old-age pensioners: means test

1. Mr B B GOODALL asked the Minister of Health Services, Welfare and Housing:

(1) What steps does he intend taking to adjust the asset levels of the means test for White old-age pensioners;

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

B1336E.INT

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Speaker, I do not intend to adjust the asset levels of the means test at this stage. The position of social pensioners and the application of the means test, however, receive constant consideration from the Ministers' Council: House of Assembly.

The social pension schemes in South Africa are non-contributory by nature and the funds to finance these schemes are derived solely from taxation. The main objective of these schemes is not to make pensioners fully financially independent, but merely to assist financially the family or the community to care for elderly and other underprivileged persons.

I find it interesting that the hon member for Edenvale puts this question to me in the form of an interpellation. I can only interpret it as a suggestion that the R42 000 asset level be adjusted upwards. [Interjections.]

Only five years ago the hon member complained in a debate in this House that a person with assets of R42 000 was better off than the person who had invested in a pension fund for his retirement.

*We have therefore taken the hon member's objections to heart, and we have adjusted the income limit of the means test annually since 1985, with the exception of 1988, so that this limit is now R116 per month, or R1 392 per annum, higher than it was in September 1985. This income limit has therefore been extended by 72,5% since 1985.

Despite this, the position today remains such that it may be argued that the person who has R42 000 in assets is in a better position than a person who has only a pension of R276 per month. Hon members must bear in mind that a person who has R42 000 invested, at a conservative interest rate of 15%, earns income in the amount R525 per month in the form of interest, whilst a maximum income value of only R160 per month is levied on the R42 000 asset level.

I want to emphasise that the object of the means test is merely to establish a norm of indigence. The fairness or otherwise of the means test cannot be argued simplistically on the basis of hypothetical examples. [Time expired.]

Mr B B GOODALL: Mr Speaker, I am glad that the hon the Minister has indicated that sometimes they listen to what I have to say. I hope they will continue to do so.

Let me explain to the hon the Minister the problem I actually have with the asset side of the means test. The present means test was established in 1972 at a level for assets of R34 400. The income level was R82 per month. Since then the income level has more than trebled. The asset level has increased from R34 400 to R42 000. It has increased by less than a quarter. The assets of a married couple are double counted. They take into account the income of both spouses separately.

It is also interesting that when the asset level was set at R34 400, an owner-occupied dwelling was valued at R9 800. The asset level went up to R42 000, and an owner-occupied dwelling was still valued at R9 800. Now it is valued at R15 200. Therefore we have the situation that while the income level has more than trebled, the asset level was only increased by a quarter.

The amount that a person can have in other assets, excluding the owner-occupied dwelling, has in fact increased to R26 800—that is an increase of R1 600 since 1972, less than 4,5%. It does not even take into account one year's inflation, let alone the impact of 18 years' inflation.

I find this change surprising. The valuation of one asset for means test purposes is increased perhaps to take into account the impact of inflation, but the total amount of assets that a person can have and still qualify for a social old age pension remains the same. Indeed, the assets they can have, excluding an owner-occupied dwelling, are reduced.

I would think that we should be trying to encourage people to provide for their own accommodation. We are already putting more of the aged in old- age homes than any other Western society.

The hon the Minister gives an example which I agree with. It is absolutely correct. However, that is because interest rates at present are particularly high. If he thinks they are going to stay like that, all I can assume is that this Government actually believes that inflation is going to stay very high. We are now beginning to enter a downturn in the economic cycle, in which interest rates normally go lower. People who now have R42 000 worth of assets and might be getting R8 000 of income could find themselves quite conceivably in 18 months time getting only R4 800 worth of income. I think we should be looking at this problem so that steps can be taken before the problem arises.

*Dr W J SNYMAN: Mr Speaker, despite the hon the Minister's reply, we should note that over the past few years, social pensions in the case of Whites have risen by between 8% and 10% annually, whilst in some years the inflation rate was double that percentage, and in the case of foodstuffs and medicine, the most basic requirements of these old people, the increase was even higher than that. This simply means that the quality of life of social pensioners has declined over the past few years.

A very important detrimental factor, in relation to this neglected sector of our population, is the fact that the asset level has remained unchanged at R42 000 for a long time now. Meanwhile, the acknowledged value of the house in respect of the total asset has increased from R9 400 to R15 200. This means that the asset level that applies in the case of the means test has decreased from R32 600 to R 26 800. In these times this can simply be described as a scandalous state of affairs and an injustice towards the White pensioners of this country.

In the case of rural constituencies it is particularly our farming communities that are affected by this. How many cases are there in which people have no other means of sustenance? They make a living on a very small piece of land, on which they also live, and then the value of that piece of land exceeds this meagre amount of R26 800. Now the pensions legislation provides that if those people, in their poverty, transfer that piece of land to their children, then the asset, the farm for example, continues to be included in the asset level for a further five years, and those people do not receive any pension. This is a serious problem, and it is affecting particularly our farming community in the rural areas. I want to ask the hon the Minister to look into this. [Time expired.]

*The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Speaker, whenever we debate about pensions, it is important that we also take account of the fact that there are certain very important supplementary factors, such as the availability of funds, the minimum subsistence level and the scope of the social pensions scheme as a whole. All these factors play a role.

†The hon members for Edenvale and Pietersburg referred to inflation. The hon member for Edenvale mentioned the matter which we one

debating today during the discussion of the Health Services and Welfare Vote on 23 March this year. He pointed out then that if one took the inflation rate into account, the asset level of the means test should have been R145 000 at that point in time. I am sure that the hon member will agree that this figure of R145 000 shows just how unrealistic it is to expect that the inflation rate or consumer price index should be linked to the means test. Can a person with assets of R145 000 still be regarded as needy? 300

The point is that we cannot afford to raise the R42 000 asset level at this stage.

*The problem with the opposition parties, of course, is that they always tell only half the truth. This afternoon we are discussing the asset level, the one leg of the means test. That is the subject of the interpellation.

I have just indicated that the other leg has been increased by 72% over the past few years. [Time expired.]

Mrs C H CHARLEWOOD: Mr Speaker, the hon the Minister has reiterated the Government's position that people must provide for their own old age and not rely on the Government for support. However, those who do and who receive the State pension of R276 per month—pitiful though it is—are fortunate in one respect. At least they stand a reasonably good chance of getting into a subsidised old-age home where all their needs are taken care of.

In the present situation homes subsidised by the State must draw 75% of their residents from the sub-economic group, that is, people with incomes of less than R450 per month. However, what of the remainder—those who do have R450 per month, which surely, in today's terms, is still sub-economic? These old people, who are in a twilight financial zone, have worked hard to provide for their old age, often against heavy odds. Many of them are war widows who have battled to educate and bring up children on their own.

These people, who cannot now afford a private old-age home and who need care, are in that group that makes up only 25% of the population of State subsidised homes. Some of them have been on the waiting lists for 10 years. What use is that to an old person who needs help now? Surely this is a situation that needs urgent attention. Either the cut-off figure of R450 needs to be raised in line with today's inflation or more State subsidised accommodation should be provided for people in the so-called economic category.

In various pieces of legislation that we have seen this year fines have been increased to bring them into line with inflation. What has been done about this means test? [Time expired.]

Mr B B GOODALL: Mr Speaker, we actually do not have a pension system and I think it is about time the Government started calling it what it is. It is a social grant, not a social pension.

An HON MEMBER: Correct.

Mr B B GOODALL: However, the means test needs to be reviewed urgently. We have a system now by which Whites no longer get an additional pension for deferring taking their pension, which is contrary to the overseas trend. We have a system under the present means test by which somebody who provided for his pension more adequately can be worse off than somebody who provided less adequately, and that cannot be defended in any way whatsoever.

What is happening to Whites is that although the number of White aged has in the past ten years gone up by something like 85 000, the number of White social old age pensioners has not increased at all. Those of us who work in our constituencies know why the White aged are not any better off. The hon the Minister spoke about the equality of pensions. We all believe in the racial equality of social old age pensions but do not make White pensioners bear the brunt of equalisation! Shift the burden to others! Of all Whites the pensioners can least afford it. [Time expired]

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING: Mr Speaker, the hon member for Umbilo referred to something which I do not think really relates to this interpellation. She referred to the cut-off limit of old age homes. I agree with her. I think we will have to look very seriously at this matter. As a matter of fact I have already instructed my department to have a serious look at the limit which has been set up till now.

The hon member for Edenvale is known for the fact that he is knowledgeable on the topic of pensions. I have high appreciation for the fact that he usually debates this matter in a non-

political way. I have tried to reply to his question referring to the asset level of the means test.

*I said directly afterwards that the Government was reviewing this entire matter on an ongoing basis, and we shall devote continuous attention to this. I could refer to numerous commissions of inquiry that have investigated this matter over the years. Hansard 19/6/90

The President's Council recently launched a searching inquiry into this matter. Although many people have pointed out the problems, it is not that easy to find the answers to the problems, but I agree with the hon member that this is a delicate problem to which we must devote some very serious attention. 300

I must add, however, that we cannot expect the State to bear the full responsibility for this, and I think we shall have to make a renewed appeal to our community to make greater and more extensive use of those services that have already been placed at the disposal of the aged, and to ensure that our aged make use of those services. [Time expired.]

Debate concluded.

QUESTIONS

† Indicates translated version.

For oral reply:

Own Affairs:

Question standing over from Tuesday, 5 June 1990:

Old-age pensions: backlog

*2. Mr K M ANDREW asked the Minister of Health Services, Welfare and Housing: 300

(1) Whether his Department is experiencing any backlog in the handling of new applications and queries in respect of old-age pensions; if so, (a) why, (b) what is the extent of the backlog and (c) what is being done about it; Hansard 19/6/90

(2) whether any applications, letters, telexes or faxes from his Department's Cape Town office to its Pretoria office are currently unanswered; if so, (a) what total number and (b) what is the oldest unanswered application, letter, telex or fax?

B1162E

†The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:

(1) Yes.

(a) (i) Insufficient trained staff complicated by a high personnel turnover. Hansard 19/6/90

(ii) Problems in connection with computer equipment and services. 300

(iii) Antiquated filing system.

(b) (i) The extent of the backlog is difficult to determine due to the fact that the different types of pensions are not handled separately by the Department. However, the backlog consists mainly of unanswered queries in connection with pensions which are already in payment as priority attention is given to new applications. In cases where there is a delay as a result of extraordinary circumstances all the moneys in arrears are paid to beneficiaries in any case.

(c) (i) By the introduction of a piecework scheme and paid overtime the Department has already succeeded in reducing the backlog considerably.

(ii) The following additional steps have already been taken:

— Additional computer equipment has been requested.

— A full work study investigation has been requested.

— Application has been made for the upgrading of the filing system.

— Everything possible has been done to expedite decentralisation of the function.

— Work procedures and methods are continually being refined.

(iii) Discussions at ministerial level have already been held. In order to address problems in connection with staff and equipment

actively, a comprehensive plan of action was drawn up.

(2) Yes. Hansard 19/6/90

(a) and (b) Impossible to determine as correspondence and applications from a particular region are not kept separately. (300)

Mr K M ANDREW: Mr Speaker, arising from the reply of the hon the Minister, in the light of the fact that pensioners in Cape Town have been waiting for six months to two years to get replies to their queries and are not getting their pensions, I would like to know at what stage does he think his department's administrative processes are going to get up to date?

†The MINISTER: Mr Speaker, I have already indicated that the backlog exists mainly in regard to pensions which are already being paid out. New applications receive immediate attention. If the hon member is experiencing problems in regard to particular cases, he may bring them to my attention and I shall see to it that they receive immediate attention.

Mr K M ANDREW: Mr Speaker, further arising from the hon the Minister's reply, is he aware of the fact that his own department in Cape Town is advising some of the pensioners that there is no point in them sending telexes to Pretoria because they will not get any reply?

The MINISTER: Mr Speaker, if the hon member says that that is the answer being given to the pensioners then I must say that I am not aware of it. If he is aware of such cases I would appreciate it if he would bring them to my attention.

New questions:

Teachers: views on opening of schools

*1. Mr A GERBER asked the Minister of Education and Culture:† (Sent)

(1) Whether any principals in the Cape Peninsula recently requested teachers at staff meetings to state their views in regard to the opening of schools; if so, what schools are involved; Hansard 19/6/90

(2) whether this action meets with his approval; if not, what steps is he contemplating against the principals concerned? B1248E

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING (for the Minister of Education and Culture): Hansard 19/6/90

(1) Not to my knowledge, but is probable that the matter of the opening of schools, as well as other educational matters, would have been discussed during staff meetings and discussions at schools in the Cape Peninsula and elsewhere in the country.

(2) Yes. I have no problem with meaningful discussions by teachers on matters concerning their profession and which are conducted in accordance with the code of honour of the teaching profession.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Teachers: authorisation for appointments

*2. Mr A GERBER asked the Minister of Education and Culture:†

(1) Whether there are any teachers in the Cape Province who have occupied certain posts since 1989 but have not yet received authorisation for their appointments to the posts concerned; if so, (a) how many, (b) for what reasons and (c) in respect of what date is this information furnished;

(2) whether he will make a statement on the matter? B1249E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes.

(a) 15, since 1 January 1990.

(b) Late receipt of documentation such as nomination forms, permits required for immigrants and insufficient proof of previous service and qualifications etc.

(c) 1990-03-31.

(2) No.

Appointment of additional teachers

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

Whether schools in his Department planning to admit children of other races in January 1991 will be allowed to appoint additional Hansard 19/6/90

teachers with effect from January 1991 in order to make provision for the anticipated increase in their pupil numbers; if so, (a) what procedures are to be followed and (b) what will be the cut-off date for additional appointments; if not, (i) why not and (ii) what arrangements does his Department recommend that schools should make in this regard? Hansard 19/6/90 B1301E

The MINISTER OF EDUCATION AND CULTURE:

The hon member is referred to my statement during the interpellation debate of 22 May 1990 when I gave a full exposition of departmental policy regarding the determining of establishments for a particular year, explaining in detail how the system can accommodate any significant change in pupil numbers which might occur.

Cape Town Gardens: rent-controlled premises

*4. Mr K M ANDREW asked the Minister of Health Services, Welfare and Housing:

(1) How many rent-controlled premises were there in the Cape Town Gardens constituency as at 31 December 1989;

(2) how many premises were decontrolled during the period 1 January 1987 to 31 December 1989? Hansard 19/6/90 B1302E

The MINISTER OF HEALTH SERVICES, WELFARE AND HOUSING:

(1) 1 595 premises/dwelling units.

(2) 2 004 premises/dwelling units.

For written reply:

General Affairs:

Cape Peninsula police stations: offences/arrests

244. Mr K M ANDREW asked the Minister of Law and Order: Hansard 19/6/90

(1) How many persons live or are estimated to live within the area of responsibility of (a) Cape Town, (b) Sea Point, (c) Camps Bay, (d) Woodstock, (e) Mowbray and (f) Rondebosch police stations;

(2) for the latest specified period of 12 months for which figures are available, (a) how many arrests were made by police of each of these police stations and (b) for what offences were the arrests made? Hansard B631E

The MINISTER OF LAW AND ORDER: 19/6/90

(1) (a) 113 000
(b) 80 000
(c) 6 000
(d) 40 000
(e) 38 000
(f) 55 600

(2) (a)

Cape Town	5 725
Sea Point	4 007
Camps Bay	1 010
Woodstock	2 817
Mowbray	1 442
Rondebosch	997

(b) As a result of a variety of crimes, *inter alia*:

Burglary,
Dealing in drugs,
Robbery,
Theft
Driving under the influence of alcohol,
Rape,
Theft from motor vehicles,
Murder,
Possession of dangerous weapons,
Possession of drugs, etc.

Bethlehem: taxpayers (S.T.)

366. Mr W C MALAN asked the Minister of Finance: Hansard 19/6/90

What was the number of taxpayers in each income category in the Bethlehem magisterial district in the 1980-81 and 1988-89 financial years, respectively? B894E

The MINISTER OF FINANCE:

The Commissioner for Inland Revenue retains statistics of taxpayers in magisterial districts for only the current and three immediately preceeding tax years because of the cost of storage facilities. Statistics furnished hereafter are accordingly in respect of assessments issued for the 1987, 1988 and 1989 tax years and represent 92,3%, 81,0% and 67,9% of registered taxpayers, respectively.

Pension test level 'to stay'

Star 20/6/90

There was no intention of adjusting the asset-level test for pensioners at present, the Minister of Health Services, Welfare and Housing, Sam de Beer, said yesterday.

Mr de Beer said the matter received constant consideration from the Ministers' Council.

Social pensions schemes were non-contributory and funds came solely from the taxpayer.

The idea was not to make the pensioners fully financially dependent, but to provide assistance.

Mr de Beer said the department had been instructed to re-examine the cut-off figure of R450. — Sapa.

Pension fund invests in homes

IN THE first arrangement of its kind, the giant Metal Industries' Group Pension Fund (MIGPF) has made a R10m investment in a scheme to promote low-cost black housing for fund members.

The fund has described the scheme as a precedent-setting example of socially responsible investment by the pension fund industry.

The fund's board — consisting of representatives of management (Seifsa) and labour (including Numsa) — announced yesterday it had purchased at bulk discount, through an agreement with the Urban Foundation-linked housing development company FHA Homes, 991 serviced stands in various Transvaal townships.

The stands — in Mohlakeng, Katlehong, Tsakane and Kwa Thema — are available for purchase by fund members, who would

ALAN FINE

reap the benefits of a lower price. Some estimates put the expected average saving at about 15%.

Purchasers would be entitled to their own choice of builder and design, and through a system of pledging credits with the fund, would have easier access to finance.

Fund director Harvey Pearce yesterday stressed the arrangement would not require fund members to subsidise those who purchased property. The return on investment would be at the going rate.

Part of the agreement was that FHA would repurchase any stands not sold after five years, and the fund would be offered a proportion of all future stands for stipulat-

☐ To Page 2

Housing

☐ From Page 1

ed periods in any new FHA development.

"The MIGPF investment shatters the myth that investment in black housing is both insecure and unprofitable," the fund said.

"The MIGPF, guided by the recommendations of a specialist housing committee set up to consider ways in which the Fund can contribute towards solving the housing crisis, expects to make more investments of this type in the near future."

Pearce said the the system of pledging benefits as collateral for housing finance was available to all races, and future projects would benefit them too.

Act will raise life assurers' cash reserve requirements

LIFE assurers will have to increase substantially their cash reserves to match those of banks and building societies six months after the Deposit Taking Institutions Act comes into effect on January 1 1991.

While the Act excludes premiums on life assurers from its definition of deposits, this exclusion falls away six months after the Act comes into force.

"We believe it is inappropriate for life assurers to have to submit to the same cash requirements as banks and building societies as they do not experience the level of instability that deposit-taking institutions have in the demands on their funds," said Jurie Wessels, deputy director for the Life Offices Association (LOA).

"Assurers are able to quite accurately predict what the future demands on their funds will be."

In terms of the investment guidelines laid down for life assurers, they are required to hold 10% of their funds in either government stock or cash, but there is no requirement to hold cash.

Wessels said another inappropriate aspect regarding life offices as depo-

LINDA ENSOR

sit-taking institutions was that in addition to falling under the Financial Services Control Board, life assurers would also fall under the Reserve Bank.

This way of dealing with premiums on life policies was a last-minute change introduced by the joint parliamentary committee on finance two working days before the second reading of the Bill, according to Wessels.

Views

He said it indicated that the committee believed that life offices competed for short-term savings.

Wessels said the LOA would be presenting its views to the inquiry into the flow of funds between life assurers and banks and building societies, chaired by Japie Jacobs, economic adviser to Finance Minister Barend du Plessis.

He said the industry's self-regulation had stopped the writing of investment policies of less than five years.

Social pensions

557. Mr M J ELLIS asked the Minister of National Health and Population Development:

(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?
Hansard 22/6/90 B1315E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(a) (i) R2 902 947 000

(ii)

Coloureds	:	R 759 712 000
Indians	:	R 198 070 000
Whites	:	R 724 548 000
Blacks	:	R1 220 617 000

(b)

Coloureds	:	R260 167
Indians	:	R 66 281
Whites	:	R204 843
Blacks	:	R557 229

Constantiaberg transmitting station: M-Net

560. Mr A J LEON asked the Minister of Home Affairs:

Whether the spare channel beamed from the Constantiaberg transmitting station has been allocated to M-Net; if so, (a) why and (b) since when; if not, what facilities in respect of this transmitting station are afforded to M-Net? B1318E

The MINISTER OF HOME AFFAIRS:

(a) There is no question of a reserve channel of the Constantiaberg transmitting station being allocated to M-Net. What has been allocated to M-Net, at this transmitting station, is the third and last VHF TV broadcast frequency. Broadcast frequencies are not for the exclusive use of the SABC.

(b) M-Net have been using the VHF frequency since 01/09/87 when they commenced transmissions of the M-Net service.

The SABC provides transmitter facilities to M-Net according to a transmission agreement. It is a business transaction where the SABC applies its existing infrastructure and expertise to provide a service to M-Net for remuneration.

M-Net: news bulletins

562. Mr P G SOAL asked the Minister of Home Affairs:

Whether, with reference to his reply to Question No 16 of 5 June 1990, the Cabinet has come to a decision regarding the application by M-Net to broadcast news bulletins; if not, why not; if so, what is the decision? B1320E

The MINISTER OF HOME AFFAIRS:

No, I refer the hon member to my media release of 21 June 1990, a copy attached hereto, wherein it is stated that further talks and negotiations are to take place between the parties concerned whereafter the matter will again be submitted to the Cabinet.

EMBARGO: FOR IMMEDIATE RELEASE

MEDIA RELEASE BY MR GENE LOUW, MP, MINISTER OF HOME AFFAIRS AND OF NATIONAL EDUCATION IN RESPECT OF M-NET'S APPLICATIONS FOR EXTENDED OPEN TIME AND TO BROADCAST NEWS, AS WELL AS THE SABC'S APPLICATION FOR AN INCREASED LICENCE-FEE

M-Net's applications for extended open time and for broadcasting news have already been considered carefully by the Cabinet, and were followed up today in talks between M-Net and and the SABC under chairmanship of the State President.

Further positive talks and negotiations are to take place with a view to establishing a new structure, based on healthy co-operation and competition in all spheres, including open time, news broadcasts and sports broadcasts. In the meantime, the status quo will be maintained.

Licence Fee

The Cabinet also considered the SABC's application for an increased licence fee, and, in the wake of further representations by the SABC at today's meeting, the Corporation has been requested to submit additional information in this regard.

The new licence fee for the 1990/91 financial year — which is to become effective on 1 October 1990 — will be submitted to the Cabinet for a final decision towards the end of July, 1990.

In considering these proposals, the Cabinet will endeavour to strike a balance between what could be regarded as being reasonable for the SABC to guarantee the quality of its programmes on the one hand, and being reasonable in respect of viewer's demands for a good-quality service on the other.

Issued by the Ministry of
Home Affairs and of National Education

CAPE TOWN
1990-06-21

PC 1/1988

565. Mr C W EGLIN asked the Minister of National Health and Population Development:

(1) Whether the Government has considered the recommendation by the Committee for Social Affairs of the President's Council in the Report on the Socio-Economic and Spatial Implications of Ageing (PC 1/1988) that a National Committee for the Care of the Aged be set up, with regional structures, to function as part of the existing structure of the South African Welfare Council; if not, why not; if so,

(2) whether any decision was taken on the matter; if not, (a) why not and (b) when is it anticipated that such a decision will be taken; if so, (i) what decision and (ii) what steps have been taken in this regard?
Hansard 22/6/90 B1323E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

(1) On 24 March 1988 the previous South African Welfare Council (SAWC) took notice of the recommendations in paragraph 7.9.1 of the Report of the Committee for Social Affairs on the Socio-economic and Spatial Implications of Ageing. The Council made no decision in respect of the implementation of a National Committee for the Care of the Aged in addition to the National Council for the Care of the Aged.

The implementation of a National Committee for the Care of the Aged requires an amendment of the National Welfare Act, 1978 (Act No 100 of 1978);

(2) The matter will, however, be discussed at the next meeting of the SAWC which was appointed on 1 October 1989 and if a decision in favour of a National Committee for the Care of the Aged is made, the Department will give further consideration thereto. Hansard 22/6/90

Pensions: increases

566. Mr J VAN ECK asked the Minister of National Health and Population Development:

Whether the increases announced in the pensions for the various race groups will commence being paid out on the same day; if not, (a) why not and (b) on what dates will these increases be paid out in respect of each of the four race groups? B1324E

The MINISTER OF NATIONAL HEALTH AND POPULATION DEVELOPMENT:

No, Hansard 22/6/90

(a) the different ministers for own affairs made their announcements on different dates and different computer systems are involved,

(b) the increased payments in respect of the various population groups are as follows:

Coloureds	: May 1990
Indians	: May 1990
Whites	: May 1990
Blacks	: July 1990.

Certain hospitals: cost of treatment

567. Mr L FUCHS asked the Minister of National Health and Population Development:

(1) (a) What is the mean cost of treating a patient at the (i) Baragwanath, (ii) Johannesburg, (iii) Hillbrow, (iv) Natalspruit, (v) Leratong and (vi) Tembisa Hospitals, (b) what are the reasons for any differences in this mean cost and (c) in respect of what date is this information furnished;

(2) whether her announcement regarding the opening of hospitals to all races will affect the mean cost of treatment at any of these hospitals; if so, in what ways in each case?
Hansard 22/6/90 B1325E

Star 23/6/90 (300)

PERS

Professional assistance is vital for your security

Will retirement bring you the time and money to fulfil your leisure ambitions or will it be a time of unforeseen financial problems?

"Even in the White market, less than 10 percent of retired people can be considered as living in comfortable circumstances. Many have to make major adjustments in their lifestyles and for a majority, retirement represents a bleak future of real financial hardships," says Mark Ingham, manager, Deloitte's Personal Financial Planning.

"A feature of today's economic climate is job mobility — a function of rising expectations while declining real living standards takes its toll. An unfortunate side-effect is the discontinuity of pension fund membership and the concomitant loss of entitlements. This realisation tends only to dawn in one's 40s.

"South Africa, as a lower-middle-income developing country, cannot afford the luxury of a comprehensive national pension fund, providing a "cradle-to-grave" safety net similar to those available in many wealthy industralised nations.

Underfunded state pensions

"Recently the mismanagement uncovered in the state and quasi-state pension funds has been making headlines. Underfunding has resulted in the taxpayer having to contribute a disproportionate amount to enable those being pensioned off to retire on incomes which would not have otherwise been intrinsically possible.

"On the principle that there is no such thing as a free lunch, state employees are now faced with the harsh effect of either having to contribute substantially more or to have benefits slashed.

"If anything, the debacle will focus minds on the conduct of pension funds and in a wider sense on our responsibility to secure our own financial security.

"All of us are continually bombarded with advertisements extolling the virtues of a particular insurance, tax or investment product, but superlatives should not entice you to go into a scheme which may be entirely unsuitable to your needs.

"Tailoring financial planning to your specific needs is critical, and to this end impartial professional assistance must be sought.

Deferred compensation

"As you build up your estate during your working life it is crucial to keep an eye on your eventual retirement. All avenues should be explored, including appropriate insurance policies, retirement annuities, unit trust investments, real estate purchases, equity investment and even deferred compensation schemes.

The last-mentioned vehicle is especially worthwhile, as it enables an individual to accumulate capital for retirement without paying a disproportionate amount of tax on additional salary to the taxman.

"Investment opportunities to explore would include the merits of mutual funds (unit trusts) and retirement annuities (RA's).

"RA's are particularly attractive to those high net worth individuals with retirement on the horizon. While unit trusts achieve higher growth rates and income growth and therefore greater total returns on investment, RA's have a tax advantage, proving particularly attractive to retirees who are income-sensitive in their twilight years.

"The advent of SITE has proved beneficial in the sense that married couples are now provide with a larger deduction potential towards RA's.

"Whereas a pension will be generally determined on final year salary or on averags of the salary for the past two or three years prior to retirement, a RA produces a cash sum which in turn finances an annuity. This can be drawn between the ages of 55 and 70, which makes it reasonably flexible — particularly as contributions can continue beyond retirement age.

A useful safeguard will be to opt for life cover in a RA contract which, in the event of premature death, will pay a minimum amount equivalent to estimated maturity value to surviving heirs.

"Annuities cannot of course escape the purchasing power loss resulting from inflation and, in this respect, capital growth achieved through a balanced unit trust portfolio can, over time, prove a good complement. Steady income will be important, but you can also utilise the option of drawing upon capital to augment income.

"The right advice, coupled with prompt implementation and monitoring, will provide an individual with complete peace of mind and family security, even in the current turbulent times in which we live."

Unit trusts can provide a private pension fund

(300) Star 23/6/90

Unit trust management is currently the vogue in the local financial world. It can be expected that this concept will gradually gain recognition and acceptance among more sophisticated investors.

With some elementary knowledge of moving averages, with maybe a personal computer to make the calculations easier, it is possible to manage one's own unit trust investment portfolio.

The rationale is that by judiciously switching between unit trusts, specially between income funds and either general or specialised funds, one can increase overall returns significantly.

This technique can be refined, using more sophisticated instruments, but for the average investor a simple yardstick would be to use the moving averages of 200 days and 45 days.

Buy signal

Historically, when these two moving averages cross this is considered either a sell or a buy signal.

When the 45-day MA crosses the 200-day MA upwards it means the unit trust (in essence the stock market) is showing strength and one could reasonably expect the market (and hence the unit trust) to continue strengthening.

At this point one can start investing in unit trusts, which are either in a liquid form in a bank account, or even better still, in an income fund from the same family of unit trusts.

Conversely, when the 45-day MA crosses the 200-day MA downwards, it normally anticipates future stock market weakness, and is considered a time to sell.

Then the money is transferred from the particular unit trust into an income fund which retains its capital value.

Not all unit trusts have this facility, but Standard Bank, Sanlam and Old Mutual's families of funds have this facility. The charges to switch are minimal, about one percent, which is much cheaper than getting entirely out of the market and getting back later as this will attract higher costs.

A study done by a company that offers such a service for its clients, Davies and Associates, shows that using this technique and switching between Standard Bank's gold and income funds, the average compound return per annum since 1982 would have been 55 percent.

Since then another company, Consolidated Fund Managers (CFM), has entered the field, offering a similar service for investors.

Since its launch earlier this year CFM has attracted a great deal of business. As this concept grows in acceptance, one could see far more investors using this route.

If one had invested R100 per month in an average unit trust twelve years ago and reinvested the income, the accumulated capital would be in excess of R100 000.

There seems to be a large number of people who do not realise these benefits and how important it is to invest in unit trusts as part of building up a retirement nestegg.

But by switching between funds, depending on which technique one has used, it could have been possible to even double that return.

Says Clive Fox, MD of CFM: "It is common knowledge that a lot of retired people are struggling to survive on income derived from traditional provision for retirement. Inflation erodes the value of their savings. Unit trusts provide an investment mechanism for hedging against inflation and have shown returns far higher than the inflation rate over both the medium and long term.

"Unit trusts should be viewed as a long-term investment. By investing in unit trusts one is employing some of the finest brains in the country in a flexible and affordable way. It is this flexibility that makes investing in unit trusts so suitable to form part of the retirement package.

"Investments can be made in either lump sums or with regular monthly investments. It is the monthly investment route that is most attractive to young investors.

Small amounts

"Relatively small amounts of money can be invested monthly, and if circumstances change the amount can be increased, decreased or temporarily terminated. By changing the monthly investment there would be no penalities or costs as could be the case with an endowment policy."

Unit trusts compare favourably with the more traditionl retirement investment.

If investments are made over a long period this can result in a substantial difference in the resultant capital.

Unit trusts are a pure investment vehicle and very flexible.

"By investing in units monthly in preparation for retirement one can not only supplement income from a pension, but can also provide an additional retirement income. This is fairly painless, yet effective manner," says Fox.

"By investing small amounts of money in the right unit trusts at the right time, capital can be accumulated quickly and effectively to provide for some of the additional costs after retirement as a result of rising costs."

Plenty of options on how to retire in style

(300) Star 23/6/90

MAGNUS HEYSTEK

eaching the age of 40 repsents not only a mental nd physical milestone, it lso marks the time when ne should seriously start onsidering retirement lanning.

Neglect to do this at this age of one's life can only lead penury and poverty in rement.

At the age of 40 retirement is t a distant thought anymore. It's reality that needs to be faced ith increasing trepidation.

Thankfully, there is still enough me to supplement a company nsion with various investment ternatives.

It's a sad fact of South African e that most people retire on infficient pension. Without other urces of income, living stanrds are likely to drop sharply on tirement and are bound to conue dropping steadily thereafter.

The reasons for this sorry state affairs are manifold.

Firstly, South Africans are a naon of job-hoppers. On average uth Africans change jobs beeen five and seven times during eir lifetimes.

The result is that pension benets on retirement are woefully inlequate.

The average tenure with penon funds is about 15 years, acrding to actuaries. This transtes into a drop of 50 percent in come on retirement.

Secondly, pension legislation in uth Africa borders on the crimil, especially when it comes to vo very important aspects — the eservation and transferability of nsion contributions on early rement.

Early withdrawal from a penon fund normally results in large sses for the individual. In most ses he or she receives back only his/her contributions plus interest of two percent.

The company's contributions, which to my mind (and many others) forms part of an employee's remuneration package, is taken back if the employee quits before retirement.

I have yet to be convinced that this practice does not constitute legal, if not moral, mugging.

In addition, and to make matters worse, company contributions on behalf of an employee is a tax deductible expense for the company.

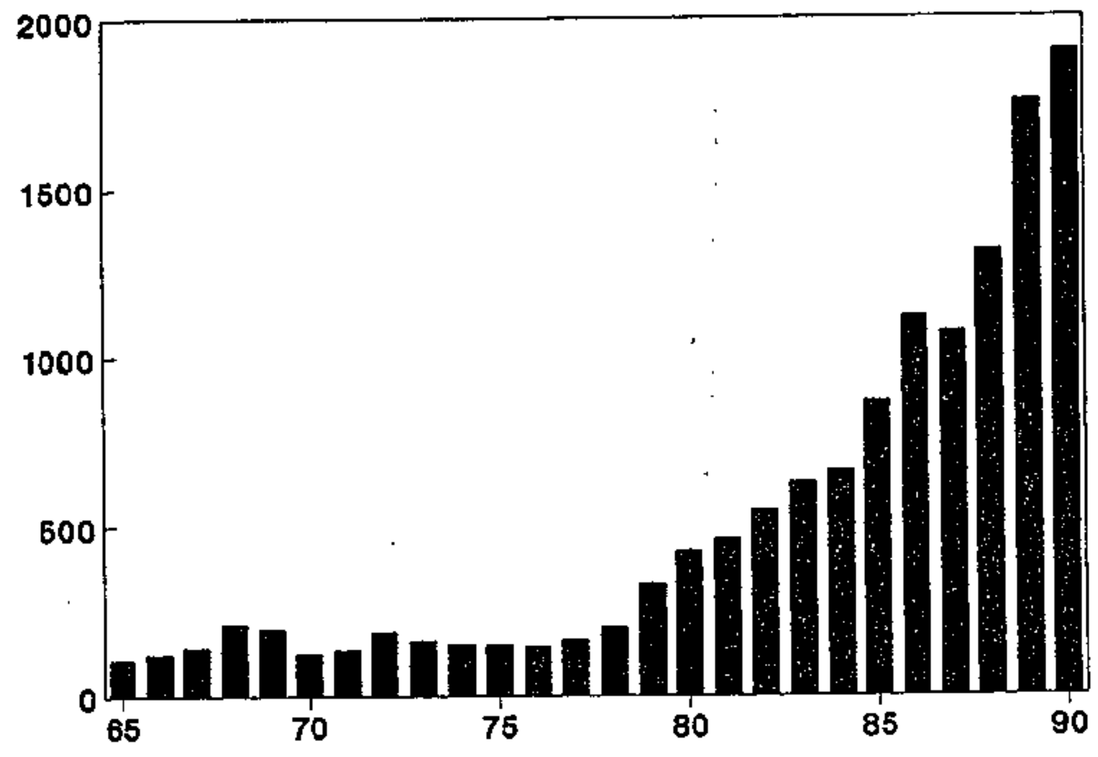
Company pension contributions are advertised as part of any salary package (just look at any employement advertisement in newspapers!), like salary, car allowance, fringe benefits and leave.

Why should pension benefits be forfeited on resignation or early retirement?

However, this structural weakness in our pension legislation may soon be rectified. The Mouton Commission is investigating the preservation and transferability of pension fund contributions.

It is to be hoped departing employees will soon be allowed to transfer all of their pension fund contrubutions plus a decent rate of interest to another pension fund.

If at all possible, pension benefits should be left intact or transferred directly to another pension fund or retirement annuity fund. By accepting paid-out benefits, the taxman takes his cut, apart from the first R1 800 which at present is non-taxable.



Sage Fund selling price (in cents) since inception.

Investment planning for the over 40s should primarily be geared towards pension and retirement supplements.

What are the options open for someone who happens to turn 40 tomorrow, for example.

Well, after the birthday bash is over and the hangover subsides, these are the various options to be considered:

The unit trust industry has developed from being a niche product into a highly successful mainstream financial services industry.

The industry has increased from 12 trusts at the beginning of 1980 with total assets of R577 million to 33 trusts with total assets now estimated at more than R8 billion, representing the investment of more than 600 000 unit holders.

Funds are divided into three categories: Specialised, general and income funds. Each has its place in the whole spectrum of unit trust investments.

The performance of [illegible]

means who placed R100 *a year* into Sage Fund and escalated the investment by 10 percent each year (total invested R9 835) would now be worth R110 000.

The point I'm trying to make is that at the age of 40 one still has about 25 years to build up additional pension.

If the stock market behaves anything like the way it has over the past 25 years, one still has the time to build up sufficient capital through unit trusts to secure a care-free retirement.

In addition, advanced management techniques make it possible even to increase this overall return.

RETIREMENT ANNUITIES

Despite much confusion and some criticism of RAs they still remain an important part of any investment programme.

Part of the confusion stems from the tidal wave of RA marketing in February, just before the end of the tax year, followed by a deafening silence from most quarters for the remainder of the financial year.

RAs were first introduced in South Africa in 1960 allowing taxpayers the right to deduct contributions to approved retirement funds from their income. The maximum contribution has been

On retirement you may commute a maximum of one-third of the value of the fund as a lump sum. A part of this is tax-free up to the limit of R120 000 or R4 500 multiplied by the number of years you have been contributing to the fund, whichever is the greatest.

The balance must by used to buy a pension for life, which will be taxable.

What many people don't realise is that they are under no obligation to buy a pension, also called a Compulsory Purchased Annuity (CPA), with the fund they have belonged to over the years. Investors are free to "shop around" for the best deal.

Retirees in terms of an RA have three choices: They can either buy a pension for life (fixed or escalating with inflation), guaranteed for life or guaranteed for 10 years, or until the surviving spouse dies. The choice obviously influences the eventual pay-outs.

An important benefit of RAs is that they are fully protected against creditors in the event of insolvency. Furthermore, RA payments can normally be transferred overseas in case you decide to emigrate.

ENDOWNMENT INSURANCE

As in the case of RAs, recent changes to the Budget have level[illegible] the playing field of the various

been spectacular. The two best performing funds, Old Mutual and Guardbank, have recorded average compound growth (with dividends reinvested) of about 28 percent over the past 12 years.

This is more than double the inflation rate of 14 percent during the same time.

Let's take the example of Sage Fund, the oldest fund in South Africa (it officially turned 25 last week):

R100 a month invested over the past 25 years (R30 000 in total), with income reinvested, is now worth R593 939 — showing an average annual compound growth rate of 19,7 percent against an average inflation rate of 12,6 percent for the same period.

A lump sum of R10 000 invested, with dividends reinvested, is now worth R571 174 — showing an annual average compound growth rate of 17,6 percent.

Even an investor with limited [illegible] the period.

Despite widespread dissatisfaction with many constraining factors of RAs, they still represent the only legal way for the public to reduce taxable income.

The introduction of the equity-linked RAs at the beginning of the year will further increase the attraction of RAs in future.

At present contributions can be deducted from income based on the following formula:

- Fifteen percent of taxable income from non-pension funding sources. An example is a large windfall by way of commission earned.

OR

- R3 500 minus deductible pension contributions

OR

- R1 750, whichever is the greatest.

[illegible] fices were obliged to invest a great portion, varying between 33 and 50 percent, of their investable income into what were called prescribed assets like gilts and semi-gilts.

Like other income-poducing investments they did no keep pace with inflation, therely offering negative returns. This definitely had a detrimental efect on the overall performance of endowment policies.

Despite this handica, which has now been largely removed, the average return on endovment policies has outperformel the inflation rate.

Now that life offices have the freedom to invest a far greater portion of their investible income into equities (65 percent), this could erase much of the advantage previously held by a unit trust, which can invest up to 95 percent of its income in equities.

Mine pension funds sparkle

TWO mine pension funds have assets exceeding R10bn and, with R2m a day to invest, expect to be able to influence the market.

The two funds were the Mine Employees' Pension Fund, which held about R3,4bn, and the Mine Officials' Pension Fund, with about R5,9bn at end December 1989, ranking them the fifth-largest investment mass in SA behind Old Mutual, Sanlam, Liberty Life and Southern Life.

CE of the two funds Barry Botes said although the assets were split the pension funds were treated as one investment entity. More than R870m, or about R72,5m a month, had been invested last year.

"When you invest R2m in new money every day, you can expect to have some influence on the market," said Botes.

The employees' fund's investment return on total assets (excluding property)

PIERRE DU PREEZ

for calender 1989 was 39,5% and the average annual increase of investment return on assets for the five years ending December 1989 was 25,9%.

The officials' fund showed a 38,9% investment return on total assets (excluding property) last year, while the average investment return on assets increase for the five years to December was 25,5%.

Pensions paid out and lump sums awarded by the pension funds increased 17,5% on the previous year's.

The bulk of both funds' assets invested in the equity market total almost R700m.

About 8,1% of the officials' fund assets and 10,7% of the employees' fund assets were invested in property. A large portion lay in fixed interest stock.

REP. SIGN. _____

MEMBER SIGN. _____

ROTHMANS	20'S	ROTHMANS	1.31	1.50					
ROTHMANS SPECIAL MILD	20'S	ROTHMANS MILD	1.31	1.50					
LEXINGTON	20'S	LEXINGTON	1.30	1.47					
RANSOM	20'S	RANSOM	1.31	1.50					
VOGUE	20'S	VOGUE	1.31	1.50					
LION	10 BOX	MATCHES	0.48	0.56					

TOTAL

SUBS

TRANSPORT

GRAND TOTAL

Improvement in benefits . . .

Better deal for pensioners

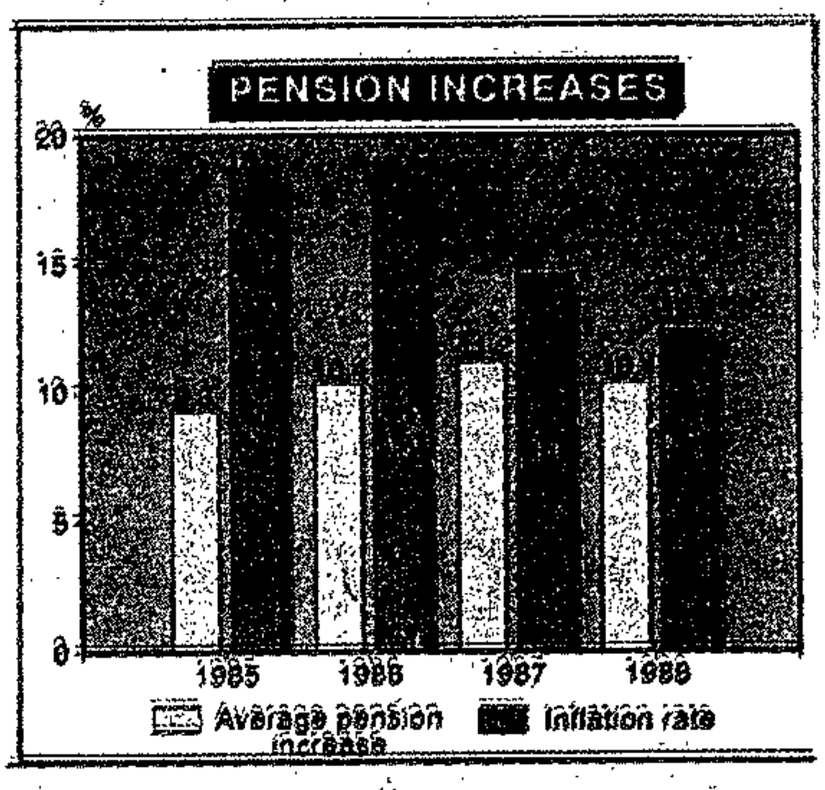
Cutt. Times 27/6/90.

300

By AUDREY D'ANGELO
Business Editor

MOST firms now give pensioners a better deal than they did two years ago, with meaningful increases to help compensate for inflation, Sanlam's biennial survey shows.

And an increasing number now base pensions on the final year's salary, instead of an average over the last three years.



But, the survey says, "withdrawal benefits of provident funds are markedly higher than the average benefits provided by pension funds. The interest payments added to member contributions are also higher in the case of provident funds".

The survey is based on responses from more than 350 funds covering the entire economic spectrum.

Sanlam's GM Francois Marais says there has been "a general improvement in pensions since the first survey was undertaken in 1981 — although, even now increases received by pensioners do not keep pace with inflation."

Most pensions are based on 2% of final salary — or 2% of the average salary over the last three years — for every year of service. The trend to provide the same pension for women as for men, with the same retirement age, is increasing and more funds now provide a spouse's pension.

More funds are providing disability income benefits based on a percentage of salary rather than past service.

Johan Roux, manager (pensions marketing) said about 92% of the firms covered by the survey give post-retirement increases although only about 7% guarantee them.

"The others give increases every year, but on an ad hoc basis, and although they do not keep pace with inflation the gap is closing.

"In 1986, when the inflation rate averaged 18,1%, the average pension increase was 10,4%. In 1987, when the inflation rate averaged 14,7%, the average pension increase was 11,2%. And in 1988, when inflation averaged 12,5%, the average pension increase was 10,4%."

Barry MacMillan, manager (group benefits) said: "With our inflation rate, post-retirement benefits are of crucial importance."

But most pension funds were reluctant to commit themselves to giving an increase every year because their financial position was dependent on investment returns.

They would be hard-hit if the stock market crashed and remained low for a long time. The employer, who would have to make up the shortfall, could also be hit.

This was why the majority of increases were decided on an ad hoc basis every year. The few firms guaranteeing an increase — guaranteed a small one.

Agreeing that in Britain many pensions are inflation-linked, MacMillan said: "In this country it would be foolish to do that because our inflation rate is much higher than theirs and we do not know how high it could rise."

Two attacks on elderly women

Crime Reporter

TWO elderly Cape women were attacked in their homes on Monday after burglars gained entrance through unlocked doors.

Mrs Elfreda Soltau, 77, of Van Eden Street, Swellendam, and Mrs Agnes Auret, 72, of Brampton Road, Plumstead, have both been treated for head injuries and shock following the attacks.

Local police liaison officer Lieutenant Denise Brand yesterday appealed to the public not to leave open doors unattended and to ensure that they had burglar bars and security gates fitted to their homes.

The latest attacks follow a similar incident on Sunday when an 81-year-old Sea Point woman was raped and robbed in her home by a man who walked in through the back door.

Mrs Soltau was stabbed in the head while she was resting on a sofa in her sitting room at 6.30pm. Her assailant, who had walked in through an open door, left after she gave him R200.

Police arrested a 19-year-old youth, believed to be her gardener, shortly afterwards.

Mrs Auret lost consciousness after being hit over the head by two men who entered her home through the unlocked back door at 10.30am. When she came round no one was in the house but jewellery and clothing worth R4 000 were missing. Police are investigating.

300 Star 27/6/90

Pension funds make more provision for inflation

By Sven Lünsche

Greater provision is being made by pension funds for inflation-related increases in payments.

This is one of the key findings of Sanlam's biennial survey of South Africa's pension funds, which also reflects a marked change in average retirement age.

The survey, released today, coves more than 350 funds in all the major industry sectors.

Sine it was first run in 1981, Sanlan's senior general manager Walter Scheffler says increases received by pensioners have not kept pace with inflation.

However, the difference between the inflation rate and average pension increases has declined.

In 1985, with inflation running at 18,5 percent, pensioners received only 9,3 percent higher pension payments.

In 1988, the respective figures were 12,5 percent and 10,4 percent (see graph).

Mr Scheffler says this is partially due to the decline in inflation, but that it also reflects a general improvement in pension benefits.

Average provision

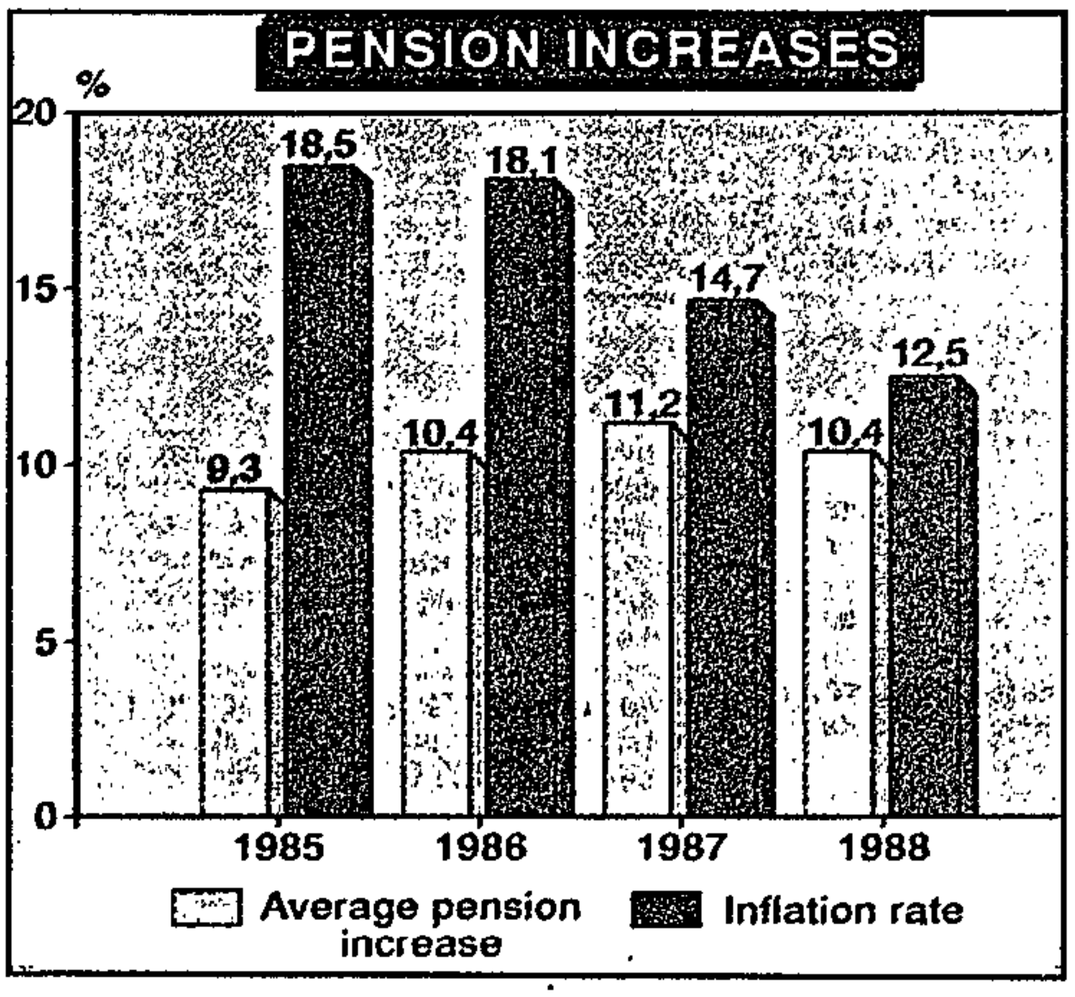
"Some 59 percent of the participants in the survey indicated that their funds provide for increases of three-quarters of the rise in the inflation rate.

"The average provision was equal to 70 percent of the increase in the year-on-year inflation rate," Mr Scheffler says.

Sanlam's senior GM, group benefits Chris Bosenberg, says there has also been a noticeable trend to equalise the retirement ages of men and women.

"For example, in 1985 about 77 percent of the funds had a retirment age of 65 for males, while only 40 percent of the funds had this retirement age for females.

"By 1989, 46 percent had brought the retirement age from women in line with that for men.



"This has resulted in the average retirement age for females increasing from 61 in 1981 to 63 last year. By contrast the average age for males has decreased marginally from 64,3 in 1985, and 64,2 in 1987 to 64,1 in 1989," Mr Bosenberg says.

"The increased participation of women in the workforce, the increasing recognition of women as self-sufficient individuals, their increased contribution to the family income and the removal of some discriminatory work practices have resulted in this trend," he says.

According to Mr Scheffler, though, the most significant trend evidenced in the survey has been the interest addition to contributions payable on withdrawal from the fund.

"Almost 50 percent of the funds now provide compound interest payments of six percent or more, compared with only three percent in 1985 and 28 percent in 1987.

"Some funds add a percentage for each year of service at withdrawal," Mr Scheffler says.

Withdrawal benefits of provident funds and the interest payment are also markedly higher that the average benefit provided on withdrawal by pension funds.

The most popular averaging period on which pension fund payments are calculated remains the last three working years.

But, according to the survey, there is a significant trend towards shortening this period, with the averaging period reducing from 2,9 years in 1985 to 2,4 years in 1989.

Other important findings of the survey include:

- Surviving member pensions are becoming more popular.
- Most funds now provide a two percent or better scale of benefits on retirement.
- Most funds are now providing disability income benefits based on a percentage of salary, rather than past or potential service.

Mine pension funds invest R2-m daily

Star 30/6/90

300

THE combined assets of the Mine Employees and Mine Officials Pension Funds total a mammoth R10 billion.

The two funds together therefore rank as the fifth largest investment mass in the country behind Old Mutual, Sanlam, Liberty and Southern.

Barry Botes, chief executive of the two funds, explains that although the two funds are split, they are managed as one entity from an investment standpoint.

"When you have to invest R2 million in new money every working day, you can exert some influence on the market."

In 1989 the market value of the Employees Fund climbed by 38 percent and the Officials Fund by 41 percent.

FINANCE STAFF

The two funds, which have a combined membership of 104 000, pay out almost R20 million in pensions every month — benefits considered among the best in the pension industry, according to the most recent survey conducted by Alexander Forbes Shepley & Fitchett Consulting Actuaries.

Top 10 equity investments at the end of May were Anglo American (R450 million), Liberty (R390 million), De Beers (R366 million), Richemont (R302 million), Sasol (R280 million), JCI (R280 million), Gencor (R279 million), SA Breweries (R266 million), Tiger Oats (R255 million) and gold shares (R253 million).

What the wise do on leaving a job

300

ST Times 11/7/90

A MEMBER of a pension or provident fund has various choices when he leaves his job.

The first choice — and the one, unfortunately, most often taken — is to cash in his benefits.

Employee benefit consultant Fiachra O'Hanrahan says: "The wise man does otherwise.

"He can make the benefits under his existing fund paid up and leave them to accumulate interest until he retires.

"He can transfer the cash value of his benefits under the previous fund to that of his new employer, or to a retirement annuity as a single premium, or to one of the special pension funds which deal with such transfers.

Discretion

"He can take out a retirement annuity up to the maximum permissible, or try to persuade his new employer to let him join an existing top-hat fund. He can even persuade the employer to set up a new fund."

One factor affecting the amount of past service or benefits the transferring man can secure is whether there is a vesting of a part or the whole of the employer's contribution in the previous fund.

If the transferring employee makes his benefit under the fund paid up and leaves it to accumulate interest, it is entirely at the discretion of the underwriter — or of the fund's actuary if it is privately administered — to determine what he may receive in paid-up benefits.

Insurance companies and actuaries are conservative and the benefit normally obtained by a transferring employee leaving his assets in the previous fund can be less than if open market interest rates are secured.

This leads to the second option — to transfer the cash. If the employee transfers to the new employer's fund then the amount of additional benefit, whether expressed in past service or simply a money purchase, is determined by the assurer underwriting the new fund or actuary in the case of a privately administered one.

The rates of interest assumed by the actuaries and amount of past service assumed by the assurance companies can be much less than the value which a man can get by transferring his benefits to a retirement annuity or to a special pension fund dealing with such transfers.

Mr O'Hanrahan gives the following example:

"A transferring employee with full vesting of employer's contribution asked the fund's actuary to calculate the benefit which would be payable to him at retirement. It turned out to be 60% of the salary payable to the employee on the date of transfer.

Projected

"He then asked the actuary of the fund to which he was being transferred what his transfer value would secure. The actuary of the new fund gave him an almost identical figure.

"He investigated the market and placed his interest in the previous fund in a single premium retirement annuity. Through this RA, the benefit at retirement at his 65th birthday will exceed by 10% a year the projected salary he was about to obtain from his new employer."

However, it is impossible to lay down a formula for obtaining additional benefits because of the different views taken by insurance companies and by the variation in the rates of interest earned by a fund.

Fund of their own for professionals

S(Times) 1/7/90

THE Professional Provident Society is the largest and most visible fund providing sickness and disability benefits, group life, term cover, a retirement annuity scheme and medical aid for its 41 000 members.

Although it is registered as a pension fund, it is regarded by Inland Revenue as a sickness benefit society.

Through PPS membership, individual professionals can obtain the same variety of benefits as those employed by large corporations, with all the advantages of group rates.

However, members score even more because the investments generate surpluses which are paid back to members in tax-free lump sums when they retire.

PPS general manager Etienne Huggett says: "To attract members, our benefits have to match those on the market.

"To augment our permanent incapacity benefits, we have introduced a partial incapacity benefit. It was prompted by instances in which members suffered severe injuries or crippling diseases but were trying to spend some time at their practices.

"Notable was a young professional who suffered a broken neck which rendered him a quadriplegic, but he was able to practise to a limited degree from his wheelchair (300)

Overheads

"Members in such circumstances may now get part of the permanent incapacity benefits they would have received had they been permanently and totally unable to work.

"Another benefit is additional payment for up to six months to allow professionals to meet their practice overheads while they are incapacitated."

Guarantee or risk is dividing line for funds

CONFUSION exists about the difference between a provident and a pension fund. Benefits from both can be based on either final salary or money purchase.

With a final salary arrangement the employer undertakes to pay a percentage of the employee's average monthly pay as a pension. Although the employee contributes monthly or weekly to the fund while he is employed, the employer takes the investment risk.

The money purchase fund combines employee contributions and payments by the employer. On retirement the pensioner receives either a lump sum or a pension to that equivalent, plus interest.

There is no guarantee that this will be a percentage of his or her final salary.

This scheme appears in most provident funds and the investment risk is transferred to the employee.

Under these circumstances, investments tend to be more conservative. Members and fund managers want guarantees and stability, not the risk of market fluctuations.

Citing the experience of the pension funds managed by the Old Mutual, chief operating officer Gerhard van Niekerk says this is certainly the trend.

"Pension and provident fund trustees do not want pay-outs to vary and depend on stock market levels. Portfolios normally have some form of guarantee. The capital in most cases is guaranteed, returns smoothed out to avoid dramatic pay-out differences from month to month."

Old Mutual manages the investments of several trade union provident funds, including the National Union of Mine Workers. Mr Van Niekerk says experience shows the preference for guarantees.

He suggests that boards of trustees of money purchase provident and pension funds should have effective membership representation. With the final salary scheme, members' benefits are not directly affected by the fund's investment performance.

Pension payments more perk than rip-off

ST Times 11/7/90

300

By RICHARD VAN DIJK, an executive pensions consultant and Fellow of the Institute of Life and Pension Advisors

ONE of the most debated issues by employees is whether or not there is any real advantage in joining and remaining a member of a pension fund.

It is unfortunate that members query the merits of fund membership without taking an objective view of benefits offered and the actual return on investment.

Many people resent having to contribute monthly to a fund. This immediate "loss" of disposable income, together with the opinion that fund membership is a bad deal, tends to cloud the many positive aspects of a well-structured pension fund.

Debacle

The objections members have are real to them, and need to be dealt with.

Many factors have contributed to the negative conception of pension funds, the most important of which is poor communication between them, employers and employees.

One recalls the debacle of 1981 when the pension preservation issue met with such resistance, and caused a feeling of mistrust between employees and employers.

Although much has been done since then and communication has vastly improved, an all-out effort must be made by all to ensure that benefits and advantages of fund membership are fully communicated to members.

Without a doubt, benefits offered by pension funds make up the core of financial planning.

However, not every individual's benefit needs will be met by the fund. Job hopping and entry at a late age are but two factors which distort what a fund sets out to achieve.

But the fund does provide a structured starting point for financial planning, leaving it to the individual to make up any shortfall in benefits according to his needs.

Most funds include the four major benefits: retirement pension, life cover, disability insurance and termination of employment payments.

Ignoring actual benefits provided because they differ vastly from employer to employer, let us examine a few of the overlooked advantages of fund membership.

● The Income Tax Act provides for generous concessions, both on contributions to and benefits payable from a fund.

● Employee contributions are fully tax deductible. This should always be borne in mind when comparing fund membership with other avenues of investment.

Perk

In addition, past service contributions to a fund are fully tax deductible up to R1 800 a year. Any such voluntary contributions will ensure a greater benefit at retirement.

● The employer also contributes to the fund, normally at a rate equal to or greater than that of the employee.

This is an excellent perk to employees because it effectively improves one's remuneration package. Members should view the employer's contribution as deferred pay — savings set aside by the employer to be paid to the member at retirement date.

A point to note is that the monetary value of this perk is not affected by fringe benefit tax, a further advantage to the member.

Attractive

● Employers usually meet the cost for life cover, disability insurance and the management fee required to administer a pension fund. Thus a member's contribution will vest totally in the fund.

● When a member withdraws from the fund, his full contribution, plus interest, becomes available as a withdrawal benefit.

The first R1 800 is tax free and the balance is taxed at average and not marginal rates.

However, if a member transfers the money to another approved pension or retirement annuity, it takes place free of tax.

These points considered, pension fund membership is a sound and attractive investment. In many instances contributions are the only savings some people make.

The potential benefits and self-respect that go with membership make pension funds a vital aspect in the life of every employee.

Full pay-out for the terminally ill brings comfort in the last year

ST Times 11/7/90

ONE of the latest innovations in life products available in South Africa is the terminal illness benefit (TIB).

It provides for up to 100% of death claim benefits on all life policies irrespective of the assurer anywhere in the world. These death benefits will be accelerated by AA Life to the assured before his or her death if the policyholder is diagnosed as having fewer than 12 months to live.

The Hospice Association says the average patient spends two to three months with the association before dying. In the last few months the trauma is immense.

AA Life managing director Brian Benfield gives the reason for TIB cover: "For the terminally ill, the availability of this money is an important advantage in alleviating financial worries.

"The last week of life is the most expensive for medicines, medical care and special equipment. Many relatives of the dying find the only way to pay for it is to mortgage their houses.

"These funds allow the dying person to discuss the financial position which will prevail after his or her death. Trusts can be established for the education of children, the mortgage can be paid off and arrangements made for the financial security of the surviving spouse, allowing the assured to die with dignity and peace of mind.

"Widows, in particular, often find financial affairs daunting and upsetting.

Low

"Many terminally ill men might like to stop work and spend time with the family. Having taken care of the money and left his estate in order, a man might even like to take a last holiday with his family."

The cost of TIB is surprisingly low. The charge is R1 a month for every R10 000 of benefit for a sum assured, to a maximum of R250 000. This applies to the death claim benefits on all policies in force on the life assured which are ceded to AA Life irrespective of the underwriter.

The advance is free of interest or charges because premiums paid before diagnosis of terminal illness meet the bill.

300

Entry

If there is doubt about which, if any, of the assured's policies will be in force, or if there are no policies in force, or if the individual decides not to advance all his policies, he will be paid an income of up to R4 000 a month for the last year of his life.

In other words, he can either take a lump sum or income. Cover ceases at the age of 70 when there are no other life policies in force. Therefore the R4 000 is a welcome income. Maximum entry age is 55 next birthday.

There is a no-claim period for the first two years to prevent those already diagnosed as being terminally ill from effecting the policy, and to avoid any anti-selection in the early stage. But thereafter the assured has full cover.

Equity links for gurus

CONTROVERSY surrounds equity-linked retirement annuities.

Old Mutual chief actuary Theo Hartwig believes his society's product has received favourable comment and has attracted many new policyholders.

The product is aimed at the well-informed upper-income group as an investment in a form of unit trust while obtaining tax relief.

Mr Hartwig does not think the market is large because the product is for the sophisticated investor.

Old Mutual has tried to make this clear because there are no investment guarantees. As a volatile form of investment it should be seen as a complement to — not a replacement for — conventional retirement annuities.

Before the relaxation of the prescribed asset requirement, 53% of capital placed in retirement annuities had, by law, to go to stipulated low-return investments, such as government stock.

Only 47% of linked retirement annuity money could be invested in equities, which obviously had a stifling effect on the capital growth potential of a fund.

With legislation being relaxed, RAs have become a powerful new investment tool for those who wish to maximise growth on their investment.

John Rigby, assistant general manager of marketing at Fedlife, says that if retirement annuity and pension fund investment is exploited to the full, retirement objectives are possible.

However, contributions should be increased as the rate of income rises. RA investment returns should exceed inflation.

Mr Rigby says: "Fedlife is not the only company looking after contribution increases, but it is important to combat future inflation."

Over 6m workers secure in old age

Employers boost retirement funds

MOST employers favour retirement funds, according to research by the Mouton Committee.

By ADRIAN HERSCH

Employee membership increased from under two-million in 1972 to more than 6,5-million this year, representing about 80% of workers in the formal sector. Executive director of the Steel and Engineering Industries Federation of South Africa (Seifsa) Brian Angus says: "Employers in the industry see a retirement fund as an essential benefit to workers."

The industry has two pension funds covering workers in lower and higher grades — 200 000 and 60 000 respectively. Both have equal union and employer representation on the board of trustees.

A provident fund for workers in the lower grades with equal contributions from employers and employees will be launched shortly. Employees can either stay in the pension fund or join the new one.

Mr Angus adds: "Although we accept that many feel strongly about joining a provident fund, we favour a pension fund system."

Pension funds are flexible and can be adapted to suit workers' requirements, which some have envisaged as being possible only under a provident fund.

Destitute

"There is a belief among some people, for example, that pension funds cannot provide for retrenchment. This is possible. They are also able to provide other benefits offered by a provident fund.

"The problem is that historically pension funds have not operated in this manner."

Mr Angus says that, in essence, the difference between the two funds is that on retirement a lump sum is paid (provident) as opposed to regular payments (pension).

"The worker receives a regular wage and the pension payments ensure continuity. The lump sum presents problems.

"Unions say workers could use the money to buy a house, which would be suitable. But there will be those who won't do that. There is a danger that the money could be unwisely invested and the worker left destitute in old age."

The number of workers covered by retirement funds has risen sharply since the Mineworkers' Provident Fund was establisahed in July 1989 to cover workers in the lower grades.

Workers in the more skilled positions were covered by pension funds, but those in the unskilled and semi-skilled grades had no retirement fund. There was only a long service award.

The National Union of Mineworkers (NUM) has for many years favoured a provident fund.

Potential

The decision to implement the fund — run on a 50-50 basis — was made at the wage negotiations between the Chamber and the NUM two years ago.

Chamber industrial relations service manager Ken van der Plank says: "We support the concept that employees enjoy retirement benefits. We are pleased that there is a scheme available for everybody."

After nearly a year of its existence about 240 000 workers contribute to the Mineworkers' Provident Fund. They comprise 170 000 NUM members and 70 000 others.

Potential membership is about 500 000.

SA Employers Consultative Committee on Labour Affairs (Saccola) pension portfolio holder Barry Horlock says about 80% of those employed in the formal sector belong to retirement funds.

Mr Horlock, also a member of the Mouton Committee, says many of the other 20% are employed in commerce (small shops) and agriculture.

Discussions with the SA Agricultural Union are expected to yield positive results.

"But the millions of unemployed present an alarming liability for the State in the next 10 to 20 years," says Mr Horlock.

Mr Horlock's belief about the preference for a pension fund as opposed to a provident one mirrors the concern of many.

"The worker has to invest the lump sum extremely carefully to counteract the effects of inflation," says Mr Horlock.

Jack of all trades needs a hand

ADVANCED product design support, both at the time of taking out insurance and later as needs and circumstances change, has become necessary both to combat competition and to keep pace with changing economic conditions, legislation and rising inflation.

In addition, demands placed on life assurance advisers have increased to the extent where it is normal to expect the average broker or company agent to be some kind of guru combination of legal counsel, accountant, stockbroker, economist, fortune teller and computer boffin as he works through the various analyses and options.

However, as the need for insurance products spreads to the broader base of the population, is this highly sophisticated approach appropriate or is it merely an unnecessary expense?

For example, the average family man in the upper-income group could well be expected to have between three and five insurance policies. But many in the lower income groups would probably be fortunate to have one.

Ideal

It seems likely, therefore, that product packages, combining funeral cover, savings, accidental injury protection, sickness benefits and more could become increasingly important.

Such packages, which would ensure full insurance protection while offering some kind of choice in the weighting of particular benefits, would take part of the responsibility off the insurance intermediary.

They would also help to limit the cumulative load of premium payments under several policies, each designed to cover a specific requirement and each with its own minimum premium requirement and administrative loading.

Ideally, such multicover policies would be offered in units, allowing consumers to build up their insurance protection block by block within the constraints of their budgets.

As the winds of change blow through our society the products and industries that will survive will be those which understand the needs of tomorrow's consumers and are prepared to meet them.

Equal policies for women

POLICIES for women have not succeeded as expected.

They do not wish to be treated separately, reasoning that their financial needs are the same as men's.

Her Own policy, launched by Old Mutual, enjoyed an initial success. But it soon lost favour because women asked for products not based on gender.

Women need their own policies, but not necessarily policies especially for them.

If a marriage in community of property is dissolved, the woman can claim a share in all policies in the joint estate.

For those married out of community, the position is more complex and financial planning should be given even higher priority.

Blind

Sanlam women's marketing manager Frieda Botma says more women are taking responsibility for their future, but too many still have blind faith in their husbands to provide for them — forever.

"Women fight for their rights, but they don't want to accept responsibility. Women should become much more involved in retirement planning and make sure they understand all the implications.

"Many marketers direct their efforts at the man of the house and ignore the wife's needs. The wife should have the same policies as the husband.

"Women often prefer a 10-year endowment policy to pay for an overseas holiday whereas most husbands plan for their wives' and children's needs in the event of premature death. Men think long term, but women tend to think selfishly.

"However, the fault does not always lie with women's ignorance about retirement provision. Men cocoon them, telling them that they will be taken care of.

"How does such a protected wife cope with all the finances when her husband dies if he has never allowed her to be involved in the day-to-day running of the household and all the financial aspects of his personal life?

Cheque

"Women also tend to foist responsibility on their husbands.

"One widow, left a R1m estate, did not know how to write out a cheque.

"Women who are protected by their husbands often lack an essential identity."

Hanna Boeke, Sanlam's senior technical adviser on product promotion, says the adaptability of The One policy makes any others specifically for women unnecessary, as well as catering for individual needs.

It pays for itself

S/Times 11/7/90

COMMERCIAL Union has launched a combination retirement programme which becomes self-financing after 10 years, but provides income tax relief until retirement.

The Dual Era plan consists of a retirement annuity and an endowment policy which meets a common concern for people about to embark on long-term private retirement plans — whether they will be able to keep up payments until they retire.

300

The plan becomes self-financing in the 11th year. From the beginning of that year until retirement it is no longer necessary for the policyholder to make payments. The retirement annuity contribitions are funded by capital withdrawals from the matured endowment policy.

Even though policyholders no longer pay retirement annuity contributions from their current income, they qualify for annual tax deductions of up to 44% of the RA contribution.

R2bn in pension money 'privatised'

B1Day 21/7/90

(300)

GRETA STEYN

MOVES to privatise government's pension funds gained momentum with the allocation of a further R2bn of public sector pension money to four private fund managers — Syfrets, Sanlam, Standard Merchant Bank (SMB) and CIB.

Although official confirmation of their appointment could not be obtained at the weekend, sources at the institutions say they will receive a new slice of the pensions cake.

Government asked 25 institutions to tender for the funds.

The total size of government funds under private management will now stand at R3bn.

The new R2bn allocation follows a R1bn allocation last year to SMB, Old Mutual, Corbank and Southern Life.

Criteria used to choose fund managers included track record, administrative systems and cost.

However, the bulk of the massive R40bn public sector pension fund is managed by government's own fund manager — the Public Investment Commissioner (PIC).

The trial run with private managers is part of a bid to raise the investment returns on government funds — the low returns have often been cited as a reason for the huge shortfall in the funds (put at more than R20bn).

A major factor in improving returns is the move towards greater investment freedom to funds that have been captive lenders to central government for years.

Government sector funds cannot be invested in equities but the investment straitjacket has been loosened somewhat — instead of having to put virtually the entire fund into government stock (gilts) the fund can now concentrate more on semi-gilts.

They are allowed to invest up to 25% in semi-gilts (Eskom, Transnet and Post Office stock). They can also invest in short-term Land Bank bills as part of the required investment in gilts and can use options as hedge instruments.

The private fund managers will face the same investment constraints as the PIC. The idea is to measure private sector performance against the government arm over a period of three years.

Since the PIC is currently almost fully invested in gilts (estimated at 90% of its portfolio), it is expected to invest virtually all of its cash flow (estimated at about R8bn-R10bn) in semi-gilts and hedging

☐ To Page 2

Pension funds

☐ From Page 1

B1Day 21/7/90

(300)

with options.

The PIC has been criticised in the past for the low returns on investments, but its position as a captive lender to government forced it into a no-win situation.

This year's Budget was the first in which the deficit before borrowing contained no reference to the amount to be borrowed from the PIC — a firm sign that government would no longer be able to count on its pension funds for finance to the huge extent it did in the past.

Another avenue government is looking at further down the line is the possible privatisation of the PIC itself — a move which would upset private fund managers vying for the massive assets currently under PIC management.

Transnet is the only public sector body with an autonomous pension fund. It is allowed to invest in equities and has placed about R1bn in private managers' hands.

State's pension scheme 'needs complete review'

By Magnus Heystek
Finance Editor

The chairman of one of the country's largest life insurance companies has called for a complete review of the State's old age pension system.

Writing in his annual report Neal Chapman, chairman of the Southern Life Association says: "The state age old pension system is in need of a complete review: the current racial differentiation in respect of benefits is unacceptable, there are administrative problems and delays in the distribution of payments, and the means test treats people with income from other sources more harshly than those with accumulated assets."

However, Mr Chapman says it is unrealistic to expect any government of the future to provide comprehensive pensions for all its people. "The man in the street needs to be encouraged to save for his retirement and to this end it is important that the government and financial institutions work closely together to facilitate matters.

TRANSFERS

Mr Chapman also raises the issue of the transferability of pension benefits, long a bugbear of the pensions industry. "In some cases the benefits paid to members on early withdrawal from retirement funds are penal. Improvements in this area, although they may involve additional costs, are important if retirement funds are to be regarded as equitable savings vehicles.

"Provided such improvements are coupled with the encouragement for voluntary preservation of benefits until retirement, this will assist with job mobility and help en sure that withdrawing members accumulate ade-



Neal Chapman

quate retirement benefits.

"With continued high inflation, pensioners and others with fixed incomes are suffering. Retirement funds should regularly review pension payments and allocate funds to alleviate the plight of pensioners," he says.

While commending the state for the withdrawal of the regulated prescribed asset requirements, which were subsequently replaced by the prudent investment guidelines, Mr Chapman feels that the new regulations have not gone far enough and remain too restrictive.

The changes in the investment guidelines are also evident in Southerns' changed investment mix. Investment in government and other fixed interest stock reduced from R2 091 million to R1 565 million while equity investments showed a substantial increase of R2 850 million.

In the year under review Southern's taxed surplus grew by 21 percent to R115 million (R95 million) while a final dividend of 27c a share (1989:22c) was declared, an increase of 21 percent.

Distributable reserves grew by 28 percent to R176 million while shareholders' funds grew by R38 million.

Total group assets grew by 31 percent to R14,0 billion.

Need for single retirement vehicle

By AUDREY D'ANGELO
Business Editor

INSTEAD of separate provident and pension funds there is a need for a single retirement vehicle — so that employees can make the choice between a pension or a lump sum at the time they stop work — says Southern Life executive chairman Neal Chapman.

He also calls, in the Southern Life Association annual report, for better benefits for contributors who withdraw from pension funds before retirement and for regular topping up of pensions to help compensate for inflation.

And he stresses the need for a complete review of the state old age pension system.

"The current racial differentiation in respect of pensions is unacceptable, there are administrative problems and delays in the distribution of payments and the means test treats people with income from other sources more harshly than those with accumulated assets."

Welcoming the relief given to individuals by making dividends tax free in their hands, he points out that the different treatment given to life offices discourages saving through insurance policies.

"Last year the authorities announced their acceptance of the trusteeship principle for life offices under which taxation levels should equate to the marginal tax rate of the average policyholder.

"Unhappily, however, the steps announced by the Minister (of Finance) would seem to have departed from this principle. Dividends, which are now tax free in the hands of individuals, will still be two thirds taxable in the hands of insurance companies.

"In addition, the maximum marginal tax rate for individuals has been reduced from 45% to 44%, while the tax rate for insurance companies has remained unchanged at 45%."

Urging the authorities to give careful and considered attention to the whole field of savings, Chapman points out: "The amount in a savings account or on fixed deposit remains static while it earns interest, whereas the life assurance industry offers products which also produce capital growth in the underlying sum, thus offering an important hedge against inflation.

"It seems incongruous that, at a time when the government is urging individuals to provide for their own retirement, tax deductions applicable to retirement savings instruments have not been adjusted for some 10 years."

Discussing employee benefits, Chapman points out that more employees will want retirement funds to help them with housing finance. "The Southern has developed the mechanisms necessary to facilitate this."

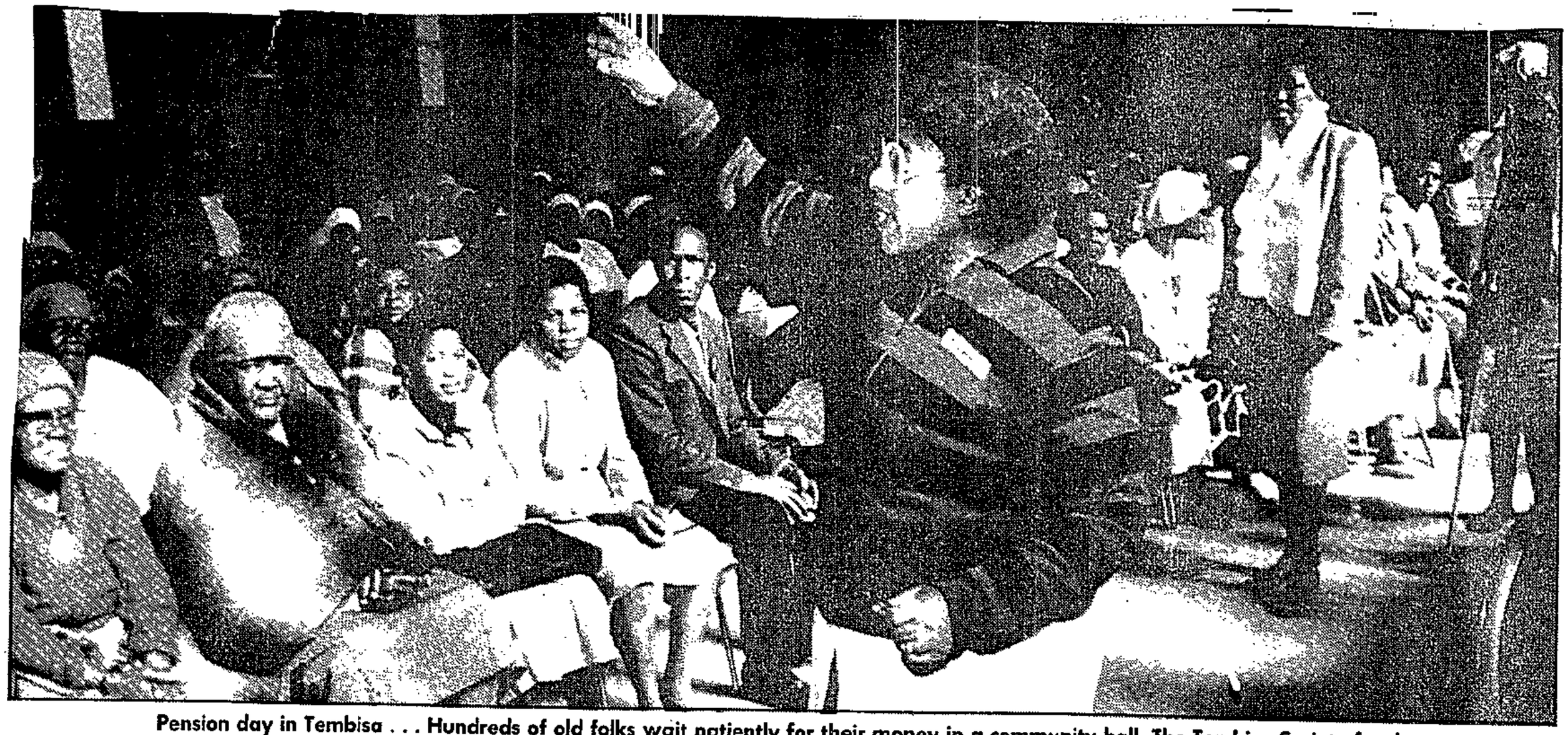
He says that "in some cases benefits paid to members on early withdrawal from retirement funds are penal. Improvements in this area, although they may involve additional costs, are important if retirement funds are to be regarded as equitable savings vehicles.

"Provided such improvements are coupled with encouragement for voluntary preservation of the benefits until retirement, this will assist with job mobility and help to ensure that withdrawing members accumulate adequate retirement benefits."

In addition to this, Chapman says: "With continued high inflation, pensioners and others with fixed incomes are suffering. Retirement funds should regularly review pensions in payment, and allocate funds to alleviate the plight of pensioners.

"Retirement funds can provide benefits either in the form of monthly pensions or, in the case of provident funds, in single lump sums. The state has traditionally favoured pension funds.

"With interest in provident funds growing, the less favourable tax treatment of members' contributions to provident funds could become a source of dissatisfaction and this should be addressed."



Pension day in Tembisa . . . Hundreds of old folks wait patiently for their money in a community hall. The Tembisa Society for the Aged has planned pension day carefully for its pensioners over several days, giving them all a chance to wait under shelter.

(300) Star 6/7/94

Pensioners paid out in comfort

By Winnie Graham

The community hall in Tembisa was reminiscent of a railway station. Hundreds of old people milled around, sat down or talked.

Vendors, themselves senior citizens, walked up and down the rows taking orders for mugs of hot soup and brown bread.

A sign in the corner advertised "hot achar for sale".

In the kitchen a group of women stirred an enormous pot of high protein chicken soup on a gas burner provided by Rotarians.

They had been engaged to provide the old people with something to eat and drink and were in business for those six days of the month when the pensioners of Tembisa collected their money.

Unlike many townships where old folks queue out-of-doors from early morning until late at night on pay-out days, the Tembisa Society for the Aged has planned pension day carefully.

The pay-outs are staggered over six days so the 6 000 pensioners in the township do not have to wait all day.

Sheltered

Instead they have been divided into "blocks" (according to where they live) and on the day they are to receive their pensions are brought by bus to the community centre.

Later they are taken home again.

Disabled pensioners are wheeled in first and automatically placed near the front of the queue.

Because they are sheltered from the elements, the other pensioners happily wait their turn.

No one here has died waiting in queues which was recently the case in another area where pensioners had to wait outside for their money.

Pension day is not an ordeal in Tembisa.

Rather it has become a social occasion: a time for old folks to meet their friends.

The hall has a festive atmosphere. The path is lined with small stalls: entrepreneurs are busy selling anything from fruit and vegetables to basic toiletries.

But, although the community workers are well-pleased they have eased the lot of their old folks on at least one day of the month, they are not satisfied they are doing enough.

Squatters

Sister Tryphina Makhene said there were several hundred old people in the area who have nowhere to live: they shelter at the squatter camp, "Plasticview", so called because the shacks have been built of plastic bags.

"There must be at least 300 old people who have nowhere to stay," she said. "Not all have children with whom they can live.'"

She said a site for an old age home to house these people had already been allocated, plans for a home have been drawn up, and the society was trying to raise money to start building.

In the meantime the society, with the help of local churches, is doing its best. Its lunch club meets twice a week, providing interested old people with an outing and a hot meal.

But the really destitute old folks do not benefit.

"We can't reach the immobile ones," Sister Tryphina added.

Further information about the proposed old age home can be obtained from her or Sister Ruth Ndhlovu at (011)926-2861.

Pensions still far from equal

Political Staff

WHITE social pensioners will receive an average of R294,75 a month during the current financial year while black pensioners will get an average of R182,54 a month, about 62% of white pensions.

Coloured social pensionars will receive an average of R243,33 a month and Indians an avarage of R249 a month, about 84% of white pensions.

This has been disclosed by the Minister of National Health, Dr Rina Venter, in reply to a question tabled by Mr Mike Ellis (DP, Durban North).

It has been government policy to equalise social pensions for all races over a period of time, and the Labour Party in particular has demanded equal social pensions for all, but Dr Venter's figures indicate there is still a long way to go.

The government estimates that a total of R2 902,9 million will be paid out during the current financial year to the 204 843 white, 260 167 coloured, 66 281 Indian and 557 229 black social pensioners.

If all social pensioners were to receive the same amounts as whites during the current financial year, it would cost an extra R965 million during the 1990/91 financial year.

6.1.3 Regional Congress

6.2 The National Congress (herein referred to as the NC) shall adopt general and specific policy measures as a means of resolu-

there shall be a majority of members of affiliates in the meetings.



Bringing winter warmth ... an organiser of Setlamo outreach development hands out blankets from Operation Snowball. There was a bonus for about 250 pensioners living north of Bryanston and Witkoppen when they were given a blanket with their pension packet and the regular Setlamo food parcel.

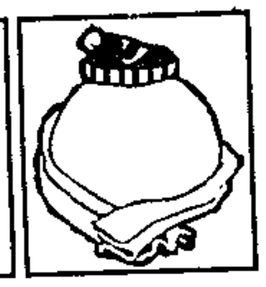
Blanket bonanza for group of pensioners

Star

300

17/7/90

The Star Operation Snowball



By Shirley Woodgate

Last Friday was payday for about 250 pensioners living north of Bryanston and Witkoppen, only this month there was a bonus: a blanket to go with the pension and the regular Setlamo food parcel.

Regularly each month, come wind, rain or heatwave, the senior citizens arrive at Setlamo outreach development in Bryanston — on foot or in wheelchairs, taxis, minibuses or transport laid on by social workers.

Below freezing

Their purpose is to collect the R175 pension payout for blacks or R225 for coloured people which will see them through the month.

But last week the elements tested their endurance. The wind-chill factor forced the temperature down to minus 10 deg C, which made the gift of 200 blankets from Operation Snowball a timeous present.

Setlamo — sponsored by St Mungo's United Church, St Michael's Anglican Church and the Bryanston Methodist Church as well as individuals, private enterprise and local authorities — is well known for its commitment to the underprivileged.

In addition to establishing the pension payout, the organisation runs a school and provides educational skills and projects aimed at improving the self-esteem of black workers.

In the PWV area, there are many such worthy projects manned by charitable workers.

Donations

Operation Snowball supports as many as it can with blankets bought with cash donations, which can be sent to Operation Snowball, Box 1014, Johannesburg 2000, or clothes which our readers deliver to one of 25 depots in the city.

If you have any queries, telephone Sharelle at (011) 633-2304.

Sta- 13/7/90

Call goes (300) out to all pensioners

Johannesburg's fabled heart of gold turns to stone when it comes to the public's attitude towards senior citizens, says newly appointed assistant director of the Johannesburg Association for the Aged, Beryl Scafo.

In the present economic situation they are fast becoming a forgotten people, she believes.

Mrs Scafo has invited all pensioners to "step out of the rut of living alone" and join others at one of Jafta's centres to share their fears and aspirations.

"The Soper Senior Centre in Berea, the Beehive Centre in Braamfontein and the Reuven Service Centre in West Turffontein all have something for everyone: regular outings, affordable holidays, and a three-course lunch is served daily for R2,50," says Mrs Scafo.

For further information telephone Des Pryor at (011) 725-5330.

No change in retirement annuities tax

LINDA ENSOR

THE prospects of retirement annuities being incorporated into the system of withholding tax on interest — an inclusion the life industry is lobbying for — seems unlikely at this stage.

However, Deputy Finance Minister Org Marais said he was open to persuasion on the issue and invited representatives of the life industry to present their views.

Marais said he had held discussions with banks and building societies on the issue of withholding tax on interest and life assurers, fearing discrimination, had asked to be included in the talks.

He said he found it "difficult to understand" the case for the application of the withholding tax on interest to retirement annuities.

Firstly, premiums on retirement annuities were allowed to be deducted before tax and secondly, Marais said, he could not see how assurers could pay out withholding tax every quarter — as was normally the case — instead of at the maturation date of the annuity.

He said the purpose of the withholding tax was to stimulate savings and to this extent, were life assurers to be excluded, it would level the playing fields between them and banks and building societies by attracting deposits to the latter institutions.

"If they can come in on the basis of no tax advantage we would consider their suggestions," Marais said.

Aspects under investigation at present included how to deal with small amounts in the hands of banks. Also, under examination was how to close possible loopholes which would make tax evasion possible.

"If we want to close the loopholes then we must limit the amount of interest which can be deducted as tax," Marais said.

A technical committee was investigating the system and Marais said he hoped to meet banks and building societies before the end of August.

EDUCATION FILE

By NKOPANE MAKOBANE

Seminar to deal with retirement

Sowetan 26/7/90

300

THE Institute for Continuing Education at the University of South Africa is to present a one-day seminar aimed at making the fear of retirement less traumatic.

A spokesman said the lectures, to be held on August 3, will include: health, housing, finance, estate planning, social adjustment and meaningful life fulfilment.

The course fee is R60 a person and includes notes and refreshments. This programme can also be presented to specific organisations.

For more information, contact Louisa Snyman at (012) 429-3256.

Meetings

The institute will also present a lecture on "meeting procedures" on August 21.

Mrs Betsie van der Watt said that in this course various aspects such as agendas, motions and minutes will be discussed as well as the functions of the chairman, secretary and treasurer.

"People in executive committees of societies and organisations will benefit greatly from this useful and educative course.

"The successful functioning of any organisation is to a very big extent dependent on, among other things, effective meeting procedures," she said.

The closing date for registration is August 14 and the fee is R20 a person.

Pension money came too late

Staff Reporter

THE Black Sash and Legal Resources Centre helped to recoup the money of a destitute Langa man who did not receive his pension for five months because of bureaucratic delays — only to learn that the pensioner had died.

Mr N J Ngwadana, who received a pension regularly from 1988, discovered in October last year when he went to the St Francis Centre office for his pension that it had been cancelled.

He repeatedly contacted a social worker there for assistance, but to no avail. In April this year, after not receiving a pension for five months, Mr Ngwadana contacted the Black Sash Advice Office for assistance.

The office immediately contacted officials at the Cape Provincial Administration's community services department, telling them that Mr Ngwadana was destitute without his pension. He reapplied for his pension in April.

Two months later, the CPA said Mr Ngwadana's pension had been reinstated. They maintained that his pension had been cancelled because he had been receiving payment on an old temporary number and said he should reapply for a new one.

During this time Mr Ngwadana, a widower with three adult children, had no income.

The Legal Resources Centre intervened and the Black Sash was informed that Mr Ngwadana could collect R1 025 from the Khayelitsha paypoint on July 25.

"When we tried to contact Mr Ngwadana with the news, his family told us he had died the week before and his body had been taken to Transkei for burial," advice office co-ordinator Ms Sue van der Merwe said.

"A case like this exemplifies that the system doesn't work. There's an inhumanity in the way people are dealt with.

"Why should he have to come to us when there was a social worker at the paypoint who should have dealt with the query?

"These delays cause people great hardship. And in a case such as this the problem had already been drawn to the attention of the state."

The Pilot Rand Daily Mail

Modisane gets R400 after 20 years service

300
Sowetan
31/7/90

By SIZA KOOMA

FOUR hundred rand is a meagre pension send-off for an employee who has loyally served her master for almost 20 years, but Dorah Modisane was content with the payment that was to be her retirement package.

Her employer, though, failed to honour the promise and instead paid half the amount to Modisane's representatives, the Black Domestic Workers Association.

He agreed to pay the R400 after Bladwa had threatened legal action against him for dismissing the 78-year-old without a salary, notice and leave pay.

Modisane was dismissed for "having too many problems".

These included a mentally handicapped daughter and a burnt down house.

"I had been sent word by relatives back home in Rustenburg that my house had burnt down.

"I took two weeks leave to go and check the extent of the damage.

"I left my sister to work in my place. When I came back, the master told me he did not want me to work for him anymore because I had too many problems.

"When I asked for my money he refused to pay me," Modisane said.

She started working for her employer in 1973, doing all household chores including cooking and looking after the children.

Her employer's two children from his second marriage were reared by her from birth.

They were six and three years when she was fired.

Her services were not considered upon dismissal and what would happen to her upon retirement was of no concern to her employee despite everything.

This callousness, according to Dineo Monnamoroa of Bladwa, is common practice among most employers when they want to get rid of old domestics.

"When they notice that the domestic's energy



DORAH MODISANE

is waning and she is no longer as sprightly as she was in the past, they look for a loophole that would enable them to dismiss the domestic summarily.

"We get a lot of cases of old domestics who have been fired for minor mistakes.

"They are usually not given any payment upon dismissal," Monnamoroa said.

Dismissal for a fault committed by the domestic, she said, makes the burden of the guilt and embarrassment of sending off their servants without pension benefits lighter on the employers.

"The employers have an option that would not leave either party hurt.

"They could help their domestics obtain State pension funds while they still work and put them on retirement when payment starts."

Monnamoroa said most domestics came from self-governing states and obtaining pension funds from their respective governments was a problem that often took years.

Modisane was told at her local Home Affairs office in Bophuthatswana that she would get a pension when she was dead.

Modisane, who carries a South African citizen's identity book, came to Johannesburg, hoping that her problem would be solved.

Here she was also turned back and told she did not qualify for the fund and should go back to Bophuthatswana.

She is the sole breadwinner in her family. She supports her mentally handicapped daughter and her four children.

CITY NATIONAL

New call for teachers to return to classes

The Argus Correspondent

PRETORIA. — Renewed calls have been made on teachers and pupils at schools in the Northern Transvaal, controlled by the Department of Education and Training, to return to classes today.

At a Press conference yesterday, the Pretoria Teachers Union (Pretu), The United Democratic Front, the Pretoria Civic Association, the Council of South African Students and the Pretoria Educational Co-ordinating Committee urged teachers and students to attend classes.

Teachers in the region, who were originally scheduled to return to school on July 10, had asked to draw up their own school calendar in line with Transvaal Education Department schools and earlier in the month declared themselves on holiday until July 31.

Brought to halt

This was brought to a halt two weeks ago, when, after an emergency Pretu meeting, teachers voted to return to school and so avoid dismissal in terms of a DET ruling in which teachers who are absent for a period of more than 14 days automatically dismiss themselves.

"Most of the teachers returned to school on July 18 but we have had communication problems with schools in the Moutse area," said Pretu spokesman Mr Mike Molefe when asked why it was necessary to renew the call.

There were no definite figures as to how many teachers were dismissed and Pretu had no knowlege of teachers receiving dismissal notices from the DET, Mr Molefe said.

A DET spokesman yesterday said about 50 teachers were dismissed but that no formal notices had been sent out.

In spite of the fact that none of the dismissed teachers were known, Lawyers for Human Rights (LHR) have been contacted to help address the matter, according to UDF spokesman Mr Siphiwe Ngwenya.

"We call on all teachers, whether they have been dismissed or not, to return to school. We have enlisted LHR to aid us in this regard," said Mr Ngwenya.

A spokesman for the lawyers was yesterday unable to confirm that the organisations' help had been requested.

Cosas spokesman Mr Zakhele Nxumalo said: "We are behind our teachers and we will be returning to school. We call on all students to heed this call."

Govt seeks to inspan cash raised by pension funds

CAPE TOWN — Government-appointed committees are considering ways of encouraging investment of SA's massive pension funds in development aid projects.

Wynand Mouton, chairman of the Mouton Commission of Inquiry into the SA pensions industry, disclosed this to delegates at an Institute of Life and Pension Advisers (Ilpa) Convention yesterday.

He said his committee and others appointed by government, including the tax advisory committee, were considering the possibility of developing new investment instruments or opportunities which would allow for "more productive use" of the massive pension funds.

Contributions worth about R8bn, which flowed into the pensions industry each year, were ideally suited to long-term investments. In other developing countries, like Chile, a small, but financially significant, percentage of the national pension fund was channelled into development projects, Mouton said.

In SA the role of a national fund

LESLEY LAMBERT

was performed by a number of privately administered funds which could possibly be offered incentives for investing a portion of their funds in projects, like housing, to assist in the vital process of economic upliftment and development.

Tito Mboweni, head of the ANC's department of economics and planning, said that if 5% of the assets of life offices and pension funds were invested in low-cost housing projects, more than 300 000 new homes could be provided in one year.

Risk free

But, the mobilisation of life assurance and pension funds for development purposes is a controversial matter.

Key players in the industry argue that their first responsibility is to earn the best possible return for their policy holders and pension fund members. This means they will invest only in those areas which offer high yields and are risk free.

Some opponents argue that many of their beneficiaries would benefit more from a small proportion of directed investment in the areas where needs are greatest — housing, health and education.

Mouton said his committee on the pensions industry was approaching the end of its investigations and was under pressure from Finance Minister Barend du Plessis to submit recommendations.

He said the SA pensions industry had done "remarkably well" by international standards in its efforts to draw the working population into retirement schemes. But he found that while individual funds were adapting to their members' changing needs, they were not doing so fast enough.

Urgent attention would have to be given to matters, including withdrawal benefits, the preservation of benefits on departure, adjustment for inflation, education and trusteeship.

Asked whether his committee had consulted trade unions and black political movements, Mouton said the committee had consulted several trade union representatives and was involved in informal discussions with other representative parties.

Union funds gain investment power

By AUDREY D'ANGELO
Business Editor

INCREASING black membership of pension and provident funds will be one of the most effective ways of redistributing wealth in SA, says Southern Life director (employee benefits) Adrian Arnott.

Southern is administrator of the huge National Union of Mineworkers (NUM) provident fund, which has a monthly income of R12m from its 260 000 members' subscriptions.

This means, Arnott points out, that NUM general secretary Cyril Ramaphosa — a noted opponent of capitalism — is a trustee helping to control funds which at present total about R200m. "That means he is part of the system," said Arnott.

"And in spite of its size the NUM provident fund is not the biggest.

"As these funds grow I think the situation here will become like that in the US where union pension funds, through their investment power, own a large part of the economy."

There was also the question of investing funds in low-cost housing.

"Everyone is shouting that the life offices should invest in black housing. But, through their brokers, we are getting the message that provident funds money should be invested to get the best return."

However, said Arnott, the insurance industry was working as a unit through the Life Offices Association to see what could be done to channel funds into the provision of low-cost housing and how they could best be utilised.

Discussing the effect of the present recession, Arnott said a worrying recent development was that firms with their own private pension funds were going under.

This had already happened in three cases and more were likely to follow as the recession continued.

Money in pension funds was protected, and was not distributed to creditors. It was distributed to members according to their entitlement and those about to retire would still receive the pension "and possibly a little more."

The real losers when a firm went into liquidation, warned Arnott, were people who had tried to provide for their retirement through deferred compensation.

"They do not receive this and usually they have sacrificed salary increases for it."

Made to suffer, even in the twilight years

C/Press 26/8/90 (300)

FOR the cynically minded, the photograph taken of a sign somewhere in the Eastern Cape reading, "Slow – Aged Bantu Crossing", seems to sum up the absurd situation of black pensioners in South Africa. They have to travel so often between payout points and various offices, that they have become a traffic hazard.

A Black Sash report compiled by Marj Brown earlier this year paints an astonishing picture of bureaucratic bungling and neglect which probably causes ageing black people, after long lives of poverty, to wait for the years beyond 60 with extreme apprehension.

The queues outside pension offices are places of anxiety and death – like the one in Durban where three people died in a period of five months last year. One man was left in the sun for two hours before his body was removed. No shelter or seating had been provided.

"At present the attitude of the State towards many black pensioners and disabled people seems to characterise them as parasites – people who just live off the system. This comes through in the attitude of officials, the delay in money received, and in the handling of queries," writes Brown.

"Often the official attitude does not convey the State pension as a legal right but as a gift, contrary to the terms of the Social Pension Act." Merely applying for a pension is like lining up for an arduous obstacle course.

You might be at the wrong office, with dire consequences. In one of the numerous examples provided by Brown, a woman who fled from the unrest in Natal to Johannesburg, was told to go back to Maritzburg and request a transfer of her pension there.

You might be there at the wrong time, and you might need your ID book, or you might not.

An ID is not a legal requirement for a new pension application, officials admit, yet clerks continue to make it a prerequisite, according to Brown.

But getting an identity document is not as simple as it sounds. In a typical example, a 25-year-old unemployed man from Tembisa had to wait three months before he could collect his pension, although it had been ready from the start. Then he was wrongly sent to the Johannesburg offices, where he was told his wife also had to get an identity document.

And when you do at last get your ID, you might find a mistake has been made – the wrong age, for instance.

You sometimes have to provide proof of residence – also not a legal requirement.

People who live in hostels are regarded with suspicion – they might be "foreigners" – and are sent to rural areas or to the homelands for applications, requiring extra money and time for transport.

Rectifying these and similar bungles can take years. In one case, a Cape Town woman received her pension almost three years after her initial application because somebody had neglected to send her fingerprints to the head office in Pretoria.

But once you have passed these hurdles, you still have to prove your age. In Warmbaths, the local pension officer sent all applicants away, saying that they were all young enough to find work. It took an urgent court order to stop the practice.

After this, pensioners still have to pass a means test. People who earn more than about R140 a month get no pension. Pensions are paid on a sliding scale: if you earn less than R44 a month you get the full pension of R175.

In Natal the policy is that pensioners do not qualify for the first five years after they reach pensionable age if they earn R20 or more, but after that they may earn up to R240 and still qualify for a pension.

A cruel feature is that officials are prepared to grant only a portion of back payments in case of bureaucratic delays. After seven interventions on his behalf by the Black Sash, one pensioner received R450 when he was entitled to R4 158.

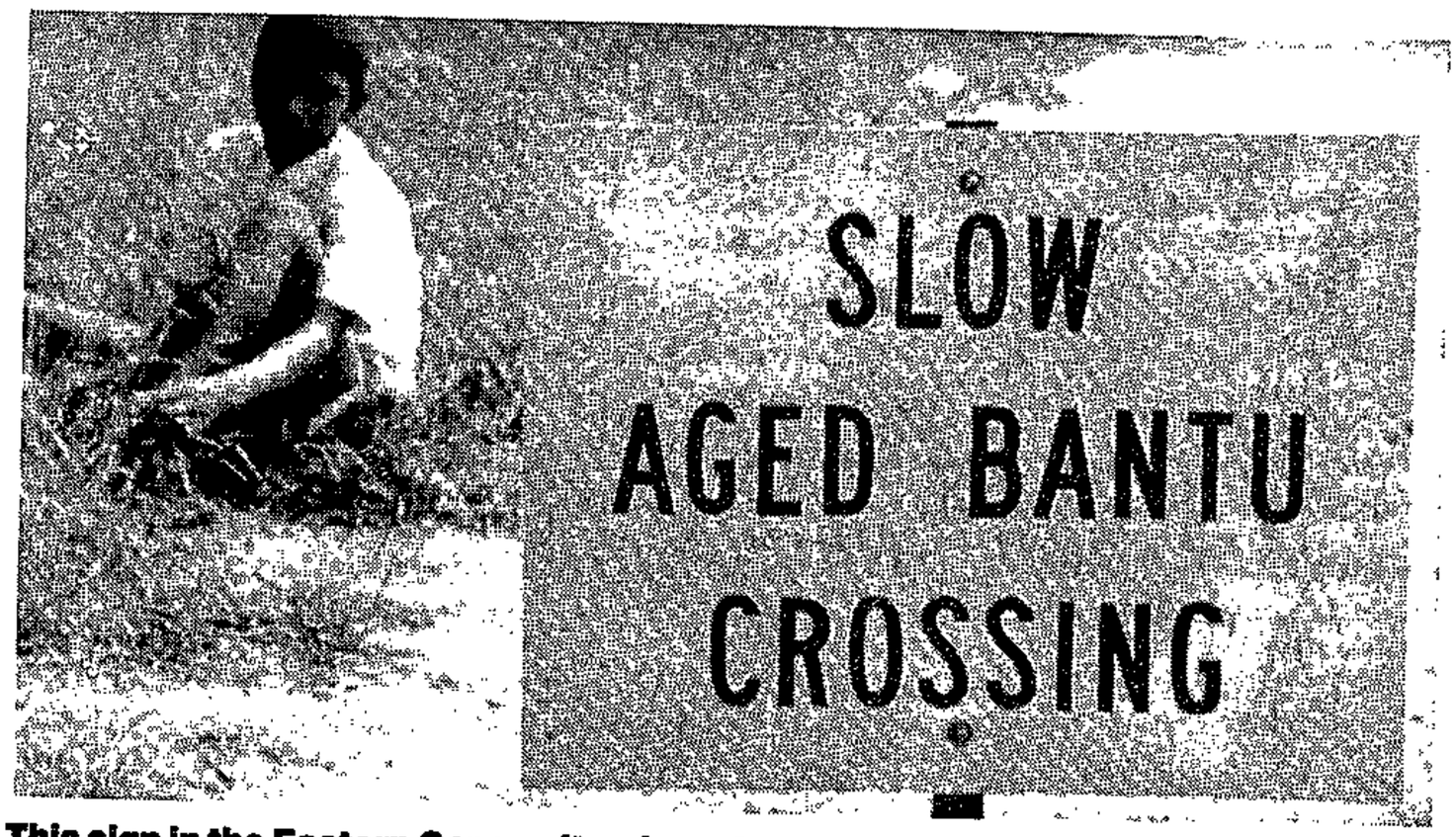
The pensions earned by elderly black people are often the biggest sources of income in their households.

Brown quotes a common example from Wilson and Ramphele's book on poverty in South Africa: "Mrs Cornelius, 65, is head of a nine-member household. She is a widow receiving an old age pension of R83 a month. She is the sole breadwinner. Her only son works away from Calitzdorp and makes no contribution to the household. There are six grandchildren, all attending school. Her daughter, 29, is at home waiting for the start of the fruit season to get some casual work.

"A total of R17,83 is set aside for rent, electricity, water and sanitation each month. Only R65,17 is left to pay fuel, food and other household expenses – little more than R7 a person."

Brown observes: "Black pensioners are vulnerable in that they do not have any access to power or decision-making in this system.

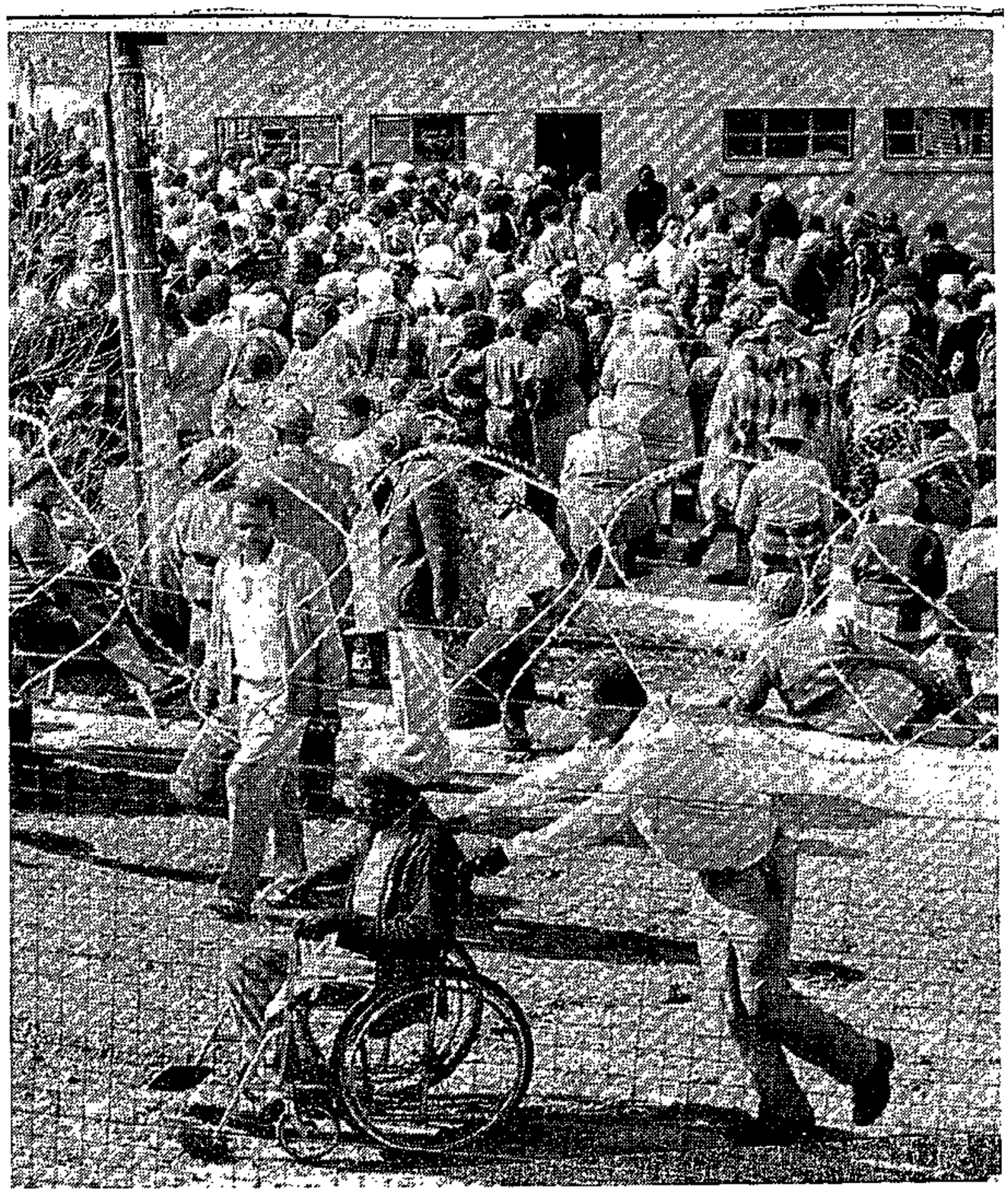
"In the face of this lack of power and resulting poverty and frustration, many pensioners become apathetic and hopeless."



This sign in the Eastern Cape epitomises the plight of ageing black South Africans and the patronising attitude of officials towards them. ■ **Pic: RAYMOND HARTLE**

A Black Sash report paints a grim picture of how elderly blacks struggle to get the pensions their families depend on. Following is a shortened article from the Idasa magazine *Democracy in Action*.

26/08/90/
300



Desperate for cash to eke out another month's existence, frail pensioners wait patiently outside the Diepmeadow pay-out point in Soweto.

Admin change for pensions

Political Staff

GOVERNMENT service and military pensions are to be administered by the Department of Finance from Saturday.

The move only affects government service pensions and not social or old age pensions.

The Department of National Health and the Department of Finance said in a joint statement yesterday that the move followed an announcement to this effect by the Minister of National Health, Dr Rina Venter.

Pensioners are warned of hike in medical aid fees

DURBAN — The number of pensioners was increasing and it could be expected that their medical aid membership fees could escalate further, National Health Minister Dr Rina Venter said at the Natal NP congress.

Venter was replying to a motion relating to the increases in medical aid tariffs, particularly with regard to pensioners' contributions.

"Persons with a high claims pattern, like pensioners, are often dissatisfied if their membership fees are increased to a rate higher than that of other members.

"However, the claims pattern of pensioners as a group generally causes the cost structures of medical schemes to increase at a higher rate than that of other members.

"Pensioners, as a category of members, are increasing in numbers and it can therefore be expected that their membership fees may escalate further in future," she said. — Sapa.

Diday 31/8/90

Computer 'kills off' thousands of pensioners

By SOPHIE TEMA

C/from 2/9/90

THOUSANDS of elderly black people are deprived of their pensions every month – because a computer has declared them dead.

A 79-year-old Soweto woman, Violet Maqubela, is among several pensioners who have been battling for the pension which was stopped because she was believed to have died.

A spokeswoman for the Transvaal Provincial Administration Pensions Department said: "We have had thousands of complaints from people who have been 'killed by the computer'.

"But if these people come forward and claim their money we do our best to see to it they are paid their outstanding pensions."

This week, Maqubela said she had been battling since February 1989 for her pension, which she did not receive during December 1988 and January 1989.

She said: "I was requested to submit an affidavit that I received no pension for the two months, but until now I have had no response."

Veteran civic leader George Xorile said his pension was approved in November 1989. He was promised he would be paid arrears of R510 for the period September 27 to November 30 and R150 for December 1989.

In January this year he found there was no money for him and was told his pension had been deposited in a building society. The account number he was given belonged to someone else.

"Then I went to Albert Street to the pensions department and only after one of the officials had taken me to the bank was a new account opened for me. A sum of R660 was deposited but subsequently I did not receive my pension for February, March and April.

"When I went back I was told to submit my ID numbers and an affidavit stating I had not received my pension for three months. In May I was paid for only one month and until now I have not received payment for the three outstanding months."

Leah Elizabeth Baqwa had her pension cut off for 14 months.

After she had made several representations to the TPA Pensions Department she received only R750 for the months that she had not been paid. Baqwa says she is still owed R1 350.

Old Mutual payouts reach record high

(390) LESLEY LAMBERT (56)

CAPE TOWN — Total payments made by Old Mutual's employee benefits division for the past financial year increased 52% to R1,1bn, setting an industry record.

A strong upsurge in investment income on the assets managed by the life assurer's employee benefits division enabled it to pass on greater benefits to members. Investment income grew 29% to R1,35bn.

Total annuity and lump sum payments increased almost 20% to R325m, while R245m — 21% more than during the previous year — was paid out on death and disability claims. B 1094 5191 90

"In practical terms, this means individuals unable to generate their own income received nearly R1m a day from us," said Old Mutual employee benefits GM Garth Griffin.

Griffin urged employers to regard employee benefits as an integral part of their overall corporate strategies.

He said employee benefit issues had become central to many industrial relations negotiations and that every aspect of contractual relationships between employers and employees was being scrutinised in the current environment of consultation and participation.

Frail, ill pensioners queue for hours outside Witbank building

Star 6/9/90 (300)

By Therese Anders,
Highveld Bureau

Some of the 900 elderly black people who queued for up to seven hours in the sun for their pensions in Witbank yesterday were so ill or frail they collapsed on the pavement.

There were no water or toilet facilities available for the old folk.

"They don't care about us old ones," said near-blind Sarah Phangwako (88), who clutched on to her daughter Mary Mahlangu (66), herself a pensioner.

Mary Jabbar (60) said she was very angry at the Transvaal Provincial Administration (TPA) for switching their usual pension pay-out point from KwaGuqa township to the Koornhof Building in town.

"I'm very sick. How can they expect me to stand like this so long?" she asked.

"At least in the township we can sit down in the hall."

Many of the pensioners complained about the lack of any toilet facilities.

Said one old lady: "I tried to go over to the police station, but they chased us out."

Upset

The pensioners were also upset about having to pay the return taxi fare to town of R1,40 — an unnecessary expense for those living on R175 a month.

The Star was told that on Monday up to 500 pensioners stood in the rain for much of the morning to collect their money.

A TPA Witbank spokesman said that the reason for switching pension payments to the building in town was because it had earlier been expected that KwaGuqa township's electricity was to be cut off this week.

"If that had happened there could have been problems, and we didn't want to let the elderly be involved in that," he said.

He would not comment on why no water or toilet facilities had been provided.

More pensioners are to be paid out in town again today — but from then it was expected payments would be made in the township again, he said.

Multi-million rand pension shock

W/E AR6US 8/9/90

By TOM HOOD
Business Editor

WELL over 12 million people will have to look to the State to provide for their old age at gigantic cost.

The Mouton Committee in a preliminary report today estimated 12 million people were not covered by pension schemes at the end of 1985 — a figure that could be substantially higher now.

The committee, chaired by Mr Wynand Mouton, is investigating the country's future pensions needs.

It estimates about 8 million people formally employed, including the self employed, were covered by pension schemes.

However, in spite of the increase in membership of pension funds, the numbers of people with no cover increased "very significantly" between 1960 and 1985 from about 8,3 million to more than 12 million.

About 7 million people aged 20 to 64 are in informal employment and 60 percent of them have no pension provision, the committee estimates.

"It is clearly not possible for any retirement provision system that requires contributions from its members to provide retirement benefits for those not formally employed.

"As many as 3 million individuals in this group are probably going to have to look to the State to provide for their old age requirements."

The broader implications of the continuing high levels of under-employment and unemployment shown by even the most optimistic projections must be considered, says the committee.

"It is clear that job creation must continue to retain a high priority in national thinking."

More than 50 percent of all South Africans in 1988 lived in households where the total monthly income was less than R700. These households averaged just over six persons.

In fact, 30 percent live in households with an income less than half this amount, says the report. "It is clear that living at this level constitutes real poverty.

"Many persons earning low incomes will have needs in their old age which exceed their income during their working lives. Their clear inability to afford to make full provision for their old age must be addressed."

Other comments by the committee include:

● The continuation of low rates of return on contributions paid to "resigning" members has serious ongoing repercussions on the perceptions that members have of pension funds and therefore needs urgent attention.

"In the light of all the bad publicity the payment of low interest rates has had, it is interesting to note that 54 percent of funds still pay 6 percent or less to withdrawing members."

● Few retirement funds offer reasonable transfer benefits.

● There is very little encouragement for "resigning members" to preserve or transfer their accrued "retirement assets" to another fund on changing employment.

● High levels of unemployment mean that many "resigning" members of pension funds may not be able to find alternative employment. This group of ex-members are clearly not in a position to conserve their "retirement assets" as they will probably need these resources to enable them and their dependents to survive until alternative work can be found.

● Guidelines need to be developed for the inclusion of employer contributions in resignation benefits.

● Inflation's eroding effect on pensions has a severe impact on the security that pensioners derive from their membership of retirement funds.

More than 90 percent of funds now increase pensions from time to time. But even if pensions are increased by 60 percent of the rate of inflation, the purchasing power of a R1 000 pension will fall to R300 in 20 years after 15 percent inflation.

● An area of ongoing concern is the amount of retirement assets paid out to members when they leave the fund on resignation or retrenchment.

● Only 27 percent of pensioners receive more than R800 a month, while 41 percent get less than R300 a month.

● The causes of the decline is still very low."

● Few individuals or employers are really aware of the negative impact that future inflation can have on the lifestyles of people living on fixed incomes or investment income on capital

"Nor is the enormous cost of protection against the ravages of future inflation appreciated."

Mr Reg Munro, secretary, says the committee invites comments from the public on other matters they believe need attention.

The committee's analysis has not been completed. Many important aspects have been omitted from the preliminary report.

● Better methods of keeping members informed about their retirement fund and their personal interest in it need to be explored.

● The discrimination against pension provision and in favour of lump sum benefits in the means test for social old age pensioners must be remedied.

● In spite of the value of retirement fund assets (R94 billion in 1988), the average asset per member is only about R14 000.

"Clearly the industry is not yet mature, in the sense that the average value per member in the average amount of pension emerging from retirement funds (in real terms) needs to be examined and addressed.

● The level of income being received by the elderly is far from satisfactory.

● In the public sector, alarming shortfalls have been allowed to develop over the years due to the lack of regular actuarial supervision and an over-concentration of assets in fixed interest assets.

"A greater degree of financial supervision of State and semi-State funds is needed to ensure their proper ongoing financial management."

● Benefits paid to members leaving a compulsory retirement fund before retirement must be re-examined.

"It is clearly not possible to support a system that demands individuals contribute to a scheme which guarantees they lose money, as often happens when [illegible]."

Pension shock

W/E AR6US 8/9/90

From page 1

Pension disappears

C/Press 9/9/90

A 72-year-old woman has had her pension cut off for the past three years because of a computer error.

Since November 1987 when Agnes Dlamini's pension was suddenly withdrawn, the Transvaal Provincial Administration (TPA) repeatedly told Dlamini her records were not on the computer.

Despite several re-applications to the TPA pensions office, she remained without an income for years.

Dlamini's grandson asked *City Press* to investigate the reasons for withdrawal of her pension.

A TPA pensions department spokesman said it was not clear why Dlamini's pension had been cut off, but that it was possibly due to an error during the computerisation of records.

Last month the pension was reinstated, but no mention was made of arrears. *City Press* asked the TPA to investigate further and was assured that all outstanding money – R4 500 – would be paid without delay.

After a similar complaint from another 72-year-old pensioner, Thakane Mokwana, the TPA will pay out arrears of R1 200.

Mokwana stopped receiving her pension at the Leydenburg pension office in January. Once again, the TPA could not explain why the pension was cut off.

Probe finds fault with pension funds

B109 10/9/90 300

CAPE TOWN — More than 12-million South Africans would depend on state assistance in their old age and many others who had made provision, either privately or through their employers, would receive inadequate pensions.

These were some of the findings in a draft report, released on Friday, of the Mouton Committee's investigation into retirement provision schemes.

The analysis deals almost exclusively with private retirement funds. Social old age pensions and the role of the state in providing them will be dealt with in a separate report.

The committee expressed concern that 54% of retirement funds still paid less than a 6% interest return to members who withdrew before retirement. It said such low rates had a seriously negative effect on people's perceptions of retirement funds and needed urgent attention.

"It is clearly not possible to support a system that demands that individuals contribute to a scheme which guarantees the loss of money, as often occurs on changing jobs," it said.

The committee, chaired by Prof Wynand

LESLEY LAMBERT

Mouton, found that while 80% of working people belonged to some form of retirement fund in 1985, 12-million of the population between the ages of 15 and 64 had made no provision for old age. That figure was likely to have increased substantially by now.

About half of the 18,5-million "working population" was either under-employed or unemployed and unable to make regular contributions to a retirement scheme. They would depend on state assistance.

Comparative figures provided by the Registrar of Pension Funds showed that private funds paid an average monthly pension of R206 in 1988, insured funds an average of R215 and state funds R291. A sample study conducted by the Mouton Committee showed that while 27,1% of all pensioners received more than R800 a month, 24,7% received less than R150, while the remaining 48,2% received amounts ranging between these two figures.

The committee recommended that prac-

☐ To Page 2

Pensions

B109 10/7/90 300

☐ From Page 1

tical guidelines be established for a minimum liveable amount and a reasonable income.

It expressed concern that 54% of retirement funds still paid less than a 6% interest return to members who withdrew before retirement, in spite of inflationary pressures and justified public expressions of dissatisfaction at the uneconomic returns.

The continuation of such low rates of return had a seriously negative effect on people's perceptions of retirement funds and needed urgent attention, the committee warned.

Separate reports are expected on the committee's recommendations on the role of the state and its exploration of alternative retirement models applied in other countries.

Policewoman pledges protection for elderly

CAM-TIMES 11/9/90

By TOSH LEVETT-HARDING

GREATER protection for senior citizens in Sea Point — that's the aim of Lieutenant Denise Basson, who has just been transferred to this suburb from Cape Town.

She is keen to get to know and help the older residents and intends establishing a close liaison with them. She is busy compiling a register of those anxious to have police protection.

Brisk and efficient, Lieutenant Basson speaks rapidly and seems very much a go-getter.

She said: "When I arrived here I was amazed that there was no register of senior citizens. When time permits, I intend to talk to the elderly at various retirement homes in Sea Point, Green Point and Three Anchor Bay.



CARING POLICE OFFICER: Lieutenant Denise Basson, who has just been transferred to Sea Point, has the welfare of the senior citizens at heart.

"There must be many elderly people who would be pleased to have a police officer patrol their areas — if the demand is great enough we will appoint someone to do so."

Lieutenant Basson said the officer's main duty would be to visit senior citizens who wanted to be on the register, to tell them the best ways to protect themselves.

"If necessary we will urge them to install burglar alarms and advise against walking in the streets alone.

"There is a very large number of elderly people in Sea Point. Before I came here I read of assaults on them — we intend to crush this outbreak if we can."

Lieutenant Basson pointed out that she was not working in co-operation with the recently formed police commercial security section, Business Watch, but that her operation was entirely different.

She said that if she managed to effect her plan a police officer, male or female, would call regularly on the elderly to check on their safety.

"We will try to protect them both outside and inside their homes: there are a number of simple precautions of which they many of them may not be aware.

"They should never open their doors to strangers, for instance — they should make quite sure that they know who is ringing their doorbells because many people have been taken unawares in this way — and they should always have safety chains on their doors."

As she put it: "Even I, a senior police officer, wouldn't dream of opening my front door unless I was quite sure who was calling."

She added that with the holiday period approaching it was even more important to introduce additional protection for the elderly: in the festive season people tended to carry more money and were therefore tempting prey for muggers.

She summed up her task: "I intend to prevent crime and give greater protection to those too frail to fight back."

EAF?
HARD OF HEARING)

Centre can possibly help
mpanor 415 which is no
coin and fits completely
ur ear canal.

New interest in provident funds

B|Day 11|9|90

LINDA ENSOR

THERE has been a resurgence of interest in provident funds, particularly among trade union members, the Mouton Committee's draft report on the retirement industry has noted.

LOA figures indicate that in 1989 404 pension funds were newly registered compared with 855 new provident funds.

"An important feature of this development has been the emergence of benefits payable on "resignation" that explictly allow for the progressive inclusion of part or all of the employer contributions," it says, adding that as recently as 1989 very few funds made explicit provision for this kind of "vesting".

The report recommends that consideration be given to the development of appropriate guidelines on inclusion of vesting employer contributions in "resignation benefits".

The report notes a trend for companies to establish provident funds in addition to pension funds to give their employees the choice of which they wish to belong to.

Accrued

Few retirement funds offer reasonable transfer benefits and there is very little encouragement for "resigning" members to preserve or transfer their accrued "retirement assets" to another fund on changing employment.

By 1989 26% of funds were prepared to grant withdrawing members a share of the employers contributions; in 1985 only 1% of participating funds granted this benefit to members who wished to transfer their accrued retirement assets to another retirement funds.

The impact of continuing inflation on pensioners was a matter of concern to the committee which said its eroding effect on pensions has a severely negative impact on the security that pensioners derive from their membership of retirement funds.

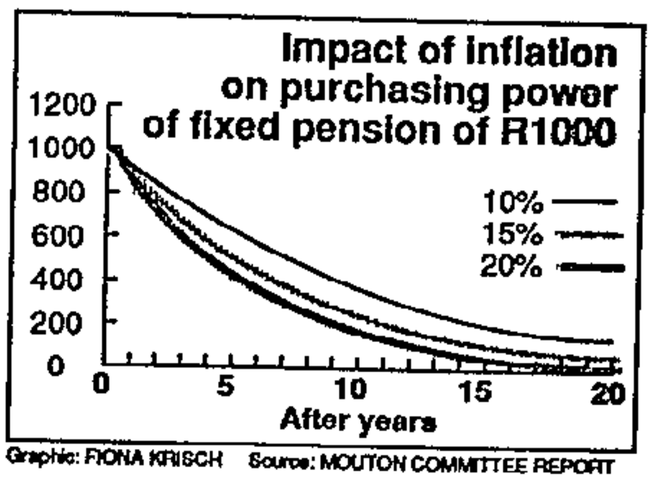
It says over 90% of funds increased pensions from time to time on an ad hoc basis. In 1985/86 the average increases amounted to about 60% of the inflation rate.

"But even if pensions are increased every year by 60% of the rate of inflation, the purchasing power of the pension is seriously eroded over time."

Rates of interest have not kept pace with the rate of inflation with the effect that members have "been forced to lend their contributions to the retirement fund at an uneconomic rate of return . . . It is interesting to note that 54% of funds still pay 6% or less to withdrawing members. As recently as 1985 this percentage was 96%".

Another area of concern is the amount of retirement assets paid out to members when they leave a fund on resignation or retrenchment. The report says the leakage as a percentage of the inflow of contributions is about 15% with the trend intensifying in the eighties. "This problem continues to be a significant weakness in the retirement provision systems in SA."

The committee estimates that the cost to the state of granting income tax concessions on retirement provision will be between R5bn and R8bn in fiscal 1990 — equivalent to about 55% to 90% of the total contribution inflow to funds. This, the report says, "is a very considerable indirect subsidy".



Graphic: FIONA KRISCH Source: MOUTON COMMITTEE REPORT

In 1988 there were 1 151 private funds (including self-administered and exempted industrial funds) with an average number of 1 793 members, 10 852 insured funds with average number of 286 members and 18 government funds with an average number of 81 056 members. This gave a total of 12 021 funds with an average of 551 members each.

The report says the large number of insured funds shows that insurance companies have been successful in drawing smaller companies into making provision for their employees' retirement needs.

In 1970 33% of all formally employed people were members of a private retirement fund, in 1980 this was 80% and by 1986 the percentage was 82%. But while coverage has improved, the absolute numbers of uncovered persons increased significantly between 1960 and 1985.

In 1988 retirement fund assets of R94bn represented 23% of the market capitalisation of the JSE.

Soweto's elderly may lose out

Star 19/9/90

By Montshiwa Moroke

Soweto tenants who continued to pay their rent during the four-year boycott, are waiting to see what the attitude of the authorities is going to be towards them.

Those who appear to have been mostly affected are the pensioners and conservative residents.

They continued to pay, in spite of warnings by civic organisations not to do so, because they were afraid of losing their homes when the council started evicting defaulters.

A council administration source confirmed that the only people who had been consistent with their payments were the pensioners.

Diepmeadow mayor Moses Khumalo said it was the council's view that residents should be compensated for the risks they took in the face of serious threats to their lives and property.

He said that when the matter was raised at last month's meeting between the Transvaal Provincial Administration (TPA), Greater Soweto councils and the Soweto People's Delegation (SPD), discussion was totally rejected by the SPD.

"As far as negotiation with the SPD is concerned, those who were paying their rent during the boycott have lost out. They did not want even to consider the matter.

"For the sake of peace we let the matter rest. If the issue should come up again it will be dealt with by councils outside negotiations with the SPD," Mr Khumala said.

A spokesman for TPA said the matter had been discussed with the other parties.

"We have to wait until Monday when the signing of the formal agreement takes place. Then, you will have to get all five standpoints on how they are going to address the matter."

PENSIONS FM 21/9/90 (300)

REACHING CONSENSUS

Finding consensus on retirement and pension benefits will occupy the Mouton Committee for many months. A draft situation analysis this week identifies 29 issues that must be addressed and elaborates on the disparity of viewpoints already encountered.

Clearly, Mouton will not fall into the trap of making recommendations without full consultation. Issued with the draft is a questionnaire inviting competent critics to prioritise the issues and make general or specific comment. Mouton hopes to get reactions by the end of this month.

The draft highlights some divergent opinions. Many respondents favour compulsion on employers to provide for employees' old age benefits. However, some employees cannot afford to contribute themselves. Also, the committee records, people may need access to retirement funds to meet crises. "Views differ whether all pension provision monies should be available or whether part should be kept for retirement only." A body of opinion suggests the employer's contribution, at least, should be kept for retirement.

The committee has so far avoided any far-reaching recommendations and hasn't tackled social pensions. It has, however, done some grassroots preparation. Mouton records that 82% of formal sector employees are members of private retirement funds. If this seems high (comparable figures for Australia and Canada are 22% and 27%), it is because other countries have substantial State-administered old age assistance.

Though most in the formal sector are notionally covered, few will actually retire with sufficient benefits, the analysis confirms. The problem is compounded by the employees — 1,75m of them, at the most recent estimate — who have not been members of retirement funds and further compounded by the rise of the informal sector.

After consulting a range of experts, the committee concludes that as many as 3m people may be productively but informally engaged. "It is unlikely that many of these will be drawn into making formal provision for their retirement," the committee says.

After identifying problem areas, Mouton will explore alternative models, including those used in other countries. That will be followed by a definition of the goals and principles for a new dispensation for retirement provision. Finally, Mouton will come forward with recommendations. ■

Offer to help revive Helderberg Village

Bday 26/9/90

LESLEY LAMBERT

CAPE TOWN — Cape Investment Bank (CIB) has offered to fund the multimillion-rand completion of the once financially strapped Helderberg Retirement Village.

If all participants in the Somerset West village, which is under judicial management, approve CIB's offer during forthcoming meetings, the project will be completed jointly by the Cape-based bank and property developer Equikor at an estimated cost of R40m, says Raymond Mallach, an attorney acting for CIB.

The village is being converted to sectional title and will be handed back to the villagers to manage, according to Mallach.

"This is not a rescue attempt by CIB. The villagers have already rescued themselves by voluntarily raising the R7,5m needed to repay the Allied and Personal Trust bonds on the property. CIB came in because it felt that the state of the village reflected badly on the Western Cape financial community," Mallach said yesterday.

CIB's offer included the settlement of debts of about R12m.

The offer proposed to complete the village's central clubhouse facilities and an 80-bed frail care centre, to service undeveloped land on the property and to build about 150 more units at an estimated cost of R40m. (300)

It also proposed the acquisition of adjoining land upon which another 200 units could be built at a further estimated R30m, Mallach said.

The cost of completion would be covered entirely by the sale of the new units and, in terms of the offer, villagers would be entitled to 20% of the profits accrued by the new developers, he said.

193 cases for life industry ombudsman

CAPE TOWN — The life assurance industry's ombudsman Mr Justice G P Kotze received 193 complaints against the industry last year, many of which were related to low policy surrender values.

Commenting in his annual report, Mr Justice Kotze

B 10 Jan 5/10/90

LESLEY LAMBERT

said the number of complaints represented a substantial increase on previous years, which indicated a growing awareness of the service he provided to policyholders.

Finality was reached in 101 of the cases he was able to follow up and all requests for companies to reconsider decisions adverse to policyholders or beneficiaries received a favourable response, Mr Justice Kotze reported.

Of the 101 cases where finality was reached, just over 50% were resolved wholly or partially in favour of the complainant.

The number of complaints about surrender values (28) was double that of last year. In 11 of the cases submitted, he decided in favour of the complainant.

He encouraged life assurers to continue their efforts to inform unsophisticated policyholders of the disadvantages of surrendering policies early to obtain ready cash in times of financial need.

Another common complaint was the repudiation or reduction of disability benefits. In eight of the 13 cases submitted, the ombudsman found in favour of the complainant.

HELDERBERG VILLAGE
FIM 5/10/90

IS THE END IN SIGHT?

Somerset West's troubled Helderberg Retirement Village will be completed and possibly extended at a total cost of around R100m — if an offer by Cape Investment Bank (CIB) to take over the development is accepted by the judicial managers and other interested parties. 300

The CIB offer is the only one that's come to light since the village's shareblock company was placed under judicial management four months ago when developers Shemara Holdings ran into financial difficulties and had to be liquidated (*Property* February 9).

CIB spokesman Raymond Mallach says a decision on the offer is likely to be made within a month. Indications are that all the main creditors are in favour of the proposal. If it succeeds, work on completing the village will start early next year. It will be undertaken jointly by CIB and Equikor.

CIB's offer includes a proposal to settle the development company's R12m debt, a compromise payout to trade creditors who are owed R6m and a scheme whereby the R6m owed to private investors who hold security will be paid from profits generated

FIM 5/10/90 300

by the sale of additional units in the village.

The proposal also provides for residents to regain control of the village management and to their existing shareblocks converted to sectional title tenure.

Mallach says it will cost about R40m to complete the village, including the central clubhouse, a frail care centre and 150 additional units. To acquire adjoining land and build 150-200 more units will cost an estimated R60m. The village will be completed at no additional cost to residents and will be financed by the sale of new units.

He says the projected selling price of new units — R300 000-plus based on an estimated R60m for 200 — is not unrealistically high. The village is an upmarket, prestige, development where units regularly changed hands at more than R400 000. Residents are generally well-off people who invariably sell large, valuable, properties in other upmarket residential areas before moving to Helderberg.

Looking out for the pensioners

Business Times Reporter

A PENSIONER who retired on R1 000 a month in 1970 would need R10 804 a month today to maintain his purchasing power. (300)

That illustration of the ravages of inflation has led Timelife Insurance to put together an investment-based package designed to protect pensions from the worst effects of inflation.

The company's general manager, marketing, Tony de Munnik, said: "Everyone knows what inflation does to a fixed income and pensioners are least likely to be able to find additional income."

S/Times 7/10/90

Guaranteed

The package is based on a portfolio of investments in equities, property, bonds and cash.

At the end of each year, Timelife calculates the investment performance of the portfolio and declares a bonus in the form of an increase in the guaranteed minimum pension.

A cash bonus may also be paid to the beneficiary if the portfolio has performed well.

All investment income is reinvested in the protfolio and the only deductions that may be made will be to cover the cost of running the fund and making the monthly payments to beneficiaries.

The Board of Executors will manage the fund.

Overhaul may end 'tax war'

GRETA STEYN

A MAJOR overhaul of the tax system for financial services is on the cards as part of government's move to level the playing fields between the different institutions.

A new basis of taxation for life offices would accompany the implementation of a withholding tax on interest on savings at banks and building societies, a senior life industry source said yesterday.

The overhaul could bring to an end the years-long tax war waged by the building societies, with UBS CEO Piet Liebenberg at the forefront, against the life offices. The societies claim the life offices' "unfair tax advantage" is an important reason why the public chooses to save with these institutions rather than the banking sector.

The societies appeared to have won the first round in the war, a source said, as government seemed likely to tax the life assurers' previously free reserves at the company tax rate.

But whether they will actually end up paying more tax depends on how a new dispensation is implemented.

Their reserves — the surplus of their assets over their liabilities to policyholders — run into billions of rands and have been the subject of debate for years. The life offices have argued that their surplus cannot be viewed as profit.

Policyholders' funds would be taxed at the same rate applicable to savings at banks — the withholding tax rate, expected to be 10%.

However, a senior life industry source said the issue was not clear cut — everything hinged on the definitions of reserves versus policyholders' funds, and also on the nature of transfers between them.

Discussions between the life industry and the authorities were focusing on this issue.

The outcome would determine whether the life offices would be worse off under a new tax dispensation.

More clarity is expected when Finance special adviser Japie Jacobs reports on his investigation into the life industry, probably before the end of this year.

LIFE ASSURANCE FM 12/10/90 (300)

LONG-TAIL CONSUMER CATCH

A key consumer protection clause is missing from the latest draft Bill on Long-term Assurance — an omission which could keep lawyers busy for decades. In earlier drafts, there was provision for a compulsory cooling-off period after an individual life policy is contracted. In this draft, there is no mention of the consumer's right to change his mind, after possibly being exposed to a particularly persuasive assurance consultant.

In its place, there is provision for the Long-term Assurance Advisory Committee to propose rules, on its own initiative or at the request of the Minister of Finance, *inter alia*, to ensure "that policies are entered into, executed or enforced in good faith."

There are some strongly held opinions in the life industry that the issue needs to be legislated, to stave off problems. These assurers, says Old Mutual Legal Services manager Abri Meiring, would rather see this aspect of consumer protection enacted now, on assurers' own initiative, than face the complexities which will flow from the absence of consumer rights.

Those complexities, explains Meiring, can be sparked by another issue being examined by the Law Commission: the desirability of an Unfair Contracts Act, similar to the UK legislation. Meiring says the commission seems to be drawing inexorably to the conclusion that SA needs such an Act and that it could be on the statute books in a year or so.

UK life assurers escaped the net thrown by the Unfair Contracts Act by writing cooling-off periods into life contracts. They argued successfully that the cool-off clause provided much the same sort of protection as the Unfair Contracts Act.

Meiring argues that *without* a cool-off and *with* an Unfair Contracts statute, there could be legal chaos. Life contracts are essentially long-term and life assurers must know at any time what their potential liabilities amount to. "We cannot live in a climate where contracts entered into today can be interfered with by a court in 20 years' time."

The probable reason for excluding consumer right clauses, says the Life Offices Association (LOA), is that they were too embracing. They could have included a provision, again based on UK legislation, that insurance agents must explain to a prospective client precisely how their commission system works and, therefore, how long it will take before an assurance contract contains any surrender value.

That clause virtually spelt the death-knell of the independent assurance broker in Britain. Its inclusion in SA legislation would be strenuously resisted.

Nevertheless, according to the LOA, the cool-off period is by no means dead, though there is still no consensus. Southern, fourth-largest life office, has hinted it may force the issue by writing a cool-off unilaterally into its individual life policies. If it does, others could feel obliged to follow.

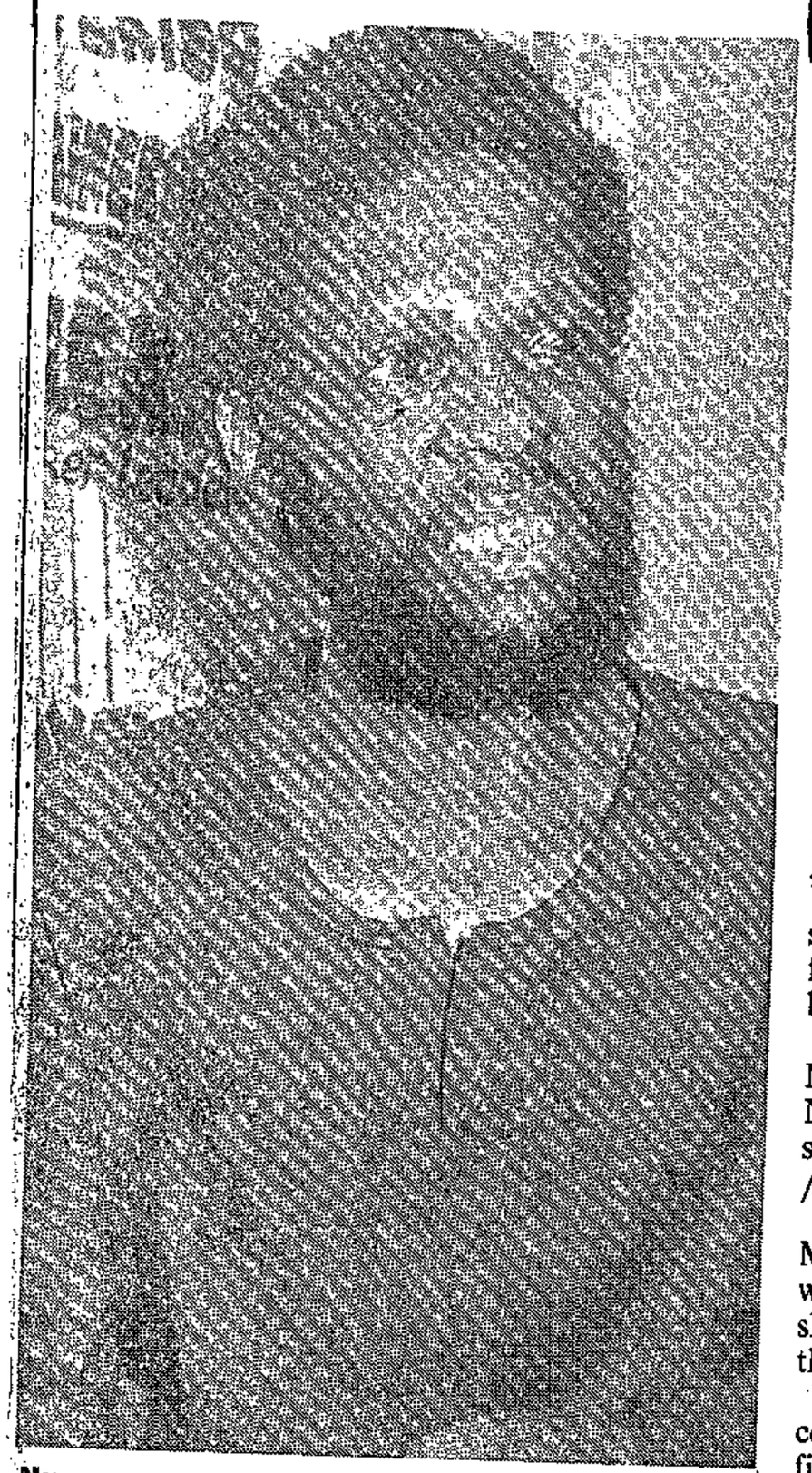
If the draft Bill is weak on one aspect of consumer interest, it suggests giving the registrar sharp teeth when it comes to advertising. A provision allows the registrar to ban an advertisement by an assurer, should he consider this in the public interest.

The provision is aimed at curbing comparative advertising, particularly when the comparisons are not justifiable. There have been ads comparing investment performances of various assurers where the portfolios may have been chosen to show the advertiser in the most favourable light. An example would be to compare a small portfolio which has done exceptionally well in a bull market with a competitor's very large portfolio with an average performance.

LOA deputy director Jurie Wessels finds this clause "curious." There is already an Advertising Standards Authority, he points out, and the LOA has an advertising subcommittee to consider misleading advertising. Wessels questions whether the onus for killing a campaign — which may have cost hundreds of thousands of rand — should be with the registrar, whose expertise is technical rather than marketing.

There is pressure to get the Long-term Bill finalised. The first date for industry comment is long past; government wants the legislation to go before parliament next year.

Bryan Deans



Numsa general secretary Moses Mayesiko.

C/Press 14/10/90

Hostels may be family homes

Numsa to provide R1-billion

By PATRICK MAFAFO

THE National Union of Metalworkers of South Africa (Numsa) is prepared, subject to government guarantees, to pledge up to R1-billion from its provident and pension fund to convert hostels into family homes and to build affordable houses for blacks.

In a document given to the Mass Democratic Movement, Numsa proposes that the project should be handled by the ANC-/Cosatu/SACP alliance.

Numsa general secretary Moses Mayekiso said the draft proposal was being studied by affiliates and should be finalised by the end of the month.

He said the hostels would be converted because they were not fit for human accommodation. "Violence will be endemic as long as they exist. They are health hazards and split families."

To finance the development Numsa proposes:

- A trust fund to be controlled by the alliance and the government;
- Cosatu and its affiliates, mainly Numsa, put up close to R1-billion when the amount is guaranteed by the government;
- The Independent Trust Fund and the government each contribute R1-billion; and
- A consortium of building societies and finance houses under the possible leadership of the SA Perm building society together provide R1-billion.

The proposal provides for houses for sale to families and to individuals, and houses for rent.

Mayekiso said once the proposals had been finalised the next step would be a meeting between the alliance and the State President. He hoped for action in the second quarter of next year.

It is proposed that a joint committee be established by the end of this month to develop the project. At regional level a sub-committee of local authorities and civic associations is proposed to handle the project.

According to statistics from the Council for Scientific and Industrial Research (CSIR), the housing backlog in cities is close to two million units. In addition, 320 000 units a year will have to be provided to house the urban population by the year 2000.

According to the latest Central Statistical Service figures, only 11 000 black housing units were built last year.

Pensioners losing out, says Sash

Sowetan 18/10/90

300

THE under-funding of homelands by South Africa has allegedly resulted in authorities waiting for a pensioner to die for another application to be considered so as to create space in the pension payout "quota".

By RUSSEL MOLEFE

A report compiled by the Black Sash says thousands of Lebowa pensioners were deprived of their pensions because the Social Pensions Act of 1978 provides that the homeland secretary for welfare may determine the number of applications to be approved.

The report said the then secretary for welfare had stated in 1984 that no further pension applications would be approved because of a shortage of funds.

The Lebowa secretary for social welfare, Professor MM Bopape, confirmed that the plight of pensioners in the homeland was due to financial constraints and a delay of six months in the supply of funds by South Africa.

He said the "policy" of waiting for a pensioner to die to make way for another did not apply in his homeland.

The report said pensioners in Lebowa and other homelands were prejudiced as:

* They do not have an enforceable right to pensions since this depends on whether South Africa allocates sufficient funds to the homeland;

* They wait for excessive periods before they receive social pensions and;

* Their payment is received only from the date of final approval.

INSURANCE FIM 19/10/90 300

PENSION FREE-FOR-ALL

Influential members of the Life Offices Association (LOA) believe they should apply at least 5% — R9bn — of the assets of pension fund business to socially desirable developments. Others hold that pension trustees and managers are legally obliged to maximise safe returns for their savers. They argue that subsidising good works does not come into this category of investment. However, the weight of opinion in the LOA appears to be turning in favour of the do-good route.

Sanlam GM group marketing Francois Marais says: "We should invest some of our funds in so-called social directions." But Sanlam can't go it alone. This would invite pension fund trustees to move funds to managers less inhibited by conscience. Therefore, Marais insists, if pension monies are to be earmarked for socially orientated investment, the rule must apply to all funds, including those managed privately or by non-LOA portfolio managers.

Southern Life executive director Adrian Arnott is equally in favour of social spending but is sounding out the trustees of funds Southern manages. He feels the trustee principle is not in danger. "If 95% of investments earn 20% a year and the other 5% bring in only 10%, the dilution is not serious."

Bill Haslam, MD of TimeLife and a member of the LOA committee probing the issue, declares himself totally in favour of social investment, but adds: "It is up to us to be creative. We must design vehicles through which pension monies can achieve social objectives and still give pension fund members a market-related return."

However, Old Mutual MD Mike Levett remains unconvinced that pension managers may ignore their fiduciary obligations. "If the idea is to channel money into avenues which provide a lower return, or carry a higher risk, than is otherwise available, then the managers would not be acting in terms of their fiduciary responsibility." The pension industry, he adds, is already directing its managed funds in a socially responsible manner, firstly by creating savings and secondly by investing in job-creation.

Union reaction is positive. Indications are that members would forego a small and distant diminution in pension benefit for the sake of a massive and instant injection of social responsibility spending.

The PR aspect runs deep. Advocates of a social responsibility programme look not only for the obvious publicity benefits. They hope, also, that this contribution will influence the Jacobs Committee, which is looking into the question of "level playing fields" in the financial services sector. How life assurers and their policyholders are taxed in future is crucial to their market share, so Brownie points are being scored before the Jacobs Committee reports to Finance Minister Barend du Plessis.

And so, the jackpot question: where to put R9bn of social development funds?

Social responsibility

Life offices do not have the infrastructure or skills to apply funds to low-cost housing or even education. To apply funds to a special government stock, earmarked for specific programmes, has some appeal. That would also relieve life offices of their trustee trap because the dilution will not be voluntary.

Levett could go with that, were the return market-related; but Arnott feels such a prescribed asset would be self-defeating — life offices would not be seen to be giving anything away.

An LOA committee has been examining the implications, including where the money — if allocated — should be applied. A suggestion that funds should go to low-cost housing has been given attention but the committee could recommend other avenues, including education.

Finding billions may be easier than spending them. Because there are still conflicting views (less about the principle than about the mechanics), the LOA committee is not expected to come up with firm recommendations for some months.



Levett

Nor do building societies seem a proper channel. Arnott comments: "When societies think of low-cost housing, they think of homes costing R12 000-R40 000. The reality is people who need R500 to build a primitive shelter. What's needed is a genius who thinks laterally to find a way of applying these funds in a real situation, not a textbook lending environment."

Southern's inquiries prove that any attempt by life offices to channel funds in a given direction might be self-defeating. "The communities affected must be allowed to decide how funds are applied."

Haslam says there have been suggestions that life offices' funds should be applied to long-term loans to land investment trusts, so making large areas of privately owned land available for low-cost housing.

So it will not be the actual amount of money for social development programmes that challenges the life assurers. The legal problems and the practical application of the funds remain very much an issue. ■

RANKING PARTNERS

Exports to the UK picked up in the first half of 1990, to £557m, compared with £885m in the whole of 1989. Imports from the UK were £572m (just over £1bn). How our trading partners ranked in the six months emerges in this table (in US$), drawn from figures provided by foreign consulates:

- ☐ West Germany $2,5bn ($1,6bn imported by SA and $865m exports);
- ☐ UK $1,9bn ($972m and $946m);
- ☐ Japan $1,8bn ($708m and $1,1bn);
- ☐ Italy $1,7bn ($352m and $1,3bn — see also *Current Notes*); and
- ☐ France $623m ($255m and $368m).

Figures for the US are not available yet.

The Republic of China (Taiwan), which is not a member of the IMF, does not publish details of trade with SA. But indications are that it was the sixth largest partner in 1989, at about $800m — including $600m-plus exports, the largest item being $211m worth of SA coal. SA's largest import was data processing equipment worth $38m.

BANKING FIM 19/10/90

SETTLEMENT SNAG

Cape Investment Bank (CIB), 30% held by Jan Pickard's Pichold group, has been forced to do its own gilts clearing and settlement from November 1. It will set up a facility in its Johannesburg trading division, bought from Corbank earlier this year.

The decision was made after Nedbank announced about two weeks ago that it would no longer act as CIB's settlement house, as it had agreed to do, until the centralised clearing and settlement house Unex comes on stream.

Nedbank's Mike Leeming says the decision was taken because the volume of CIB trading had grown and it did not feel it could continue offering a temporary service that was not normally part of its business.

Others says that the decision was taken because the bank feels its risk involved in gilts settlement is too high. Nedbank's facility entails exchanging CIB securities for cheques. It stands security against cheques from third parties.

Photocopy page 1 only

REPUBLIC OF SOUTH AFRICA

REPUBLIEK VAN SUID-AFRIKA

Government Gazette
Staatskoerant

Selling price • Verkoopprys
(GST excluded • AVB uitgesluit)
Local **70c** Plaaslik
Other countries **R1,00** Buitelands
Post free • Posvry

Regulation Gazette
Regulasiekoerant
No. 4570

Registered at the Post Office
as a Newspaper
As 'n Nuusblad by die
Poskantoor geregistreer

Vol. 304 PRETORIA, 19 OCTOBER OKTOBER 1990 No. 12793

RECTIFICATION

Notice is hereby given that the **regulation number** in the preamble of *Government Gazette* No. 12790 of 5 October 1990, was incorrectly published. The correct number should read as follows:

Regulation Gazette No. 4569.

REGSTELLING

Hiermee word bekendgemaak dat die **regulasienommer** in die aanhef van *Staatskoerant* No. 12790 van 5 Oktober 1990 foutief gepubliseer is. Die korrekte nommer moet as volg lees:

Regulasiekoerant No. 4569.

300

PROCLAMATION

of the

Acting State President

of the Republic of South Africa

No. R. 183, 1990

PENSION LAWS AMENDMENT ACT, 1988
(ACT No. 89 OF 1988)

Under section 21 of the Pension Laws Amendment Act, 1988 (Act No. 89 of 1988), I hereby determine 1 April 1990 as the date on which sections 7 to 14 of the said Act came into operation.

Given under my Hand and the Seal of the Republic of South Africa at Pretoria this Twenty-fourth day of September, One thousand Nine hundred and Ninety.

G. VAN N. VILJOEN,
Acting State President.

By Order of the State President-in-Cabinet:

E. H. VENTER,
Minister of the Cabinet.

PROKLAMASIE

van die

Waarnemende Staatspresident

van die Republiek van Suid-Afrika

No. R. 183, 1990

WYSIGINGSWET OP PENSIOENWETTE, 1988
(WET No. 89 VAN 1988)

Kragtens artikel 21 van die Wysigingswet op Pensioenwette, 1988 (Wet No. 89 van 1988), bepaal ek hierby 1 April 1990 as die datum waarop artikels 7 tot 14 van genoemde Wet in werking getree het.

Gegee onder my Hand en die Seël van die Republiek van Suid-Afrika te Pretoria, op hede die Vier-en-twintigste dag van September Eenduisend Negehonderd-en-negentig.

G. VAN N. VILJOEN,
Waarnemende Staatspresident.

Op las van die Staatspresident-in-Kabinet:

E. H. VENTER,
Minister van die Kabinet.

SGI offers cover for ill health

Business Times Reporter

LIFE assurers can now provide cover for surgery and hospital costs.

Short-term insurers have previously provided this cover, but without official approval and without the backing of life assurers.

Standard General Insurance has introduced a new policy known as Cash Plan, which covers hospitalisation, surgery and confinement in intensive care.

The daily basic benefit can be between R200 and R400. The annual maximum net claimable amount is R60 000 for an individual and R360 000 for a family.

Premiums start at R40 a month and the guaranteed renewable policy can be attached to any permanent life policy, including a pure endowment.

Sea Point spinster murdered

Cape Times 22/10/90

By DALE GRANGER

A SICKLY 86-year-old woman was found murdered in her Sea Point flat yesterday afternoon.

Police believe Miss May Smith may also have been raped.

The intruder appeared to have entered the flat through her first-floor balcony door.

Miss Smith moved to Sea Point after she was attacked and beaten up in her Gardens flat three years ago, a friend, Mrs Louise Giese, said.

Mrs Giese's son Leon, 15, found Miss Smith's body yesterday. Coincidentally it was Mrs Giese who found Miss Smith after she had been assaulted three years ago. She lay badly injured in her Gardens flat for five days before she was found.

Yesterday afternoon Leon climbed on to the balcony when his family became worried after Miss Smith's flat had been locked since Friday.

"I was quite shocked to see her body from the balcony and shouted down to my family: 'She's dead'," Leon said yesterday.

Her neighbour, who declined to be named, said Miss May was extremely quiet and reserved.

"She was a total hermit and I never heard any noise from her."

Miss May, a retired beautician who had emigrated to South Africa from England 50 years ago, had once owned a lot of land in Kraaifontein, friends told the Cape Times.

Police are appealing to anyone having seen a person climbing along the balcony of the flat to phone Captain Peter Lister on 951-6665 office hours or 951-7712 after hours.

Cash crisis threatens pensioners' services

By Shirley Woodgate

Lack of finance has forced the Johannesburg Association for the Aged (Jafta) to close down one old-age home and to seriously consider cutting back on essential services to thousands of social pensioners.

Director Beryl Scafo said yesterday: "Jafta, which has been caring for white and coloured aged people in the city over the past 37 years, faces major cash flow problems. Last year the shortfall was R539 000. This year the deficit will be well over R1 million.

"Relying entirely on State subsidies and public donations for our survival, we have reached the stage where we are forced to dig into our reserves to survive.

"It costs R250 000 a month to run Jafta, which caters annually for 26 000 needy social pensioners..."

Chief social worker Ros Rosenthal said 32 percent of the white elderly and 68 percent of coloured aged were living below the breadline in Johannesburg alone.

N SUBURBS REVIEW

Service centre for aged to cater to all cultures

Cape Times 24/10/90 380

THE need for a service centre for the aged of all communities and cultures will be answered from November 1 when the Aryan Benevolent Home Council for the Western Cape at 4 Birkdale Avenue, Woodstock will open its doors.

The home is the realisation of a dream of Mrs Ramola Parbhoo and her committee of 14 and is affiliated to the Aryan Benevolent Home Council in Durban.

Various workshops will be run from the centre and will be supervised by voluntary workers. There will be occasional talks, music hours, videos, television and the centre will be a safe haven for relaxation. The membership fee will be R1 per month.

A second phase is planned for the home which will provide accommodation for patients who come to Cape Town for medical treatment and need a place to stay. At the moment a patient from Mauritius is staying at the centre. The seven-roomed home will be able to accommodate about 20 people.

The proposed third phase for the centre will accommodate the needy.

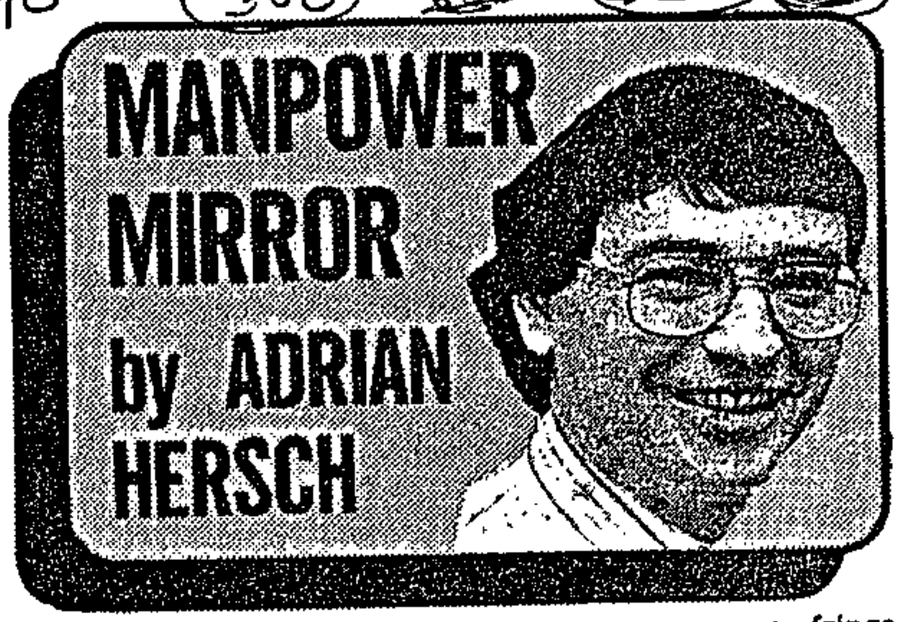
Mrs Parboo said: "It would be nice to have more homes in the area strategically placed between two hospitals. We do our own fund-raising to keep going but we welcome any donations, from the the public."

The word Aryan means "that which is righteous, noble, good and uplifting" and the home aims to be all these.

□ To visit the centre call (021) 417-5513.

Carrots that keep the skilled in their places

ST Times 28/10/90 (300)



FRINGE benefit schemes are increasingly being used to attract and retain skilled personnel. Coopers Theron du Toit tax partner Bronwyn Allan says several companies have non-contributory medical schemes. The 100% employer contribution is allowed as a company expense.

Contributions to schemes are such that the employee may only claim medical expenditure to the extent that it exceeds the greater of R1 000 or 5% of income. This applies to those under the age of 65.

But the medical-aid rules have to be amended for the company to contribute the employee's portion to avoid the contribution being seen as a settlement of debt which would be a taxable benefit.

Mrs Allan says a pension fund can also be non-contributory. It makes the fund tax efficient for the employee because the seventh schedule does not seek to tax this benefit.

"The major advantage of a non-contributory scheme is that it enables an employee to maximise his overall retirement provision by taking out more personal retirement annuity contracts.

"For employees who are members of a contributory pension fund the maximum tax-deductible contribution to a retirement annuity scheme is generally R1 750. But members of a non-contributory pension fund can secure a tax deduction of R3 500 for retirement annuity contributions."

Deferred compensation — where employees contribute a percentage of their remuneration which is invested by the company in a life-assurance policy — is tax neutral for the employer. The expense — either the salary or the assurance premium — may be deducted.

On retirement the policy's proceeds are given to the employee as a "golden handshake" and he is taxed at generous rates.

Mrs Allan says deferred compensation schemes are of interest to employees when they are aged 50 or above and have about 10 years to retirement.

Accommodation rented to an employee by the employer "is one of the most favourable and enduring fringe benefits an employee can receive".

"Furnished or unfurnished residential accommodation, with or without food, meals, fuel, power or water, when provided by an employer to his employee, is treated as a taxable benefit."

The benefit is so attractive that the employee who owns a house may think of letting it and moving into rented accommodation to qualify.

High interest rates have caused a reassessment of the company car as a fringe benefit.

The private car allowance, although an attractive alternative, shuts out the "desk-bound" employee because in general it is granted to those who cover at least 25 000km a year and have to travel for business.

Low-interest loans — soft loans — allow a tax benefit to accrue if the money is lent to an employee by the employer and either no interest is payable, or is payable at lower than the official rate.

Mrs Allan says other perks are bursaries and scholarships for children, housing subsidies, provident funds and share schemes.

Minor fringe benefits include expenses for maintaining a study at home where company work is done, telephone payments related to work, entertainment allowances and professional journals.

Ellerines opens up

ELLERINES is opening two stores at a cost of R2-million in the Northern Transvaal as part of the largest expansion programme in the furniture group's history.

An Oxford store has opened in Pietersburg and a Royal Furnishers store will start soon in Tzaneen.

Expansion planned in the next few years will give the group 400 stores by 1995.

Hard-hit pensioners

Argus 31/10/90 300

angry

By ESANN van RENSBURG
Staff Reporter

PENSIONERS are furious and hurt because in a time of economic hardship badly needed concessions are being taken away or drastically reduced.

The Argus has had many telephone calls and visits this week from pensioners with fixed incomes who say they are already struggling to survive — without the spate of imminent price increases.

They are particularly upset about the scrapping of the 40 percent pensioners' discount on suburban trains from tomorrow.

For them this means a whopping increase in the cost of rail travel because fares go up an average of nine percent tomorrow.

Dr Koos Meyer, general manager (marketing) of the Rail Commuter Corporation, said the 40-off fare reduction for pensioners was withdrawn for economic reasons.

Air, bus fares

Pensioners are also unhappy about the 40 percent SAA air fare concession for over-60s being cut to 30 percent after two fare increases in quick succession.

SAA senior public relations manager Mr Leon Els said the concession decrease was part of the airline's efforts to fight the increase in the fuel price.

This week bus fares went up 9,7 percent, although City Tramways still offers pensioners a discount with its 12-ride clipcard. The cost of the card went up 50c to R5,50.

Bread, a staple food for many elderly people, will go up when the new producer price of wheat is announced tomorrow.

Electricity goes up 12 percent and tomorrow unit metering of local telephone calls will be introduced.

Mr Wander Hoon, regional head of the Consumer Council, said the council would like to see all concessions to pensioners retained.

"In these difficult times we need to look after our pensioners. We know they are struggling and we appeal to all organisations and shops not to withdraw or decrease concessions as the burden on pensioners is often heavier than on the average consumer."

Mr Ivan Hampshire, executive chairman of the Peninsula Organisation for the Aged, said: "Any benefit taken away from senior citizens is a tragedy, especially at a time when we should be addressing the sub-economic group's plight."

No protection

Mr Syd Eckley, director of the National Council for the Aged, said South Africa's welfare system left the poor and elderly with little or no protection in times of economic hardship.

"It is time for a fundamental approach to the welfare of the poor and needy.

"Any concessions come from the taxpayer, and rightly so. We should accept responsibility for those people."

He said the council was concerned about those truly at the bottom end — especially those who did not have the basics such as food and shelter.

He warned the public never to be under the impression that all elderly people were poor and needed concessions.

"But we must avoid throwing out the baby with the bath water. We need a system whereby concessions will go to those who truly need them."

8 hostages tied, shot dead

MARAWI. — The bodies of eight hostages bound hand and foot, were found shot today after they had been kidnapped by a gang in protest against the building of a hydro-electric dam near this southern Philippine town.

Reporters said the bodies had gunshot wounds and some fingers and toes had been cut off. — Sapa-Reuter.



Perplexing problem of how to stretch the pensions budget

B/Day 29/10/90

300

LINDA ENSOR

AS THE politicians knock heads over a new constitutional structure for the country, so economists, statisticians and social planners are grappling with an equally perplexing problem — how to stretch a circumscribed budget to meet the clamouring needs of the until-now forgotten majority.

Estimates suggest a growth rate of at least about 5% will be necessary to address the primary problem of unemployment and to create the wealth for distribution.

But even this will be insufficient to overcome the accummulated backlog in social spending on the black population.

Take social pensions as an example of a need whose solutions — options are presently being examined — could create a furore.

Currently white pensioners get R276 each month, coloureds and Indians R215 and blacks R176. Assuming the white pension is increased by about 9% next year to R300, that racial disparities are removed and that the means test is abolished, the total amount allocated to pensions in 1991 would have to increase from about R2,2bn to R5,2bn.

Given the findings of the Mouton Committee's draft situation analysis, it is probable the committee will recommend the equalisation of pensions and the abolition of the means test. It is also likely, given the high level of unemployment and informal sector employment, that a state-run compulsory contribution scheme will not be regarded as suitable.

The analysis focused on the retirement provision industry and made only passing reference to social old age pensions which were the subject of a separate report. It is expected to be handed to Finance Minister Barend du Plessis within the next month.

The report found there had been a significant improvement in the 1970s and 1980s in the number of working people covered by pension funds. In 1970, 33% of all formally employed people were members of private retirement funds, in 1980 the figure had risen to 70% and by 1986 to 82%, significantly higher than Australia, Canada, Japan, Switzerland, the UK and the US, though comparisons, the report said, were rendered dubious by the fact that these countries had either state or substantial age old assistance systems.

"By international standards the retirement provision industry in SA has had considerable success in drawing employed persons into membership of the retirement provision system."

"It is clearly not possible for any retirement provision system that requires contributions from its members to provide retirement benefits for those not formally employed.

"The members of this group who are without formal employment for a large proportion of their working life are probably going to have to look to the state to provide for their old age requirements. The committee, after consultation with a wide spectrum of experts, concluded that as many as 3-million individuals may be productively engaged in the informal sector."

Furthermore, the needs in old age of those people earning low incomes would exceed their income during their working lives.

"Their inability to afford to make full provision for their old age needs must be addressed."

Based on 1988 estimates the informal sector employed 4-million out of a total labour supply of 13-million, with about 8,5-million employed in the formal sector and about 1,5-million unemployed, it said.



□ CALITZ

Several ways of raising the R5,2bn required merely to equalise pensions are being examined.

The Tax Advisory Committee, for example, is looking into taxing contributions and possibly the investment income of existing pension funds. The loss to the fiscus by the state "subsidising" pensions is estimated at about R14bn annually.

As most funds are defined benefit funds which require employers to increase their contributions to pay the balance of cost in order to ensure that there are sufficient funds to pay for the withdrawal benefits, any such tax would effectively be paid by employers. In other types of funds, the effect could be to whittle away what were planned for pension benefits.

Without the attraction of a tax deduction for pension fund contributions, the incentive to establish and maintain private sector funds could fall away.

Experience in the Western world, some experts say, has conclusively proved that without incentives the voluntary drive towards pension provision is stopped dead in its tracks.

An advantage of removing tax exemptions on pension fund contributions is that it is upfront.

Another possibility is that a special addition to GST be allocated specifically for pensions. The estimated R5,2bn would require about a 2% addition to GST over and above the present budget allocations for pensions. The same tax could be added to VAT — if and when VAT is finally introduced — as a form of old age assistance levy.

It might be possible for food to be included in GST. While this will be taking away in one form what is given in another, the net increase in a black person's pension after allowing for a rise in food costs would be about R80.

But government is known to be against allocating portions of GST revenue for specific purposes, not only because it creates inflexibility in budget planning but also because it would create a precedent for other claims.

Finance deputy director-general Estian Calitz says government has a consolidated income fund out of which it finances government expenditure. Tax income does not normally carry a tag and once it is received it loses its "identity".

He said a specific allocation could create cash flow problems if, for example, GST income did not match expenditure in any one month. Also, claims against particular tax income would build up and it might be difficult to meet expectations. In short, such a proposal would create rigidities and tie government down.

"The basic question is whether it is appropriate to increase the tax burden and government expenditure now. If one's answer to that question is no — and there are good reasons not to increase government expenditure — then one would begin to try to restructure the existing allocation in government expenditure by shifting priorities.

"It is easy to get into the temptation of using a particular tax for a particular purpose, but unless you intend to increase total government revenue, it does not really help."

Perhaps these suggestions are merely the beginning of what could be a tortuous road to come up with something workable — and if possible generally acceptable even to those who control government's purse-strings. The juggling of priorities is likely to be fraught with difficulties, lobbies and counter-lobbies.

It has often been stated in the intense public debate on the issue that the credibility and faith which the black population has in the future system and their leaders will depend on its ability to deliver the goods. The tide of rising expectations cannot be dammed up, and waves of social unrest and instability threaten if they are not satisfied to some degree.

ANC proposes 'desirable' investments

300

Talks on life policy cash for social projects

B/Day 30/10/90

GRETA STEYN

THE ANC and life assurers are discussing the investment of 5% to 10% of the institutions' cash flows, at least R2bn a year, in "socially desirable" investments to reduce economic inequality.

ANC economist Vella Pillay told an Islamic Bank conference on Banking in the New SA in Johannesburg yesterday that the organisation had suggested to the life assurers that up to 10% of savings be placed in social investments.

"We pointed out that a democratic government would take a serious interest in the way the savings of the nation which they administer, through their life policies, are managed and the assets in which they are held."

The life assurers have responded by creating a Life Offices Association (LOA) committee to look into ways of getting involved in "socially desirable" investments. LOA chairman Dorian Wharton-Hood has confirmed the creation of the committee but has declined to be specific on the industry's intentions.

Industry sources say the institutions are keen to come up with an alternative to nationalisation and the life assurers' discussions centre around investing 5% of cash flows in social spending such as housing, which would unlock about R2bn a year.

Pillay said the ANC was still waiting for a response from the assurers.

He said one way in which life offices, the banks and other institutions could get involved in the new SA was by providing finance for industrial development banks. Their investment would take place through the buying of government-guaranteed bonds issued by the new industrial development banks.

"The latter would then be required to make planned investments based on a clear industrial strategy ... providing both equity finance and loan capital." Australia, Korea, Brazil and some European countries had followed this strategy.

Bankers who attended yesterday's conference said such a move would amount to heavy intervention in the market, but they were glad the ANC had apparently ditched its policy of nationalising the banks.

Pillay declared the SA financial markets to be "veritable casinos" and said government intervention was essential to direct funds to sections of the economy that most needed them.

Apart from influencing the direction of credit to preferred economic sectors and to housing, the ANC's monetary policy would renew interest rate controls and ensure cheap deficit financing for a democratic government facing the pressure of increased social spending.

"In our judgment, the reduction of the interest rate is exceptionally urgent. We hope that the present government will take action now and thereby seek to overcome the severe cash flow problems of heavily indebted enterprises, expand the flow of resources into the housing construction industry and start tackling the vexed problem of black unemployment."

Policy would also be focused on "ending the pursuit of profit in the banking sector at the expense of banking prudentiality."

Bring back granny bonds, say experts

B Day 31/10/90

GILLIAN HAYNE

300

WHILE government struggles to find solutions to the negative effects of a withholding tax on interest received by pensioners and small savers, some tax experts suggest the reintroduction of granny bonds could be the answer.

Granny bonds ensure an interest rate greater than the rate of inflation, with the inflation component free of tax. The logic is that the inflation component only maintains the real value of the capital which is tax-free, whereas the true interest content is taxable in the normal way.

Deloitte Pim Goldby partner Willem Cronje said the advantage of inflation-linked bonds over a withholding tax was the lower tax exposure and a guaranteed saving in real terms.

This would be beneficial to pensioners and small savers.

To date interest up to R2 000 has been tax-free, with greater amounts being taxed on a sliding scale. The introduction of a withholding tax, mooted at 10-15%, would serve to encourage savings.

The tax would automatically be collected by financial institutions, and paid over to Revenue. The system would also solve Revenue's fight against tax evaders who do not declare savings in their tax returns.

Fears of investors borrowing funds in a tax-deductible form in order to invest them in the "tax-free" instrument has concerned Revenue.

Ernst & Young tax partner Ian MacKenzie said although in theory granny bonds were a good alternative to a withholding tax, they were open to considerable manipulation.

Even with an upper limit of, say, R100 000, individuals could take out bonds in the names of other family members, thereby overcoming the upper limit restriction.

"Unfortunately, the bonds would not produce a 'cure all' solution," MacKenzie said.

Coopers Theron du Toit tax partner Bronwyn Allan also expressed the reservation that granny bonds implied an age restriction. Even if based on an upper monetary limit only, controlling participation would prove extremely difficult, she said.

No money for ANC, warns CP

THE CP yesterday warned life assurance companies against complying with the ANC's proposals for diverting funds to reduce economic inequality.

In a statement the CP said financial institutions and assurance companies had no right to siphon off policyholders' money. B10ay 2/11/90 300

"By caving in on the principle of the redistribution of investors' wealth, the institutions would not be able to stop or draw the line.

Market-related returns required

Assurers balk at ANC plan on investment

B1 Dan 5/11/90

300

LESLEY LAMBERT

CAPE TOWN — SA life assurers will not voluntarily comply with ANC requests for prescribed investments which do not yield market-related returns and will resist any legal attempts to enforce compliance.

Responding to ANC suggestions that life offices invest 5% to 10% of their funds in "socially desirable" projects, industry leaders said they had met ANC officials on an ad hoc basis and had neither received nor submitted formal proposals.

Both Old Mutual chairman Mike Levett and Sanlam MD Pierre Steyn said that they would not voluntarily agree to invest policyholders' and pension fund members' funds in development projects which did not yield a market-related return.

Levett said he would consider such investments only if the instruments through which they were made were guaranteed, if they earned a market-related return and could be sold in a secondary market.

The debate, which had been heating up behind closed doors, became public last week when ANC economist Vella Pillay told delegates at a banking conference that the ANC and life assurers had been discussing the investment of 5% to 10% of life and pension funds in development projects.

If investments were prescribed in the way that investment in government stock had been, Levett said he would have to be forced by an Act of Parliament to comply and then he would expect the prescription to be applied to all savings institutions.

This was the only way in which he would be able to fulfil his responsibility of earning the best possible return for policyholders and pension fund members, he said.



● LEVETT



● STEYN

Steyn said if such investments were channelled through a reliable institution — like the type of development bank mooted by the ANC's economics department — he would invest without insisting on a government guarantee as long as they yielded a market-related return.

But, he said he would oppose attempts to legally enforce such investments. "Prescribed assets have been replaced by investment guidelines, but Sanlam and many other institutions continue to invest more than the required 10% in government stock, simply because it yields a good return. The same market principles should apply to development projects."

A spokesman for the Life Offices Association said most other assurers and pension funds supported these views.

One exception was Southern Life which

☐ To Page 2

Assurers

B1 Dan 5/11/90

300

☐ From Page 1

said it would be prepared to accept a slightly lower return. But Southern Life executive director Arie van der Zwan said his institution would be prepared to make such investments, provided requirements for investment were applied industrywide.

He said he believed innovative investment instruments could be devised to ensure "socially desirable investments are not heavily subsidised".

The ANC and other liberation movements like the PAC have targeted the life offices because they control the bulk of the nation's savings — funds regarded as vital to the generation of future economic growth and development.

Life offices like Old Mutual argue that they are answerable to their policyholders and pension fund members only and that their investments have the effect of achieving economic growth anyway. Others, like Southern Life, believe the industry has a more active role to play in social upliftment.

A number of organisations and individual experts are working on ways of providing incentives for funds to be applied to development.

Japie Jacobs, special adviser to the Finance Minister, has expressed the need to develop innovative financial instruments with which to make socially desirable investments more attractive to the financial institutions. The Life Offices Association has appointed a special committee to investigate such opportunities and to try to avoid the possibility of legally enforced compliance, industry sources say.

AY, Tuesday, November 6 1990

Official probe mounted into retirement project

BIDA 6/11/90

CAPE TOWN — Business dealings relating to the development of the troubled Helderberg Retirement Village are to be officially investigated in terms of the Harmful Business Practices Act.

In terms of a notice in the Government Gazette of October 26, the Business Practices Committee has proposed an investigation of the business practices of Shemara Holdings, the project developer which went into final liquidation in March this year, three of its former directors — Barry Burton Barbour, Jonathan Arthur Kipps and Yentze Schrauwen — and the village's share block company, Helderberg Village Share Block Holdings.

It will investigate:

- ☐ the canvassing of investors in, and of buyers' rights to units and shares in Helderberg Village;
- ☐ the canvassing of investments in Shemara Holdings;
- ☐ the canvassing and contracting of loans and the application of the assets of Shemara Holdings; and
- ☐ the management of Shemara Holdings and of Helderberg Share Block Holdings.

LESLEY LAMBERT

300 (400)

Villagers

Life savings of a number of elderly investors in the retirement project were threatened when the developers ran into financial difficulties last year.

The project was handed over to the villagers to manage and finally, after protracted legal proceedings, placed under judicial mangement.

Cape Investment Bank made a recent offer to fund the completion of the village. In terms of the offer, the project would be completed jointly by the bank and property developer Equikor at an estimated cost of R40m.

The offer, which included the settlement of about R12m debt, proposed to complete the village's central clubhouse facilities and an 80-bed frailcare centre, to service undeveloped land on the property and to build about 150 more units at an estimated cost of R40m.

It also proposed the acquisition of adjoining land on which another 200 units could be built at a further estimated R30m.

The cost of completion would be covered entirely by the sale of the new units. Villagers, who had voluntarily raised R7,5m to repay bonds on the development, would be entitled to 20% of the profits accrued by the new developers, a spokesman for Cape Investment Bank said.

Star 7/11/90 300

Govt probe into Helderberg village financing

By Maggie Rowley

CAPE TOWN — The government has appointed a committee to investigate the business practices of companies and individuals associated with Helderberg Retirement Village which was placed under judicial management earlier this year.

A notice in the Government Gazette says the Business Practices Committee proposes, in terms of the Harmful Business Practices Act, to investigate the business practice applied by Shemara Holdings (the developer of the project, which was placed under final liquidation in March), of Helderberg Village Share Block Holdings and three former directors of Shemara, Barry Barbour, Jonathan Kipps and Yntze Schrauwen.

Max Hales, one of the judicial managers for Helderberg Village, said that the committee had not yet approached them.

"The investigation itself will not help the villagers, but if there has been any harmful business practice it will bring it to light," he said.

The deadline for written representations to the committee, which should be sent to The Secretary, Business Practices Committee, Private Bag X84, Pretoria, 0001, is November 9.

Mr Hales added that a bid by Cape Investment Bank to take over the village was still under negotiation and would not be affected by the investigation.

ats

Fishing

The results reported by Oceana Fishing Group declined over last year following disappointing pelagic and lobster seasons and lower occupancy levels in the group's cold stores.

Acquisitions

C

SBD-1 3/11/90 300

Armed gang grabs cash for pensions

Vereeniging bureau

An armed gang overpowered and disarmed two Transvaal Provincial Administration security guards and three other officials before escaping with R112 000 in pension funds in Evaton yesterday.

Afterwards the gang — between five and seven — fled through a hole in a concrete wall and drove off in a vehicle.

A police spokesman said the robbery was at the Evaton soccer stadium while elderly residents were queueing up for their pensions.

An official, Anthony Ngoma (27), and two helpers were being guarded by a pair of TPA security guards, who were armed with shotguns, while the money was being paid out.

The gang stormed into the building and overpowered and disarmed the guards and officials.

They then grabbed a trunk containing R112 000 and fled.

Insurers urged to heed ANC

Sowetan 8/11/90

300

LIFE insurers have been warned not to resist the initiatives of the ANC in requesting that "a fraction of pension and provident funds be directed to socially responsible projects".

The warning was sounded yesterday by Mr Don Mkhwananzi, convenor of the ANC task force for economic policy for Natal.

Speaking at the economic development conference in Durban, Mkhwanazi said a future South African government would be forced to intervene if current levels of deprivation among the black population were not addressed.

He called for "socially responsible behaviour"

SA Press Association

on the part of financial institutions and big business and asked why the voice of big business - which was often a major shareholder in financial institutions - had not been heard on the issue of raising funds.

Big business should be insisting that pension fund managers should invest a fraction of their funds in projects which assisted disadvantaged communities, he said.

"There are still an endless number of companies which do not even have a housing policy. They believe that by donating funds to the Urban Foundation, they are fulfilling their obligations. But they must remember that charity begins at home.

"If corporate South Africa does not begin at this late hour to invest in management and skills training, it will face the consequences of its actions further down the line," he warned.

Calling for management approaches and philosophies to be changed, Mkhwanazi said that to date, many millions had been poured into small business and the informal sector.

"But, in fact, black participation in the mainstream of the economy is essential. The growth of the informal sector is actually an indictment of big business for failing to create job opportunities." - *Sapa.*

Millions for home buyers

Gaff Trusts 9/11/90

Business Editor

MILLIONS of rands locked up in pension and provident funds are now available to help members buy their own homes — without any drop in pensions or retirement pay-outs.

It will put home ownership within the reach of thousands of people who would not otherwise be able to afford it.

The first loans will be made under a joint plan by Old Mutual and the Urban Foundation which has been prepared and tested over the past two years.

Announcing the plan on Wednesday, Mr Gerhard van Niekerk of Old Mutual said its approval by a high-level cabinet committee meant the realisation of a long-standing vision "to unlock millions of pension and provident fund monies for socially desirable projects".

The Perm will also be involved in the plan.

Other major insurers are certain to follow suit. And with an estimated R100 billion in pension and provident funds, the amount likely to be borrowed is conservatively estimated at between R5 billion and R10 billion.

Mr Van Niekerk said the plan would not be subsidised by members of pension and provident funds who were not making use of the loan scheme.

Members taking part would retain the full value of their retirement benefits.

Under the scheme, a pension or provident fund member will be able to borrow enough for a 5% deposit on a house as soon as the sum is covered by his contributions.

If his wage or salary is insufficient to cover the bond repayments the difference is made up by additional loans from the fund. But the loans for the deposit and bond repayments never exceed the member's withdrawal benefit.

Repayments to the fund do not start until the member's wage or salary has increased to a level at which he can afford to make them and also keep up his bond repayments. The total sum of both repayments will never exceed 25% of the member's pay.

During this phase the member also makes normal contributions to the pension or provident fund.

Once the bond is paid in full the member continues to make repayments to the fund until the loan has been fully repaid. This ensures that at retirement the full benefits of the fund are available.

Wage-related home loan scheme gets the go-ahead

By REG RUMNEY

A REVOLUTIONARY new form of affordable wage-related housing finance has been developed, which should stimulate the housing market and offer pension funds a new way of putting money into socially desirable investments.

The loan was developed by actuary Anthony Asher of the University of the Witwatersrand.

It is hoped the money for the scheme will come from pension and provident funds, a number of which have already expressed interest, Asher said this week.

He told the *The Weekly Mail* he had been working on the loan since 1982 and that the inspiration for such an "interest-free" loan came from the biblical injunction against usury.

In simple terms, instead of paying back interest, the borrower undertakes to pay back a percentage of his salary.

What it boils down to is that home owners pay back home loans least when they can least afford to, and most when they can best afford to.

At present, home-owners borrowing money from building societies and banks pay high amounts when they are young and are earning relatively low wages or salaries. So the percentage of their salaries dedicated to bond repayments is high.

By contrast, older people earning higher salaries pay a lower percentage of their salaries in bond repayments.

This week Asher's housing loan scheme was given the go-ahead in principle by the government. Asher, who is director of Actuarial Science at Wits, said government permission was needed because of certain technical contraventions of the Usury Act.

The Act, for instance, forbids hire purchase repayments which start off low and either climb gradually or jump sharply. The Act also requires disclosure of the interest rate charged.

Since no interest is charged, but the home buyer contracts himself to paying a percentage of his wage, there would have been a technical illegality. The amount of interest paid is worked out after the fact, not stated before.

Also, the Act doesn't allow for the capitalisation of interest.

Asher points out that one benefit of the scheme is that it will avoid the need for home buyers to trade up in the housing market as they become wealthier.

While the scheme promises to make home owning more affordable, it will also offer investors a reasonable return on their money, he reckons.

It should offer slightly lower returns than investments in shares in companies, but with less volatility.

For instance, should the return on investment in companies be nine percent, adjusted for inflation, the return for the investors in this scheme could be seven percent.

Both shares in companies and salaries are linked to growth in the economy.

"It will match the needs of investors with the needs of borrowers much more closely than present schemes," said Asher.

The official launch of the scheme is expected to be announced at the weekend by the SA Perm building society, which has been involved in developing the loan.

Pension boost

By TOM HOOD
Business Editor

A BUILDING boom in low-cost housing is certain if employers let workers use their pension and provident fund contributions as a deposit for a house or for part of their monthly repayments.

This is forecast by a leading housing authority, Mr Selwyn Myers, retired general manager of Garden Cities, the utility company that built Pinelands and Edgemead.

"There is a huge percentage of employees earning less than R1 000 a month who could now be able qualify for a building society loan. It will encourage companies to cover employees with pension funds where they are not already covered."

At present many low-earning employees were penalised by not being allowed to take a company housing subsidy if they already had the government's 33 percent subsidy for first-time home buyers.

Old Mutual opened the door this week for thousands of people in the lower income groups by getting government approval for use of pension and provident fund contributions for house purchase. Government approval was needed because parts of the scheme ran counter to the Pensions Act and the Usury Act.

Blacks have about R10 billion in pension and provident funds which they could dip into.

Mr Henk Beets, asistant general manager of Mutual's employee benefits division, who spent two years working on the plan, said both employers and trade unions had been consulted about the scheme. There had already been an incredible reaction, with hundreds of people phoning Old Mutual's offices for more details.

Many were complaining, however, but they did not understand that the scheme would not mean subsidies and did not penalise members of pension funds or the sacrifice of retirement bnenefits.

Other people phoned Old Mutual and threatened to cash in their insurance policies because, one put it: "You are capitulating and giving my monmey to the ANC."

On average it would take more than two years' service before an employee could build up his pension fund contributions and be able to qualify. Employees borrowing deposits would be charged the full market rate of interest.

The interest rate prescribed by the government was 19 percent but it could go higher. For example, trustees may have to charge a rate as high as 23 percent — the investment rate earned by provident funds administered by Old Mutual, or 22 percent in the case of pension funds.

Small amounts

Employees generally would be borrowing small amounts. For the deposit on a R30 000 house, an employee could borrow 5 percent — R1 500. The balance of the purchase price would have to come from a bank or building society. If he was not earning enough to qualify for bond he could borrow further sums from the pension fund to help in the initial period of buying a house.

Generally, the scheme would allow employees to afford houses 50 percent dearer than at present. A limit of R45 000 has been set.

A test with a large manufacturing company with several thousand workers showed only 56 percent could afford to buy a R20 000 house. With the scheme, about 97 percent could afford the house.

Employees taking part would retain the full value of their retirement benefits.

Mr Beets said he hoped other life assurers would recommend similar schemes.

They would have a little less money to invest in the short term but "it will all come back later."

SATURDAY NOVEMBER 10 1990
QUALITY OF THE WEEK

SOWETAN BUSINESS

Insurers to probe black homes plan

Sowetan 12/11/90

THE Life Offices Association, representing the majority of life assurance companies in South Africa, has appointed a committee to investigate "socially desirable" projects, including black housing, small business development and education.

The committee, which was formed last May, is the initiative of the LOA members and has nothing to do the African National Congress, the Pan Africanist Congress or the Government.

It has not held discussions with any of these groups.

This was confirmed by the chairman of LOA, Mr Dorian Wharton-Hood, who told *Sowetan* Business this week that the committee would make recommendations to the management committee as soon as it had completed its investigations.

However, Wharton-Hood, did not rule out the possibility that they might have discussions with the groups on the matters at a later stage.

Demands

For the moment, he added, "we have not held discussions with the ANC on the issues."

The explanation comes in the wake of demands by the ANC that insurance companies invest some of their cash into housing and other "socially desirable" projects.

The ANC has suggested that insurance companies lend money at low interest rates, and that the LOA has to consider this as an alternative to nationalisation.

Wharton-Hood said the LOA had not been approached on these matters and no discussion had taken place between it and the liberation movements.

It was inappropriate to imply that life insurers' initiative, which could release billions of rands for housing projects, was as a result of the ANC's demands.

Both Old Mutual and Sanlam - the country's biggest life insurance companies - have said that they would not not voluntarily agree to invest policy holders and pension fund members' funds in development projects which did not yield a market-related return.

It was inappropriate and improper for Old Mutual as trustees to arbitrarily tax the savings of its million members, most of whom were ordinary working people, the company's chairman, Mr Mike Levett, said this week.

"Only the State should tax savings, after full consideration of the alternatives and short - and long-term implications, and subject to democratic review.

"Old Mutual is a mutual society with more than two million members. These members and their dependants look to the proceeds of their life policies for their future financial security - very often their sole source.

"Furthermore, the workers who are members of pension and provident funds, also look into Old Mutual to manage their monies wisely and well.

He said for that reason the company strived to earn the best returns consumarate with security and risk on all the assets backing the liabilities under the policy contracts.

"By its activity in investing the monies of its members and clients in infrastructural development, in long-term risk capital and in other ways, all the investments have gone towards the economic and social development of Southern Africa," he said.

Beer sales continue to go up despite squeeze

Sowetan 12/11/90

By JOSHUA RABOROKO

SOUTH African beer drinkers continue to spend vast sums of money quenching their thirst inspite of the squeeze in consumer demand and the state of the economy, the SAB's performance for the six months to September indicates.

The group's beer division reports that sales volumes increased by 11 percent to about one-billion litres for the period.

Its contribution to the bottom line climbed to R140 million (R112m) or 64 percent of attributable profits of R214 million (R177m).

The surge in beer sales helped to bolster group turnover by 19 percent to R6,9 billion with earnings up 21 percent to 80c (66,1c) a share.

The dividend charge was improved by 20 percent to 30c (25c).

SAB chairman Mr Meyer Kahn attributes the 11 percent increase in beer sales to "fairly aggressive advertising, promotions, keen pricing and good management"- all of which held to increase beer's shares of the total drinks market. The increasing population also helped uplift sales.

Kahn confirmed that SAB, which boasts such diversified entities such as Edgars, OK Bazaars, Amrel, Afcol, Da Gama and Southern Sun in its portfolio, was still planning to spend most of its authorised R1,8 billion capex for the next two years on its beverages division.

He was pleased with the performance of each one of the divisions with the exception of Southern Sun, which from September became a wholly owned subsidiary.

He said uprisings led to the reduction in the number of tourists.

Old Mutual housing scheme receives support

Cape Times 16/11/90 300

By ARI JACOBSON

BANKS and building societies have demonstrated overwhelming support for the housing scheme pioneered by Old Mutual — the idea of using pension funds as collateral to finance low-cost houses.

Those financial institutions canvassed said the pension-linked mortgage repayment concept would increase the security of such loans.

"The risk of default on unsecured low-cost structures has been a major obstacle in the financing of these ventures," said an industry source.

He added that partial recovery from the Urban Foundation Loan guarantee fund provided some relief from default.

An off-shoot mentioned was the likelihood of boosting economic activity and creating badly needed jobs from greater housing activity at the lower end of the economic scale.

Old Mutual's assistant general manager Mr Henk Beets (who devised the scheme) said that from an economic perspective rising demand which would be countered by growing supply should have little impact on the price of low-cost houses.

He stressed further that withdrawals from funds to finance such housing would impact only on the individual's pension contribution.

"We have had several queries from policyholders who fear their contributions will be used to boost socially oriented projects. This will not happen," he said.

Mr Beets saw the temporary redirecting of funds from one market (the stock exchange) into another (the housing market) as an effective way of maximising the value the individual obtained from his membership of his pension or provident fund.

The Mouton report leaves important ground uncovered

TAFFY ADLER and ANTHONY ASHER

THE Mouton Commission to investigate retirement benefits has produced a draft situation analysis (DSA) which shows that, while progress has been made, important blind spots remain in the commission's world view.

The state's role gets very little attention in the DSA, which focuses on the retirement provision industry. However, the commission is obviously moving towards a pensions dispensation in which a state pension fund is provided for the unemployed or welfare cases.

Other retirement provision is through occupational and employer-sponsored schemes, individual retirement insurance, or schemes such as informal business in retirement which provide some income in old age for informal sector operators.

The DSA notes that those who have very low incomes are not in a position to provide for their retirement economically. But the DSA does not reach the logical conclusion which would be for the state to provide for this group of citizens.

The state's role as the provider of the last resort is clearly a central issue in any discussion of retirement provision in SA. State-guaranteed minimum pension levels, with employers and individuals providing the balance, are crucial.

The committee will probably come to the same conclusion. However, it shows no public signs of recognising a role for the state in regulation of private industry. We believe the state must have a role in the regulation of the retirement provision industry in ensuring democratic control of funds; in ensuring solvency and prudent management; in contributing towards a fair benefit structure; and in determining appropriate taxation policies.

The commission also fails to consider the merging or nationalisation of private funds. This blind spot is strange, since a national contributory state scheme could solve a number of problems raised in the DSA.

It would also address the concern about leakage (withdrawals) from the industry which is at the heart of the controversy regarding a compulsory, national pension fund. Certainly, membership of a national compulsory pension scheme for those in employment would reduce the number of people who are reduced to poverty in their old age.

By ignoring the question of nationalisation, presumably for ideological reasons, the commission has missed perhaps the strongest argument in favour of private funds: if (and a big if) private funds are democratically controlled, they provide an ideal vehicle for industrial democracy.

Specific issues needing attention relate to the legislative requirements that the members should own the fund, that trustees elected by the members control the funds, and that compulsory disclosure of their financial interests should apply to professional benefit and investment advisors (including actuaries).

A further item for consideration is the regulation of retirement funds by the Labour Relations Act. Current law allows for the swift demise of well-established funds when an industrial council deregisters.

Should pensions be instruments for the redistribution of wealth? If so, surely the just way should involve redistribution from the rich to the poor? Present structures redistribute wealth the other way.

This is not surprising as most funds are controlled by senior management. These older, wealthier working men have arranged the benefit design of pension funds. Obviously they stand to gain most.

The redistributive effect from the poor to the rich occurs in several ways.

Firstly, poor withdrawal benefits mean anyone who withdraws from a pension fund suffers, but black members suffer more severely. Because of their lower skills level, they are more likely to be made redundant during economic recession. These people generally have a greater job turnover than well-paid whites.

Low withdrawal benefits are not just unfair, but inefficient. They place a brake on the free movement of labour, trapping older employees in unproductive jobs while their skills are missed elsewhere.

When a member withdraws from a fund, all money owed (including employer contributions and a reasonable rate of interest) should be paid out, either directly or indirectly, to that member. This should be legislated as a guiding principle.

Secondly, the report skims the final average salary scheme issue. In final average salary schemes the pension payment depends on the pensioner's average salary over his or her final few years of working life.

A major reason that pension funds have generally elected to base pensions on final average salary is that senior management show salary increases above the average for their age, particularly for the few years before retirement. Final average salary pension schemes therefore tend to transfer money from those with relatively higher salaries at the beginning of their career to those with high salaries towards the end of their careers. Manual labourers and women fall into the former category, senior management into the latter.

The third issue is the practice of "cherry picking". Lower paid employees are dismissed with lower withdrawal benefits and the left-over surplus in the pension fund is transferred to management by giving them vast increases just before retirement.

Fourthly, pension funds tend to subsidise those who live longer at the expense of those who die earlier. The mortality difference between white and black males at 65 is not as great as it is at earlier ages, but mortality differentials do distribute income from one group to another.

Cross subsidies require serious consideration. An important element of any future pensions dispensation should be the collection of statistics on the extent of these cross subsidies. Members must know who gets the best value for money. The commission is concerned about the effect of inflation on pensions. But it has not looked at how this situation arose, or at ways to overcome it.

Investment returns have generally been more than sufficient for pension funds to pay inflation related increases. This has not been done, partly out of ignorance, but largely because management want to use the investment surplus to reduce employer contributions or to increase the benefits apparently being offered to working members. We would argue that some of these surpluses could be used to improve the plight of the elderly poor.

Regarding investment, the commission's concern dwells on the need to maintain a mix of assets appropriate to the fund's liabilities. This leads the commission to comment favourably on the lifting of the prescribed investment requirements in 1989.

The DSA report has not considered the need to utilise the massive assets of pension funds in a socially responsible and economically productive manner. Pension and provident funds have also tended to be passive, and often speculative, investors. Pension funds should be encouraged to focus their investment intentions on buying shares in companies with good long-term prospects; to see as part of their trusteeship duties the duty to be a good corporate citizen, and to exercise the responsibilities they have as shareholders.

They should also be encouraged to make money available for socially responsible investment intended to overcome the massive inequalities that exist in SA. State intervention, including the reintroduction of prescribed investments, should be considered as a means of achieving this.

This is an edited version of an article in the latest edition of Trustee Digest of which Asher, an actuary, and Adler, of the Labour and Economic Research Centre (which advises trade unions on pensions, medical schemes and housing), are co-editors.

W|Mail 16/11 - 22/11/90

'Don't resist calls for redirection of insurance funds'

DURBAN: A warning to life assurers not to resist the initiatives of the ANC in requesting that "a fraction of pension and provident funds be directed to socially responsible projects", was sounded recently by Don Mkhwanazi, convenor of the ANC Task Force for Economic Policy for Natal.

Speaking at the Economic Development Conference for the Durban functional region, Mkhwanazi said a future South African government would be forced to intervene if current levels of deprivation among the black population were not addressed.

He called for "socially responsible behaviour" on the part of financial institutions and big business, and asked why the voice of big business — which was often a major shareholder in financial institutions — had not been heard on the issue of raising funds.

"Big business should be insisting that pension fund managers invest a fraction of their funds in projects which assist disadvantaged communities."

"Sacrifices must be made by all in the interests of the long-term peace and stability of the country."

Mkhwanazi said it was time for the private sector to meet its social obligations. "There is still an endless number of companies which do not even have a housing policy. They believe that by donating funds to the Urban Foundation, they are fulfilling their obligations," he said. 300

If corporate South Africa does not begin at this late hour to invest in management and skills training, it will face the consequences of its actions further down the line," he warned.

"Black participation in the mainstream of the economy is essential. The growth of the informal sector is an indictment of big business failing to create job opportunities.

He warned that any initiative was bound to fail if there was not intensive community participation from the concept stage. — Sapa

Looming tax changes could be 'drastic'

B Day 21/11/90

SEVERAL changes to the taxation of pension fund contributions are either in the pipeline or being discussed by the authorities.

One possible change about which the industry has been asked to comment is the exclusion from the 7,5% tax deduction on contributions of those whose annual salary exceeds, for example, R80 000.

Sanlam GM, group benefits, Francois Marais says such a change would be "drastic" if introduced.

"It will alter the face of the pension industry as all companies will have to decide whether they want to continue making that kind of contribution without the tax deduction.

"If introduced, it may require a change in the way the pension benefit is funded."

The law will have to be carefully thought out to seal the manifold loopholes which potentially exist.

Former Pensions Institute executive director Snowy van Niekerk says there is also the question of the taxation of a retirement fund's investment income, which would have wide ramifications.

Preserving

"Pension funds are concerned about preserving their assets in order to meet their long-term liabilities.

"If they swing their assets to equities, the income will be tax free so the income which could accrue to the state may evaporate.

"One cannot simply say that if funds are taxed the state will gain a significant amount in revenue."

The Mouton committee's draft situation analysis of the state of the pension industry estimated the cost to the state of granting income tax concessions on retirement provision was between R5bn and R8bn in fiscal 1990.

"This is equivalent to some 55% to 90% of the inflow to funds and is a considerable indirect subsidy."

Liberty Life group benefits marketing manager Alan McCulloch says while government may be "shooting itself in the foot" by giving tax relief on contributions, this is also a motivation for having retirement funds.

"It will be a demotivator to employers and employees if investment yields are taxed, raising the possibility of less private provision for retirement and more reliance on the state."

People lose as industrial councils die

THE demise of industrial councils in some industries through government's policy of deregulating labour relations is having serious consequences for the pension benefits of workers, says Labour and Economic Research Unit head Taffy Adler in a recent report.

Workers no longer covered by industrial council agreements number about 56 367 he says.

"Any industrial council-provided benefit depends on the existence of both an industrial council and an industrial council agreement. "The demise of any council thus puts the retirement benefits of the workers governed by that agreement at risk."

There is a provision in the Labour Relations Act for fund money to be transferred to another fund after liquidation, but in practice the process of attempting to do this has been fraught with disputes by the parties involved — to the detriment of retirement benefits.

With the demise of industrial councils, the pension fund becomes a voluntary fund and employers have tended to withdraw, Adler says.

This has resulted in a lack of pension provision for vast numbers of workers threatened with destitution.

"The legal compulsion on employers to contribute to the funds disappears without the sanction of the industrial council agreement," Adler says.

"Employers are no longer required to provide pension benefits for their employees nor are they required to motivate an exemption in terms of equal or better benefits from the main fund, which was run under the authority of the industrial council agreement.

"For instance, the number of contributing establishments to the liquor and catering pension fund dropped from 173 in January 1989 to 104 in March 1990."

Call for a greater freedom of choice

A CHANGE in the prudential investment guidelines for pension funds is in the pipeline.

In August 1989, the statutory prescribed investment requirements for retirement funds were scrapped and investment guidelines were published in the form of Regulation 28 under the Pension Funds Act.

In terms of these guidelines, retirement funds are permitted to hold 65% of their assets in market value in equities and 30% (also in market value) in fixed property.

Former Pensions Institute executive director Snowy van Niekerk says: "The industry would like to see more freedom in investment decisions.

"We have made representations to the Registrar of Pensions indicating that we think pension funds should be allowed to invest up to 75% of their funds in equities and up to 90% of assets in equities and properties jointly."

Sanlam GM, group benefits, Francois Marais says the guidelines do not reflect the possibilities that exist in the market.

"If one compares the equity market with the property market there is not R30 of property for R65 of shares.

"This has created an artificial demand for property and increased the prices of property unit trusts — and to some extent properties — unrealistically. The apportionment needs to be more balanced."

Critical role to play in funding the evolving SA

THE pensions industry is expected to play a critical role in the mobilisation of funds for economic development in the evolving SA.

With the assets of the approximately 12 000 funds approaching R200bn it is likely there will be an enforced or voluntary channelling of funds into projects to meet the economic and political needs of a developing economy.

Already, innovative mechanisms devised by Old Mutual and the Perm for the use of pension and provident funds to finance housing loans of members have been approved by Cabinet. These schemes will give access to home-ownership to millions of low-income people.

Other life assurers and the trade unions are also looking at what have become known as "socially responsible" investments and the possibility of the introduction of prescribed assets for this purpose has been mooted.

There has also been talk of an increase in GST earmarked for the funding of a state pension fund.

Another issue likely to generate heated debate is the question of an employer's use of contribution surpluses, an issue under investigation by the Mouton committee of inquiry into a pension system for SA.

Impact

The structure of the industry is in the process of change under the galvanising impact of trade union pressure, which has highlighted the benefits of provident funds over pension funds, even to those in the executive bracket.

Also, the unilateral way in which funds were managed in the past has come under attack by the trade unions, which are pushing for greater control.

Chemical Workers' Industrial Union general secretary Rod Crompton says the next stage is to get insurance companies to devise benefits more in line with workers' needs.



FRANCOIS MARAIS

"The insurance industry has mainly catered for the needs of the white middle class and it has never designed benefits appropriate to the working class. We hope with time and effort to persuade and influence insurance companies to redesign benefits which are more appropriate."

Examples are an insurance product to cover housing bonds during periods of unemployment, to cover a loan against the fund in the event of death and a wider variety of ill-health cover. He says there is a need for insurance cover for retraining partially disabled people.

But there has been a general improvement in benefits in the industry.

Sanlam GM, group benefits, Francois Marais says Sanlam's latest annual survey of the pension fund industry shows a positive trend since 1980 in improved benefits without a corresponding increase in contributions.

Funded

"The improvement in benefits — both in terms of amounts and the variety of benefits — has been funded by higher investment returns."

Marais says there has also been a trend towards increased benefits after retirement. The average pension increase as a percentage of the inflation rate has improved to about 70-75%.

Pension funds are also making higher provisions for future increases. More than half of funds are planning for increases of more than 75% of CPI, Marais says.

Reduction

There has been a reduction in the retirement age of males and an increase in that of females to bring them into line.

The pension scale is also undergoing change, with a number of funds adopting a pension scale of higher than 2%, which used to be the norm. The scale multiplied by the number of years service gives the amount of the final pension.

Marais says there has also been a change in withdrawal benefits.Traditionally, most pension funds only gave the member's own contribution and a rate of interest of 4% on withdrawal.

Many, however, have adopted a more market related interest rate with about half of the funds giving over 6% which, he says, is better, but not sufficient. There is also a trend to give a part of company contributions as well, but Marais says this is not at an advanced stage.

Liberty Life GM group benefits (sales and marketing) Mike Garbutt says a different approach to pension fund management will be required in the '90s.

"Faced with the volatility of the country, both politically and economically, the Middle East crisis and the vulnerability of overseas markets, trustees must take cognisance of the fact that the successful investment criteria of the 80s may no longer apply," he says.

cantile Bank

RIAAN SMIT

vestments, and management
3 Day 21/11/90
nan for the bank said the deal
antial institutional support for
d carried the added benefit of
king by IGI through Safegro.

's announcement yesterday
tile was now held, subject to
l of the Registrar of Banks, to
of 63,9% by financial institu-
neant a considerable improve-
e profile of the bank in the
ena.

giant posts n earnings

21/11/90

MARCIA KLEIN

addressed, he said.

Senchem and other parties were investigating the feasibility of building a petrochemical cracker as a private sector initiative, which he said government should be prepared to facilitate.

Van den Berg said in the climate of trade liberalism, adjustments to industrial policy should be prepared in conjuction with the private sector. "The SA chemical industry has the potential to become more export oriented and to participate significantly in world chemical markets."

CE Johan van der Walt said areas of future devel-

DIAGONAL STREET

Dull trading as buyers avoid boosting prices

GOOD demand for quality industrials kept the market undertone firm but trading was uninspired as buyers generally were reluctant to push up prices and sellers were unwilling to offload shares at their lower levels.

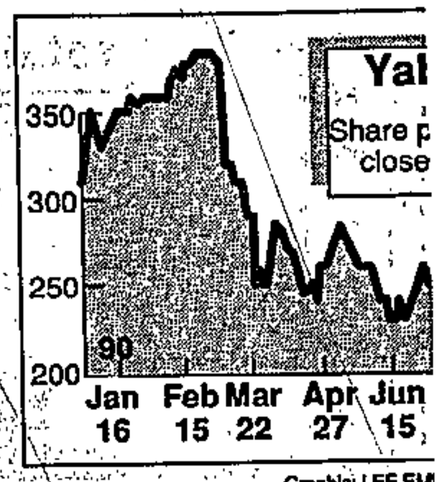
"We are seeing more buying ... from some of the larger institutions and there is enough demand to create a buoyant market but there is no selling and volumes remain thin," a dealer said.

Institutional nibbling of selected shares lifted the industrial index 28 points to 1 274 and, with most other sectors firmer, the JSE overall index closed with a gain of 19 points to 2 608.

Gold shares were mostly neglected and the all gold index fluctuated in a narrow band to end 10 points up at 1 274.

Gold drifted below the $380 level to a London morning fix of $379,50. Dealers said news that Iraq was sending reinforcements to Kuwait had only a brief effect on prices.

Platinum held in a narrow range around $417 and heavyweight shares



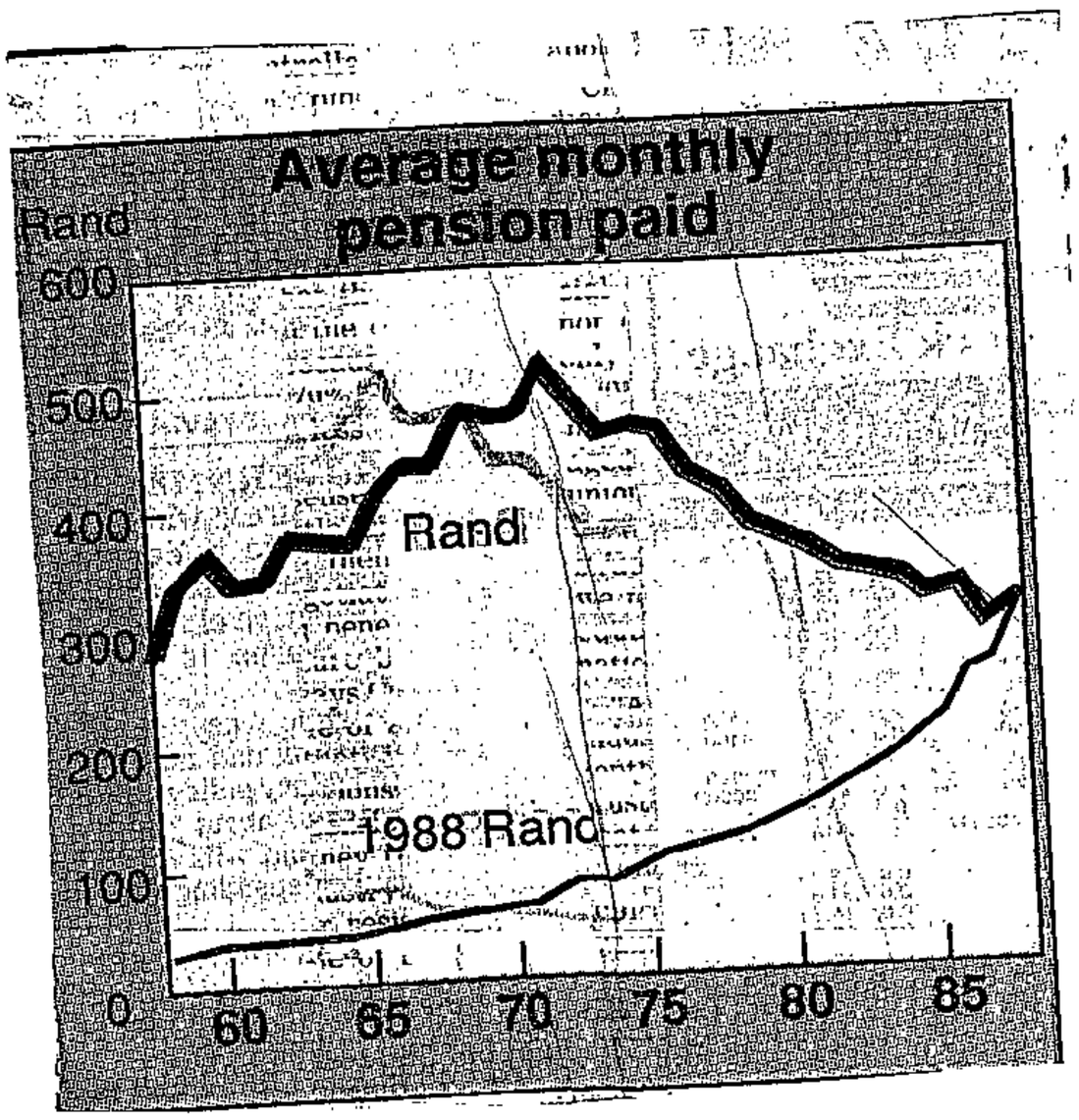
Graphic: LEE EM

at a high of R25 when they came to the market at end-October.

The upturn of industrials was led by SA BREWS, which rose 100c to R40 on the back of news of a link-up with Nedcor to provide financial services to its vast consumer base. RICHEMONT gained 50c to R20,90 while good trade in TIGER OATS, which remained unchanged at Rits' recent high of R24,50, reflected demand for quality industrials.

SAFREN featured on an advance of 200c to R40,50 and its subsidiaries were also on an uptick. KERSAF was up 100c

RUSPLAT and IMPLATS
to R59,75 and R49,75 respe
JOHNNIES, off 25c to R
weak spot in a mining house
saw ANGLOS up 25c to R94
VAAL rise 500c to R50 and G
15c to 905c. AMGOLD eased



Professionals have to look after themselves

B Day 24/11/90 (300)

THE growth of retirement annuities has part of its origins in the fact that professionals and self-employed people cannot belong to a pension or provident fund.

The law only provides for pension funds in the context of an employer/-employee relationship.

But Liberty Life's group benefits marketing manager Alan McCulloch says the law which prohibits any member of a partnership from belonging to a fund should be changed as it is wrong to discriminate against one sector of society.

"The rationale is that the Income Tax Act says an employer cannot be in a position to manage or control the assets of the fund.

"Retirement annuities serve two purposes," says McCulloch.

"They play a role for the person who cannot have anything else and they also serve as a top-up for pension fund members to supplement their income.

"People should not rely on what they are getting out of their company fund — they should also make a personal provision."

The move is toward provident funds

B/Day 29/11/90

300

THE popularity of provident funds in relation to pension funds is gathering momentum not only among the lower income groups but also among executive and white collar workers.

In 1989, there were 855 first-time registrations of provident funds compared with 414 pension funds, says the Mouton committee's draft situation analysis.

Liberty Life group benefits marketing manager Alan McCulloch says the attractiveness of having cash at retirement applies to two strata of society — the lower income group and the executive class.

The latter, he says, believe it can do a better job investing retirement proceeds than anyone else.

However, Hoskens Employee Benefits MD Rob Davey says the drive for provident funds is based on a misconception that they can provide better benefits, better returns, instant housing finance, instant personal loans and a return of all contributions plus interest on withdrawal.

He says if this happened the fund would be depleted, leaving many without pensions on retirement.

Jeopardy

In mergers and acquisitions, workers are being encouraged to take cash rather than transfer their benefits to a new fund, placing their pension provision in jeopardy, he says.

Davey says that, under trade union pressure, "substantial pension funds are being dissolved, benefits cast aside and the individual's concerned prejudiced."

There should be one form of retirement fund and the state needs to legislatively prescribe minimum benefit requirements to scrap the differences between pension and provident funds so the choice between cash as opposed to part cash and pension at retirement is no longer part of the debate, he says.

KPMG Aiken & Peat partner Patrick McGurk says he prefers a provident fund as it gives freedom of choice on how to use the lump sum.

It is also flexible, as one can establish a provident fund to top up benefits from the pension fund.

"Most of our clients have pension schemes and the last thing we would do is advise them to wind them up.

"But what we often do is create a provident fund in addition to a pension fund to allow people at particular income levels to contribute an additional amount so they get a bigger lump sum.

"However, for clients without any schemes we advise a provident fund because of the lump sum payout."

New types of provident fund to cater for specific needs are mushrooming.

For example, there are funds consituted on the basis that, instead of paying out a lump sum payment on retirement, the payment is made in the form of an insurance policy which is taken out in the beneficiary's name when he joins the fund.

Lower

When the person retires or leaves he can take cession of the policy.

While tax will be paid on the surrender value of the policy, this is generally much lower than the cash value and when the final payment is made it will be tax free as it will be payment of a standard insurance policy.

Specialists help to boost the profits

B 1 Pam 21/11/90

THERE has been a trend in recent years for private pension funds to farm out the management of the fund's assets to merchant bankers, insurance companies or specialised investment managers.

Giving impetus to the trend is a comparison of the performance of the different funds, in which private funds showed up poorly.

Alexander Forbes Shepley & Fitchett director Peter Theunissen says the reason is the greater skill exercised by professional fund managers.

"Today, the number of funds which manage their own assets can be numbered on one hand.

"There is a problem in managing the assets in-house as the firm has to spend a lot of time on what is essentially a peripheral business.

"There is also a lot of expertise out there which doesn't come cheaply and, perhaps most importantly, a lot of small funds which bounced along the bottom in terms of performance have achieved vastly better returns since contracting out."

He says further specialisation will take place in future so that funds will, for example, farm out the fixed-interest portion of their portfolio to one specialist manager, the equity portion to another and the property portion to yet another.

"The trend is towards specialisation because of the new instruments coming out and the new knowledge and skills required.

"Trustees will decide on the breakdown of the fund into the various categories."

An added incentive to contract out says Sanlam GM, group benefits, Francois Marais is that fund managers are trying to add more value to funds in addition to acting as investment managers and administrators by, for example, providing training for trustees, giving advice to members on retirement and assisting with their retirement planning.

Returns discrepancy of concern

Bloom 21/11/90

A WIDE discrepancy exists in the returns generated by pension funds.

A survey on investment performance conducted by J A Carson & Partners, Malan & Partners and Alexander Forbes Shepley & Fitchett shows the highest return on total assets was 51,5% and the lowest 15,5%.

The survey covered 153 funds with a market value of R53bn. The funds had a median return for 1989 of 38,5%, broken down into a return on fixed interest of 20,5%, shares and Krugerrands 55,8%, fixed property 26,4% and managed funds 38,5%.

Returns on total fixed interest assets ranged between 50,8% and 5,3%, while the returns on equities ranged between 77,8% and 35,9%.

Says Alexander Forbes Shepley & Fitchett director Peter Theunissen: "The wide discrepancy in fixed interest returns caused us a lot of concern.

"We found it is symptomatic of the current market and reflects the use of futures and options. The funds which achieved the high marks on fixed interest were active in the derivatives market.

"They geared themselves to that extent. The low performers may have done their own investing and followed a static policy."

As the average for fixed interest was about 20,7%, the number of funds that did achieve 50,8% were few and tended to be invested with investment fund managers who specialise in fixed interest investing.

Pension fund investments in futures and options is limited by law as they fall in the category of other investments, which are limited to 2,5%.

But Theunissen says this limit is not too low.

"The gearing up with futures and options can be enormous even if you used it to the full extent, as the deposit premiums are small and you can gear your portfolio enormously. "By using futures and options you can commit up to 10-15% of your portfolio."

In the six months to end-June the return for funds managed by insurers averaged 6,2%, failing to meet inflation for the first time in a long while.

Theunissen says that on a yearly basis they matched inflation because returns in the last half of 1989 were good, but it is unlikely, given the state of the market, that they will match inflation for calendar 1990.

In the Alexander Forbes managed fund survey, Metropolitan was the highest performer in this period, with a return of 11,9%.

The average return for merchant bank funds was better at 8,5%, with Securities Portfolio Managers coming in first at 13,4%.

Theunissen says merchant banks have generally performed much better than insurance companies on a five-year basis.

One reason for this, he says, is they have not invested so much in fixed property portfolios.

Chemical workers seek joint scheme

MANY strikes have taken place in the chemical industry through the struggle by the Chemical Workers' Industrial Union (CWIU) to win employer participation in a joint employer-union controlled, industry-wide provident fund established in 1987.

Other unions are also considering similar schemes.

Part of the reason for the CWIU initiative says general secretary Rod Crompton is that there is no industrial council in the chemical industry and also because a vast majority — about 70% — of the enterprises employ less than 100 people.

"It doesn't make sense for workers to have lots of little funds when they can aggregate their buying power both to negotiate better financial terms and benefits with insurers and to secure better investment returns," says Crompton.

Another advantage of an industry-wide fund is that it allows workers to change jobs without withdrawing their pension contributions as long as they remain in or return to the industry.

He says employer resistance is rooted in an attitude of paternalism and a wish to retain control of workers' money.

"In all the strikes at SA Cynamid, Ciba Geigy, Reckitt & Coleman, Rolfes etc — the employers said they were prepared to have a company based provident fund but were not prepared to contribute to the Chemical Industry's National Provident Fund."

The CINPF fund has assets of about R45m.

Ciba Geigy personnel services manager Claus Haar says there are several reasons why the chemical firm opposed the idea of CINPF.

"We would like to introduce social benefits for all workers and not only unionised workers, who only represent 24% of the staff.

"We made a counter-offer of an in-house provident fund to be managed on a 50-50 basis with the union.

"We also had problems with the structure of the provident fund as we felt that Ciba Geigy had inadequate representation on the national fund.

"All employers in the chemical industry would only have 12 representatives out of 24 on the board of trustees. We were allocated one seat.

"We are responsible for the social benefits of workers and don't want to relinquish this responsibility. If we invest money into a fund we want to have a say over how it is managed and used.

"Nowhere in the world has Ciba Geigy handed over the management of benefit schemes."

ANC man, Investec in new investment trust

LESLEY LAMBERT

CAPE TOWN — Investec Bank has joined a group of black business leaders, including a senior ANC member, to create a new retirement investment trust aimed at "economically empowering" the mass black market.

The National Investment Co-operative Trust (Nico) was designed by former Sanlam manager David Geary and is negotiating to manage major corporate and trade union retirement funds.

Investec subsidiary Metboard Asset Management (MAM) will manage the funds it attracts, while broader policy decisions will be made by a board of trustees dominated by black business leaders such as Black Management Forum president and head of the ANC's Natal economic task force, Don Mkhwanazi, and Nafcoc vice-president Max Tlakula.

Investec chairman Bas Kardol and PG Bison director and Consultative Business Movement co-chairman Christo Nel have also been appointed as trustees, while Geary will act as managing trustee.

Geary and Nel said yesterday the trust would aim to economically empower the black market by giving it more direct control of the assets in which its retirement funds were invested. This would be achieved through a board of trustees more representative of the target market.

An important but potentially controversial part of the process would be to build up

☐ To Page 2

New trust

influential stakes in smaller listed companies, they said.

"Up to now, the funds invested by this market have been used for the economic empowerment of the massive life assurance companies," said Geary.

"By establishing a black-controlled board of trustees who will be able to exercise the voting rights attached to shares in the portfolios ... we will make retirement investment a more democratic process."

Geary said that while negotiations with some funds had reached an advanced stage, the corporate sector had expressed

☐ From Page 1

concern about responsible trusteeship and investment performance. Trade unions, on the other hand, had wanted assurances that greater worker participation in companies would not undermine their collective bargaining position by shifting bargaining into the boardrooms.

Other trustees are: Transkei University principal and Independent Development Trust trustee Wiseman Nkuhlu; Hulett Refineries personnel director J B Magwaza; UCT Commercial Law professor Dennis Davis; and Association of Black Accountants of SA head Willie Ramoshaba.

CRIMES AGAINST THE AGED

A TOTAL of 279 violent crimes were committed against the elderly in South Africa in the first six months of 1990, according to police. Of these, 207 took place in broad daylight. Sixty-four percent resulted in theft, 14 percent in murder and 13,8 percent in serious assault. (300)

Weekend 23/11/90

The total value of residential buildings completed in the nine-month period fell by 15,4%, but non-residential buildings and additions and alterations rose by 9,3% and 2% respectively.

Building Industries Federation of SA (Bifsa) economist Charles Martin said the figures reflected the continuing downward detached dwelling.

"That market will also start to turn down now. A saturation level is coming up there as the initial fright has petered out."

"People in the industry are still busy but their order books are very thin for next year. By June next year there will be quite a decline in their work volumes."

Pension-linked housing plan welcomed

B 10 am 23/11/90

LESLEY LAMBERT

OLD Mutual's new pension-linked housing scheme has received strong support from major pension and provident fund clients. Nearly 100 major funds responded positively to the scheme at a briefing in Johannesburg yesterday. (300) (50)

Their response was significant as widespread implementation of the scheme would depend on the approval of the trustees of each individual retirement fund, a spokesman said. (135) (371)

Assistant general manager, Henk Beets, stressed that:

☐ Only the withdrawal benefits and contributions of members who took up the housing option would be used to provide loans to those members. Fund members could use their own accumulated withdrawal benefits to assist in financing the deposit and repayment of a home loan.

☐ The pension benefits of members not taking advantage of the scheme would not be subsidising those who did as the financing was linked only to a member's withdrawal benefit. Nor would the money of individual insurance policy holders be used to provide financing for the scheme.

☐ Members who used the scheme would retain the full value of their retirement benefits.

(Member of the Johannesburg Stock Exchange)

Mohlakeng honours their Aged

300
Sowetan 29/11/90

THIS Christmas will be special for the aged of Mohlakeng township, Randfontein, because they will spend it in their own special Home.

The township's Society for the Care of the Aged and Disabled and the Delmas Milling Company, who was responsible for the building of the first old age home in the area, have made this possible.

The Nobantu Old Age Home was officially opened this week during a function held at the township's Ace Communitee Centre.

It will house 21 residents.

Speaking at the function, the Mayor of Mohlakeng, Councillor Alfred Tekwane said: "The aged are the most important residents of our community. It is high time we started caring for them in return for what they have done for us."

WOMAN

By PEARL MAJOLA

"Presently we do not have enough funds to employ staff, which is why we take in only abled people. But the Council has provided us with a social worker and staff to cook and provide basic services.

"A nursing sister has also been made available by the Randfontein Town Council," she said.



Members of the Mohlakeng Community Choir singing with the aged at the opening of the new centre. Picture by Pat Seboko

Proud

The managing director of Delmas, Mr Charles Morland, said his company was proud to be associated with the project.

"Ours has really been a financial assistance. Thanks should go to the mayor and his wife who, through their commitment to this community, saw to the success of this project.

"We feel that we have a social responsibility towards this community because we are all part of Randfontein.

"We therefore wish to pledge our support for this project and say that we will always be prepared to contribute and help whenever we can," he said.

After lunch everyone joined the local choir in

Events have 'overtaken' the need for population control

STELLENBOSCH — Population control, rendered unnecessary in SA by AIDS, should be replaced by AIDS-prevention programmes, Prof H J Odendaal, of Stellenbosch University's Medical Department, said on Tuesday. BDay 29/11/90

At a three-day conference, Odendaal, the head of obstetrics and gynaecology, said the AIDS epidemic would result in a labour shortage.

Among the more terrifying projections was one that every available hospital bed would be needed by AIDS patients within seven years.

Odendaal said there was only one way to curb AIDS: sexual habits had to change.

Education had to be concentrated on teenagers, the highest risk group.

Money devoted to family planning should be diverted to these ends, because there would be no population explosion. The birth rate would have to be maintained to replace those lost to the workforce through AIDS, he said. — Sapa.

Poor prospects for pensioners

LINDEN BIRNS

PENSIONERS could find themselves in dire straits because of pension practices and the impact of inflation, the Actuarial Society of SA warned this week.

In a statement, the society expressed its concern that the long-term effects of inflation were not fully understood by many pension scheme members, trustees and employees. BDay 29/11/90

"For instance, many pension funds give increases equal to two-thirds of the inflation rate. This is reasonable in the short run but leaves the pensioner in poverty in the long run," it said.

If inflation averaged 15% per annum, then pensioners would see their pensions lose 40% of its original value within 10 years, it said.

The onus was therefore on pension fund trustees to point out the benefits members would expect to receive at retirement will subsequently be reduced by inflation.

In his research paper Mike Walker said that the very high investment returns earned over the past twenty years were partly a result of high inflation.

Walker urged that these high investment returns be used to insulate pensioners from inflation by regular, adequate increases.

The Actuarial Society called on its members and all other parties involved with pension funds to strive to give reasonable increases to pensioners. (300)

These parties should recommend a strategy of maintaining a minimum purchasing power of pensions and pointed out that draft legislation in respect of guaranteed pensions increases was recently introduced in the UK.

● See Page 10

Pensioners got nothing since 1989

300

Sowetan 3/12/90

SEVERAL pensioners from a remote Lowveld village have not received their payouts since March last year, claimed the Legal Aid Centre in Marble Hall on Friday.

A spokesman for the Transvaal Provincial Administration, Mr Jan van der Merwe, confirmed there were "certain problems" on the issue of pensions.

Van der Merwe heads the pensions department in the Eastern Transvaal.

Phineus Malatela, of the Legal Aid Centre, said 18 pensioners from the village of Kgautswane, Lydenburg, had been converging on his office seeking assistance.

Malatela said the problem started when the pensioners were transferred from their Lydenburg collection points to an outlet in Praktiseer, near Burgersfort.

"The old folk attempted on several occasions to collect their pension money there but to no avail," Malatela said.

He said they had to travel an extra 60 to 70km to the new collection point.

"I call on all pensioners with problems to submit their names, ID numbers and other particulars to my office, so that queries can be forwarded to head office in Pretoria."

He said the next payouts will be made on December 6. - *Sapa*

Inflation adds to plight of pensioners

FINANCE STAFF

THE Actuarial Society of SA has warned that the impact of inflation on pensions is not fully appreciated in South Africa and that common pension fund practices will force many pensioners into dire straits.

At the Society's recent convention, the actuaries expressed the concern that the long-term effect of inflation is not entirely understood by many members, trustees and employers involved in pension funds.

For instance, many pension funds give increases equal to two-thirds of the inflation rate. This is reasonable in the short run but leaves the pensioner in poverty in the long run.

If inflation averages 15% annually, then a pensioner receiving increases of two-thirds of the CPI would see his pension lose 40% of its original value within ten years.

Inflation

Pension fund trustees should therefore point out to members that the benefits they expect to receive at retirement will subsequently be reduced by inflation.

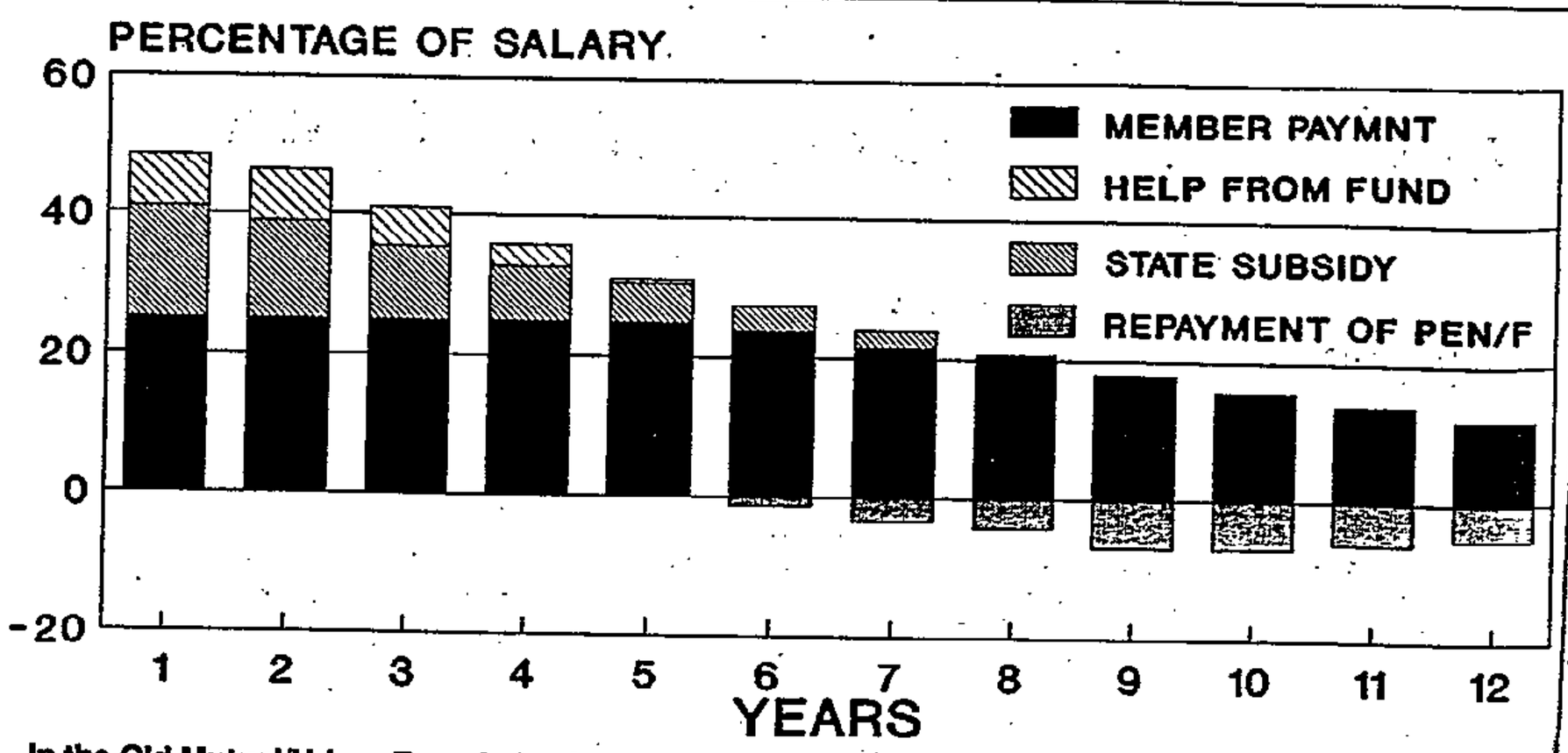
In the paper that set off the discussion, Mike Walker pointed out that the very high investment returns earned in South Africa over the past 20 years were partly a result of high inflation.

The Actuarial Society called on its members and all other parties involved with pension funds to strive to give reasonable increases to pensioners.

In particular, they should recommend a strategy of maintaining a minimum purchasing power of pensions.

It was pointed out that draft legislation in respect of guaranteed pensions increases has recently been introduced in the United Kingdom.

In the long run, pensioners' income will be protected only when inflation is eliminated. For this reason, the society strongly supports government's fight against inflation.



In the Old Mutual/Urban Foundation housing loan scheme, the portion to be paid back to the pension fund increases over the years while the subsidy falls away quite quickly

Plan to unleash the pension funds' millions

wlmail 14/12 - 19/12/90

By REG RUMNEY (300)

PROBABLY because they were announced simultaneously the SA Perm's salary-linked mortgage scheme and Old Mutual's direct loan scheme have been confused. They differ in most respects.

What they do have in common is that they both mobilise pension funds for housing.

The Perm's salary-linked mortgage scheme offers a complete alternative to conventional finance. Government approval of the Old Mutual's new loan scheme means millions in pension and provident fund money can be unlocked for housing without sacrificing market-related returns, according to the giant life assurer.

The Old Mutual's direct loan scheme mobilises pension funds by making loans to the individuals who will eventually be paid out by those pension funds. These loans are additional and supplement conventional loan finance.

Pension funds lend directly to members an amount equal to their accumulated pension benefits from time to time. Those members can then buy houses which they could not otherwise afford. The loans are secured by a pledge by those members of their accumulated pension benefits.

Pension funds or employers will directly administer the loans. The cumulative loan balance of any particular fund loan will not be more than a member's withdrawal benefit at any time.

To focus the initiative on low-cost housing, the loans will probably only be granted to first-time home buyers.

Once a member has accumulated enough of a pension benefit to cover a five percent deposit on a house the fund loans him this. He then gets conventional loan finance at prevailing interest rates to finance the balance.

So that he can repay the larger loan the fund loans him additional amounts as his pension fund accumulation increases. The amounts loaned bear interest at conventional rates.

Once the borrower's mortgage loan instalments fall below 25 percent of his monthly salary the need for the additional loan from the pension fund falls away. The borrower must then begin to repay the money lent to him. Effectively he continues to meet his bond instalment and repays to the pension fund the difference between his instalment amount and a sum equivalent to 25 percent of his salary.

The borrower is not precluded from applying for any subsidy.

In the end, the borrower will receive a normal retirement benefit as well.

In sum, salient facts of the plan are:

- It avoids cross-subsidisation by those members of pension and provident funds who do not use the scheme
- Participating members keep their retirement benefits in full
- The pension funds involved don't suffer low-yield investment penalties

the suggestion that a percentage of funds be directed to housing as a form of "prescribed assets" would incur.

Old Mutual employee benefits GM Henk Beets, instrumental in developing the plan, says one of the first steps in implementation will be consultation with pension and provident fund trustees and unions.

Fundraisers try new methods

wlmail 14/12 - 19/12/90

By MONDLI MAKHANYA

FUNDRAISING is a big business in South Africa generating up to R10-billion a year. However, a significant portion doesn't see its way to the desired recipients as it is siphoned off to meet administration needs.

Of the more than 43 000 fundraising structures (this figure includes school and church fund raising committees) in the country, only 4 000 are registered under the Fundraising Act.

According to David Cuthbert, President of the South African Institute of Fundraising, there is unnecessary duplication of fundraising activities and therefore a great need for streamlining.

"For instance Johannnesburg has several groups fundraising for children. If these were merged much more work could be done in this regard. Apartheid legislation has also resulted in duplication along racial lines."

By far the biggest fundraiser is the Urban Foundation, which has raised about R400-million a year. Operation Hunger follows with a budget of R20-million for the current financial year.

Cuthbert said the average cost of administration was about 25 percent of total cost. The maximum allowed is 40 percent. Operation Hunger — hard-pressed by poverty exacerbated by Mozambican refugees streaming over the border — keeps costs to the minimum of eight percent.

There is also a move to upgrade fundraising methods. Among these is the direct mail appeal method, whereby companies use their data bases to contact people personally and ask for donations.

"Operation Hunger strongly believes in appealing directly to people's compassion, hence our tendency to raise money at functions and also using the direct mail appeal," said director Ina Perlman.

'Be tough' on attackers of elderly

Crime Reporter

THE National Council for the Aged yesterday urged the government to introduce harsher punishment for those who attacked defenceless old people and called on the elderly to be more security conscious.

This follows another two attacks on elderly people in their homes at the weekend.

Mrs Jane Bonner, 87, was attacked in her farmhouse on Renosterkop in the Klapmuts district on Friday evening by a labourer who stole three bottles of wine.

The 34-year-old labourer, who has since been arrested, allegedly surprised her in her lounge while her family was out, threw her to the floor and kicked her so severely that he broke her knee.

She was treated by a family doctor and is recovering at home.

'Stabbed'

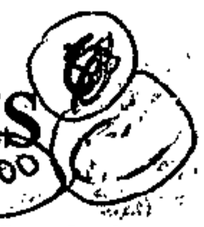
Miss Elizabeth Fritz, 78, who lives with friends in Virginia Road, Vredehoek, was stabbed in the neck by an intruder at 1.30am on Sunday.

She had gone to investigate a noise in the kitchen and found a knife-wielding "middle-aged" man who demanded money. When she failed to respond as she was "shocked", he stabbed her in the neck with a short-bladed knife.

"Fortunately he ran off without taking anything when he heard my friends rushing to help me," Miss Fritz said yesterday, still visibly shocked.

The director of the National Council for the Aged, Mr Syd Eckley, said attacks on the elderly were "an old problem" which had become "frighteningly more serious" in recent months.

Violence costs Sanlam millions



Finance Staff

With an average of more than 1 000 death claims a month, Sanlam paid out R157,3 million on claims arising from violence in the year to September — 19,2 percent more than the R132 million of 1988-89.

The company paid out R583,8 million on 13 500 death claims. About R344 million was on 8 500 claims on individual policies and R240 million on group and pension scheme claims.

Violence included car and other vehicle accidents, on which itpaid out R91,8 million, against R81,7 million in the previous year.

Maans Olivier, chief claims consultant of Sanlam, says: "This means that Sanlam paid out an average of R369 000 every working day of the year."

An analysis of the company's death claim statistics shows the surprising figure of R30,5 million in payments arising from suicide and murder in 1989-90.

Suicide costs the company considerably more than murder.

On individual life claims, Sanlam paid out R9,9 million because of suicides, compared with R5,1 million due to murders.

Payments on deaths caused by cancer and other tumours showed an increase of 28,6 percent to R81,4 million.

Sanlam had only two death claims for Aids victims, paying out R240 180.

BRITISH pensioners living in SA receive pensions that are fixed at retirement and never increased, a pensioner living in Randburg says.

Pensions of about 60% of British pensioners living outside the UK are frozen, while the remaining 40% receive pensions that are regularly reviewed and updated to keep pace with inflation.

The pensioner says that while Britain is donating billions of pounds in aid to eastern Europe, Africa and elsewhere, it seems inappropriate to penalise those who have paid for full pension rights, just because they choose to reside in foreign countries.

There are people who served in the Second World War who now have to live on a pension of £10 a week, while pensioners in other foreign countries receive inflation-proof pensions, he says.

The Durban-based British Retirement Pensions Society (SA) says British pensions are indexed in 49 countres but former dominions such as SA, Australia and Canada, are "discriminated" against.

The society asks in its November newsletter why the "gross injustice" when pensioners have contributed equally. They should recieve the same benefits, it says.

The pensioner says that over the years representation has been made to the British government by individuals, organisations and even Australian Prime Minister Bob Hawke. But the bottom line has always been a refusal because of costs.

TANIA LEVY

British embassy spokesman John Sawers said it would cost £287m in the first year alone for the UK to give pension increases to all expatriate pensioners.

He said British pensioners in SA were not eligible for annual pension increases because there was no reciprocal agreement with the SA government.

BDay 31/12/90

'Not essential'

The UK government could not pay full pension increases to all its expatriate pensioners while at the same time providing social security to South Africans, resident in the UK, who received inadequate pensions.

British pensioners who received inflation-proof pensions were living in countries that had reciprocal agreements with the British government.

The society says a reciprocal agreement is not essential for the indexing of pensions. What is necessary is a willingness by the UK government to change the legislation.

again. People who think that jumping on vehicles is part of the party, will find that nothing of this sort will be tolerated," he said.

"During the same festivities last year, firecrackers were thrown into buildings or fired at people standing on the balconies of adjacent flats. This sort of irresponsible behaviour will not be tolerated and people setting off firecrackers in public must expect to be arrested," he said.

Opperman said he did not think "it would be nice for any person to spend time in a police cell on New Year's Eve".

Besides being locked up, offenders could expect to appear before a court where heavy fines might be imposed, he said.

He also warned against the "abuse of intoxicating liquor" which, when it occurred at street parties of this size, led to injuries and damage to property.

Fire again puts a stop to Doornfontein production

BDay 31/12/90

MATTHEW CURTIN

A FIRE at Doornfontein Gold Mine brought a halt to underground production at the weekend for the second time in two weeks.

A GFSA spokesman said the decision to close the mine was taken as a result of a fire at the No 1 subvertical shaft on 33 level, 2 550m below the surface. The fire started on December 18.

He said in a statement "safety considerations have dictated this course of action" although the fire had been successfully sealed off.

The company was working on plans for the earliest resumption of production.

GFSA said last week one mineworker died when the fire broke out on the carbon leader stope on December 18.

Operations at Doornfontein were suspended on December 12 after a fire broke out on a carbon leader stope on level 35, 2 700m below the surface. The fire was extinguished a few days later and production restarted on December 17.

Doornfontein recently retrenched 3 700 workers along with GFSA stablemate Venterpost after two quarters of working losses saw the mine lose R9m.

In the last annual report, consulting engineer Neil Kamp said stoping operations below the 35 level were expected to start early in 1991, while ore milled in the area should account for about 10% of total production by the end of June 1991.

The mine produced eight tons of gold in the financial year to end-June 1990.

Future development on the mine is seen to depend on stoping below 35 level on the carbon leader as the Main Reef line has too low a yield for profitable mining at the present gold price.

SOCIAL SECURITY - PENSIONS

1991

JAN. — AUG.

Sc

Experts debate use of pension fund surpluses

GILLIAN HAYNE B1 Bus 7/11/90

COMPANIES have a moral obligation to use pension fund surpluses to improve employee benefits, some insurance experts believe.

Other experts dispute this. The question of ownership of pension fund surpluses is the subject of debate, with companies facing the dilemma of who has the right to the overfunding.

In two recent cases, Times Media Limited (TML) used an excess of R7m to improve employee and pensioner benefits, while engineering giant Dorbyl chose to take a contribution holiday with part of its surplus.

TML group secretary Barrie Harris says companies have a moral obligation to improve the fund.

"Although I understand the view that since companies are responsible for any shortfall in the fund they have some entitlement to the surplus, I do not agree with contribution holidays."

Dorbyl financial director Tony Welton says: "It was only after we had improved pensioners' benefits beyond all expectations and found we still had a surplus that the company decided to stop contributing for a while."

Combination

Alexander Forbes senior director Peter Milburn-Pyle and Southern Life GM Roy Lennox say pension fund surpluses "belong to the fund, not to the members, the employer or any other party". The two actuaries have compiled a paper investigating the ownership of fund surpluses for Wynand Mouton, the chairman of the Mouton committee inquiring into the pensions industry.

"Fund managers could use the surplus to improve benefits, reduce the employer's contribution, reduce the members' contributions, carry the distributable surplus forward unappropriated, or a combination of these."

Their report looks at the options open to companies with overfunded schemes, whether they are pension, provident, defined contribution or defined benefit funds.

In most, defined benefit pension funds are more susceptible to surpluses because actuarial assumptions are inclined to be conservative.

Insurance expert Richard Wharton-Hood says that in general, contribution holidays are wrong because the company withholds benefits from staff and pensioners. However, the decision depends on the size of the surplus in relation to the scheme, he says.

"The members should be the first concern, and the company the last. Companies have a moral obligation to pass pension fund surpluses on to their employees.

"However, to overcome what is always a debatable point, I believe companies should move to fixed contribution schemes, where both the company and member pay in a fixed amount, and rely on investment performance to provide the return."

Row over Mine Officials Pension Fund payouts

W/L ARCHIVE 12/1/94 300

From DAVID CUMMING

JOHANNESBURG. — The Mine Officials' Pension Fund says it has taken steps to address anomolies in payouts to its members, but the claim has been dismissed by Eddie McGovern, a mine official and long-term campaigner against the situation.

Mr McGovern has claimed over many years that when a miner is promoted and thus forced to switch from the Mine Employees Pension Fund to the officials fund, he is penalised in terms of the pension benefits he gets.

A spokesman for the fund said this week it was aware of the problem but that its board had taken steps to address this situation and to improve a wide range of other services to members and pensioners but that these could not be finalised until the employee's fund board had approved them. These would be funded by surpluses in the officials fund of R381,5million and in the employees fund of about R250million.

Mr McGovern, however rejects the claim that the anomolies had been addressed after making calculations based on the new proposals as published in the underground officials magazine.

Using the new formula, he has calculated payouts and pensions for three theoretical miners, each of whom would have contributed R100 000 to the respective funds over 40 years. The first miner would not have been promoted to official status and thus would have made all his contributions to the Mine Employees Pension Fund. His lump sum payment would be R231 000 and his pre-commutation monthly pension R5 543.

A man who joined as an official and thus paid all his contributions to the Mine Officials Pension fund would get a lump sum of R199 000 and a pre-commutation pension of R4 750.

A man who was promoted and had, therefore, contributed to both would receive a lump sum of R146 000 and a pre-commutation pension of R3 504.

"I have made these calculations using the new formula proposed by the fund and it is clear that the discrimination against a man who is promoted still exists. Tens of thousands of men are victims of this sort of discrimination," Mr McGovern said.

He has also calculated the sum each miner would have to contribute to get the low pension of R3 504 a month. The employee would have paid R63 325, the official R73 768 and the promoted man R100 000.

These two funds are among the biggest in the country, the officials fund having 64 000 members and the employees fund about 40 000. Mr McGovern estimates the have assets of about R10 billion between them and that they receive contributions equivalent to R20 million a day.

Individual policy surrenders may show growth of 30%

Bloan 15/11/91 SEAN VAN ZYL 300 88

THE total value of individual life policies surrendered for the 1990 calendar year could have risen by up to 30% on the previous year, rough estimates suggest.

This contrasts with figures compiled by the Life Office's Association (LOA) which show that, on average, the industry's individual policy surrenders for the first six months of 1990 dropped by about 26% in value on the previous six-month period to R544m.

Although the figure for the total value of surrenders for the last six months of 1990 has not yet been released, assurers said that higher interest rates did have a noticeable affect on policy surrenders and lapses in the second half of the year.

LOA statistics also revealed that individual surrenders from June 1989 to June 1990 totalled R1,09bn.

LOA spokesman Juri Wessels said the number of surrenders for the first six months of 1990 were dramatically down on 1989.

AVF Group MD Rob Williams said the value of the group's individual surrenders rose in excess of 25% in 1990 on the previous calendar year. He ascribed the increase to the higher level of interest rates and inflation.

Although the economy last year was "very poor for the assurance industry", Sanlam's assistant GM Izak van Rensburg said premium income grew steadily.

Liberty Life joint MD Mark Winterton said Liberty's surrenders dropped significantly in the third quarter of 1990 as opposed to the first half of the year.

Old Mutual individual surrenders as a proportion of premium income increased 27% between the 1989 and 1990 financial years, said assistant GM: marketing David Hudson.

Pensions urged not to penalise members

Cape Times 30/1/91 300

Financial Editor

PENSION funds should not penalise employees who withdraw before retirement, says Michael Rightford, Cape regional manager of FPS Corporate Services.

"In a developing nation like ours, mobility of labour is vital and entrepreneurship encouraged. Yet many pension funds persist in penalising employees who withdraw before retirement.

"In the traditional final salary fund, based on 2% pensionable income for each year of service, early withdrawal normally means that the employee will receive his or her contributions plus little or no interest.

"Any surplus from growth that the pension fund has experienced is retained by the fund," he says.

Yet, membership of the pension fund is compulsory and is presented as an employee benefit. The employer's contributions are usually included in the overall remuneration package.

"This hardly seems equitable in an economy where only six out of every 100 taxpayers retire financially independent," says Rightford.

He says FPS Corporate Services recommends that its clients institute funds which offer employees full vesting rights, either phased-in over a period of service or available immediately.

"In this way employees share in the full growth of the fund and are not penalised for early withdrawal and generally view membership of the fund as a worthwile benefit and not as an involuntary form of saving with negative returns.

"After all, the fund is essentially owned by the employees. Without members, the fund would not exist," he says.

Elderly need greater protection

Star 6/2/91

A joint effort is needed to protect mostly white aged people living in Hillbrow, Joubert Park and central Johannesburg, police and welfare organisations agree.

This follows a report on the plight of elderly whites in these areas, presented by the Human Sciences Research Council to the Johannesburg City Council at a function yesterday.

More "on-foot" policing, community involvement and safety education was needed to protect the elderly, claimed researcher Dr Monica Ferreira. (300)

Some people felt the police were never around when needed, she added.

Police spokesman Colonel Frans Malherbe denied the allegation, but gave assurances that the SAP would use the report as a guideline for more effective patrols.

According to Johannesburg mayor Willie Janse van Rensburg, municipal inspectors had previously been threatened with their lives when approaching flat-dwellers.

The HSRC report says many elderly whites live alone but hardly ever leave their flats.

Elderly whites fearful and lonely

(300 Sowetan 6/2/91.

FEARFUL and lonely, aged whites living in central Johannesburg must be protected, argued a report released yesterday.

The report, prepared by the Human Sciences Research Council, said many elderly live alone but hardly ever leave their flats for fear of being mugged, threatened or assaulted.

They are plagued by a deterioration of living standards, overcrowding, rocketing crime, prostitution and social decay, the report said.

Many dwellings are without burglar proofing or other security facilities, but most of those interviewed said they stayed because of convenience and affordability.

The organisation presented the report to the Johannesburg City Council yesterday.

Aged of other population groups were excluded by the report because not many lived in central city flats, said researcher Dr Monica Ferreira.

More police foot patrols, community involvement and safety education are needed to counteract the problem, she said.

Many older people interviewed complained of a low police presence.

Police spokesman Colonel Frans Malherbe denied the allegation, but gave assurances that police would use the report as a guideline for more effective patrols.

He strongly endorsed a suggestion for the establishment of a coordinating committee between police and welfare organisations.

He also suggested nightly inspections of blocks of flats to combat overcrowding. Accurate assessments, he said, are difficult during the day.

According to Johannesburg Mayor Mr Willie Janse van Rensburg, municipal inspectors have previously been threatened with their lives when approaching flat dwellers. - *Sapa*.

Race row in old age home

8/ Times 10/2/91.

A RACE row erupted at an old people's home this week after staff plastered walls with pictures of black heroes, including Nelson Mandela.

They also took down landscapes and flowers to put up a painting of the Last Supper — showing Jesus and his 12 disciples as black.

All but three of the council home's 38 old folk are white. But the mainly black staff want them all to look at:

● Portraits of Mr Mandela and anti-slavery campaigners in the dining-room.

● Posters of SA black consciousness hero Steve Biko, church founder Marcus Garvey and murdered Indian premier Indira Gandhi in the reception area.

● A photo of hanged Pakistan president Zulfikar Ali Bhutto.

A relative of one pensioner said: "It's wrong and completely out of order.

"Country scenes and flowers have been replaced by black power pictures — but there are only three coloured people there."

Tory councillor Alan Blumenthal added: "People in their twilight years don't want to look at pictures of Mandela and Biko."

Residents at the home in Edgbaston, Birmingham, complained to its boss, West Indian Cliff Alleyne.

But he and local Labour councillors say the new pictures promote "equal opportunities".

Council spokesman Mel Akers said: "The home is in a multi-cultural area. We want everyone to feel at home there."

Sunday Times Reporter
London

TIONAL SERVICES: Mr Speaker, a comprehensive statement will be made shortly.

Prisoners rearrested

*3. Adv J J S PRINSLOO asked the Minister of Law and Order:†

(a) How many of the prisoners released from prisons in the Republic since 2 February 1990 before they had served the full terms of imprisonment imposed on them for crimes against the security of the State have since then been arrested by the South African Police for the alleged commission of crimes and (b) what was the nature of the alleged crimes as a result of which they were rearrested?

Hansard 12/2/91 B5E

†The DEPUTY MINISTER OF LAW AND ORDER:

Crime statistics are not kept in such a format that the requested information can be obtained from it. To acquire information, individual arrests countrywide would have to be researched. Such a task would not only be time-consuming, but would take place to the detriment of other more important police duties. I can therefore not supply the hon member with the information requested.

†Mr T LANGLEY: Mr Speaker, arising from the hon the Deputy Minister's reply, would he say that 500 to 700 policemen to guard a Minister or a Deputy Minister at a public meeting would be more important than for example, answering this question and obtaining this information, or not?

†The DEPUTY MINISTER: Mr Speaker, that depends on the threat posed by the people attending the meeting and on their disposition. If he is referring to the hon the State President's meeting at Bethlehem, I can answer the hon member right away. Nowhere near 700 people were appointed to attend the meeting to protect the hon the State President. The exact number is at the disposal of the department. Unfortunately I do not have it with me, but if the hon member were to table a question he would be furnished with the exact number.

In reply to the further question, there are more than 900 police stations. Each year more than 100 000 people are arrested and instructing all those policemen to gather the information the hon member wants, would be an impossible task.

†Mr T LANGLEY: Mr Speaker, I actually had another Deputy Ministers' meeting at Potgietersrus in mind. I should like to know how many policemen were present there to protect him. [Interjections.]

†The DEPUTY MINISTER: Mr Speaker, if it is important to the hon member, he can table that question as well so that a full and correct reply can be furnished.

†Mr J H VAN DER MERWE: What a scared bunch you are!

†The ACTING SPEAKER: Order! The hon member for Overvaal must withdraw that remark.

†Mr J H VAN DER MERWE: I withdraw the "scared". [Interjections.]

†Mr S C JACOBS: Mr Speaker, further arising from the hon the Deputy Minister's reply, I want to ask him if he can give us an indication whether frogmen have ever been used to protect a Minister or a Deputy Minister. [Interjections.]

†The ACTING SPEAKER: Order!

†The DEPUTY MINISTER: Mr Speaker, if the hon member is once again referring to the Bethlehem meeting where hon members of the CP remarked that frogmen were present and that they were among those who had to protect the hon the State President, I want to tell him pertinently that according to the information the department has provided me with, there were no frogmen present at that meeting. [Interjections.]

*4. Mr J H van der Merwe—Justice.† [Question standing over.]

The DEPUTY MINISTER: Mr Speaker, on behalf of the hon the Minister of Justice I also ask for this question to stand down. A comprehensive statement about his matter will be made soon.

†Mr J H VAN DER MERWE: Mr Speaker, arising from the reply of the hon the Deputy Minister, I would like to know whether he can give us an indication of when the comprehensive statement is expected.

†The DEPUTY MINISTER: Mr Speaker, within a day or three.

†Mr J H VAN DER MERWE: In other words a month!

Pension fund shortfalls

*5. Dr W J BOTHA asked the Minister of Finance:†

(1) What is the total liability of the State in respect of pension fund shortfalls;

(2) whether the Government made any provision for pension fund shortfalls in respect of the 1990-91 financial year; if so, for what amount;

(3) whether this amount is sufficient to cover the above-mentioned shortfalls; if not, (a) for what reasons was this amount decided on and (b) what steps does the Government intend taking to make provision for the remaining shortfalls?

B8E

†The DEPUTY MINISTER OF FINANCE (Mr J A van Wyk):

(1) The *actuarial shorfall* amounts to R30 449 000 000,00.

(2) Yes—R1 024 444 000,00.

(3) No.

(a) The amount was determined on the basis of the availability of funds as well as in view of the remedial steps the Government contemplates.

(b) Final steps have not yet been decided upon but the Government intends thorough investigations in this regard, in consultation with experts from the private sector and with the necessary actuarial inputs.

†Mr S C JACOBS: Mr Speaker, arising out of the hon the Deptuty Minister's reply in respect of these shortfalls on the pension fund, I want to ask him what his comment is concerning a remark in the Report of the Auditor-General where regarding the realization of investments it is said that the returns on those investments only yielded R352 million and the losses on those investments amount to R562 million. In other words the losses were greater than the returns on the realization of these investments.

†The DEPUTY MINISTER: Mr Speaker, I will not be able to reply to that specific question of the hon member. However, a committee has been appointed, in fact, to look at the reasons for the shortfalls and how the shortfalls may be corrected in future. An interim report has already been submitted to the Cabinet, of which they accepted certain parts and they gave certain instructions for further investigation. They have also involved the private sector so that their expertise may be harnassed to draw up a dispensation for our pensions that will be more reasonable and acceptable.

†Dr W J BOTHA: Mr Speaker, further arising out of the hon the Deputy Minister's reply, it is so that he told me what amount have been provided for but at this rate it will take about 30 years to realize these shortfalls. That is why I would like to ask the hon the Deputy Minister whether they have a certain period of time in mind within which these shortfalls will be realized?

†The DEPUTY MINISTER: Mr Speaker, the point is exactly that the committee must make remedial suggestions which will have the effect that it will not take 30 years as the hon member's arithmetical calculation will have it, but that the shortfalls will be realized at an earlier stage. That is in fact the idea behind the investigation by this committee. [Interjections.]

†Mr J H VAN DER MERWE: Mr Speaker, further arising out of the hon the Deputy Minister's reply, can he tell us whether the State Pension Fund is bankrupt, yes or no? [Interjections.]

†The DEPUTY MINISTER: Mr Speaker, the hon member may ask that question on another day. [Interjections.]

†Mr H D K VAN DER MERWE: Mr Speaker, further arising out of the hon the Deputy Minister's reply, may I ask him who the members of this committee are? [Interjections.]

†The DEPUTY MINISTER: Mr Speaker, I know that the chairman of this committee is a Mr Robson. He is the Director-General of the Administration: House of Assembly, but I do not know who the other members of the committee are. [Interjections.]

I want to repeat that this committee received further instructions from the Cabinet, and they will also involve the private sector with the object of making the committee larger and more objective, as well as getting the expertise of the private sector. [Interjections.]

If the names of the committee members are important to the hon member we will provide

him with them with the greatest pleasure. [Interjections.] Hansard 12/2/91 (300)

†Mr S C JACOBS: Mr Speaker, further arising out of the hon the Deputy Minister's reply, I understand that he cannot now tell us how it happens that regarding realized investments there is a loss above a return, but will the hon the Deputy Minister release a public statement on the matter some time, and I refer him to page 306 of the Report of the Auditor-General.

†The DEPUTY MINISTER: Mr Speaker, the hon member may ask a specific question on the matter and then we can give him a specific reply to it.

Prison services: apartheid abolished

*6. Mr D J DALLING asked the Minister of Correctional Services: Hansard 12/2/91

Whether he recently made a statement to the effect that apartheid in the prision services was being abolished; if so, what specific steps have been taken to give effect to this statement in relation to the (a) accommodation and treatment of prisioners, (b) housing of prison officials, (c) recreational facilities available to such officials and (d) employment and promotion policy and practice within his department? B9E

The DEPUTY MINISTER OF CORRECTIONAL SERVICES:

(a) I announced on 27 April 1990 during the debate on the Prisons Vote that legislation would be tabled to remove mandatory segregation in prisons based on race. Section 23 of the Prisons Act, 1959 (Act 8 of 1959), was consequently amended to the extent that segregation in prisons is no longer applied on racial grounds. All references in the Act to race and colour have also been removed. These amendments were published in the Government Gazette on 11 July 1990.

The meaning of this amendment of section 23 of the Prisons Act is that decisions on the allocation of prisoners to different prisons, sections and cells, would henceforth be taken without having to consider race as a madatory criterium but with due consideration of factors such as the classification of prisioners in terms of maximum, medium or minimum security detention that may be required; their privilege classification based on behaviour and adaptation in prison; the desirability of the separation of hardened criminals from first offenders, unsentenced prisoners from sentenced prisoners, juveniles from adults; their work allocation or involvement in particular treatment programmes; the maintenance of an orderly dispensation; the prevention of conflict, etc. Hansard 12/2/91

The policy concerning the treatment of prisoners is a uniform one applicable to all prisoners and differences in application that may still exist are based on economic realities that cannot be eliminated overnight.

(b) The Government-supported housing loan and subsidy scheme is accessible to all staff attached to the Department of Correctional Services.

Where new housing for staff is being erected on departmental property, it is being done according to uniform building norms and standards. Accommodation erected prior to the implementation of those uniform norms and standards is placed on programme for suitable additions where justified.

The allocation of official quarters to personnel is done in accordance with functional considerations, also taking cognizance of applicable statutory provisions.

(c) The policy provides that recreational facilities and sport facilities provided for staff by the Government on departmental property will be accessible to all personnel.

(d) The separate establishments which previously existed in the department were rationalized to one establishment during 1985 and since then the recruitment, allocation, development and promotion of staff takes place solely in accordance with the principles of merit and efficiency.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Old Crossroads/Khayelitsha: MPs refused entrance

*7. Mr J VAN ECK asked the Minister of Law and Order:†

(1) Whether the Commissioner of Police in the Western Cape recently refused that permission be granted to certain members of Parliament to enter the Black townships of Old Crossroads and Khayelitsha; if so, (a) who are the members of Parliament and (b) for what reasons was permission refused, in each case;

(2) whether any of these members were arrested in the residential areas concerned; if so, (a) who are these members and (b) for what reasons, in each case? B13E

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) Mr J van Eck.

(b) In the period immediately preceding the declaraton of the relevant areas as unrest areas in terms of section 5A of the Public Safety Act of 1953, Act 3 of 1953, the atmosphere was extremely tense, especially in Khayelitsha. Several people were killed in the preceding period and much damage was done to property. These circustances in particular gave rise to the Unrest Regulations being declared for the areas, including Old Crossroads and Khayelitsha. It was under these circumstances that the South African Police were doing their utmost to keep the sensitive situation under control.

The tension and unrest were due mainly to the persistent efforts of certain organizations to dissolve the existing, legally elected local committees and for its members to resign. It is common knowledge that Mr Van Eck is opposed to the present system of local authorities and supports the attempts of these organizations. The residents of the relevant areas who support the system are antagonistic towards him. On 15 October 1990 he was also attacked in Crossroads by a group of women who wanted to display their objection to his presence. This makes his presence in these areas not only undesirable, but also creates the potential for unrest incidents, disturbances and public violence.

On 25 October 1990 Mr van Eck was also in the presence of certain groups in Khayelitsha who immediately after his departure, threw stones at members of the South African Police.

It is for these reasons that Mr Van Eck was prohibited in terms of Unrest Regulation 7(b)(vi) from entering those areas where the Unrest Regulations were in force.

(2) Yes.

(a) Mr J van Eck.

(b) Mr Van Eck was arrested in terms of the provisions of Unrest Regulation 2 and in accordance with this provision removed from the unrest area. The officer who arrested and removed Mr Van Eck from the area was of the opinion that Mr Van Eck's presence there could contribute to public disturbance, disorderliness or public violence.

UNHCR: monitoring of refugees

*8. Mr P G SOAL asked the Minister of Home Affairs:

(1) Whether the United Nations High Commission for Refugees will be allowed to monitor, from within South Africa, the return of refugees; if not, why not; if so, from what date;

(2) whether there will be any restrictions governing its activities; if so, (a) what restrictions and (b) why?

Hansard 12/2/91. B14E

The MINISTER OF HOME AFFAIRS:

(1) and (2) The extent of possible involvement by the United Nations High Commission for Refugees within the Republic of South Africa, if any, has not been finally resolved and discussions in this regard are being continued.

Taxpayers face bill for generous payouts

R30-bn shortfall in Govt pensions

Star 13/2/91

300

Political Staff

CAPE TOWN — Taxpayers face a R30 billion bill to bail out the Government's generous pension funds for public servants.

This emerged in the House of Assembly yesterday when Deputy Minister of Finance Japie van Wyk disclosed that the actuarial shortfall totalled R30,4 billion.

It means that the liabilities of pension funds for State employees — what they will be required to pay out in terms of present commitments — outstrip assets by that amount.

Mr van Wyk said the Government had provided over R1 billion for pension fund shortfalls in the current financial year.

It was not nearly enough to cover the total shortfall.

Steps

The provision was determined by availability of funds, and in view of the remedial steps contemplated by the Government.

Asked what measures the Government intended taking to meet the shortfalls, Mr van Wyk said final steps had not been decided upon.

But the Government intended to investigate in consultation with experts from the private sector, he said in response to Dr Willie Botha (CP, Rustenburg).

"Are they (the funds) bankrupt? Yes or no?" asked Mr Koos van der Merwe (CP, Overvaal).

Mr van Wyk dismissed the question.

The Democratic Party's spokesman on pensions, Brian Goodall, said today the Government should turn over its pension funds to investment managers in the private sector.

"I don't think they have much alternative," he said.

Generous

There were two fundamental problems with the funds, Mr Goodall said.

Pension benefits offered were too generous in relation to the funds available, and the funds had not been managed in the most effective way.

"What has developed is a tremendous liability for future taxpayers," he said.

"The Government has to broke it out entirely to the private sector and allow the private sector to handle it as it would any other major pension fund — without restrictions ...

"There is a possibility we can grow out of the problem with better investment management," he added.

Dr Andreas Wassenaar, former chief of Sanlam and well-known critic of State pension funds, said:

"The Government's ability to meet the deficit of those pension funds is no better than its ability to meet the national debt."



2 killed in train rampage, says

Staff Reporters

At least two people are reported to have been killed and several others injured when a group described as "Zulus" went on the rampage on the Johannesburg-bound Soweto train at 6.30 am today.

A witness who arrived at the offices of The Star said trouble began yesterday and continued this morning when an armed group of "Zulus" boarded the train and began to terrorise passengers.

The blood-spattered eyewitness claimed that at least two people were killed when they either jumped or were thrown from the moving train between New Canada and Langlaagte stations.

Police were unable to confirm the reports. A spokesman said police had been along the railway lines up to the New Canada Border station for more than an hour

Winnie trial: court waits to hear if witness will testify

Star 13/2/91

Staff Reporters

The "Winnie Mandela trial" resumes today with a question mark over whether State witness Kenneth Kgase has been persuaded to give evidence against Mrs Mandela and her three co-accused.

Yesterday the court heard that two of the State witnesses, Mr Kgase and Barend Thabo Mono, were too afraid to enter the Rand Supreme Court building.

The apparent kidnapping of another State witness, Gabriel Pelo Mekgwe, had unnerved them.

The case was postponed to today because Mr Kgase needed advice on his legal position.

Mr Megkwe (22), Mr Mono (23) and Mr Kgase (32) were to testify about their alleged kidnapping on December 29 1988.

It is the State's case that Stompie Sepei (14) was kidnapped with the three State witnesses on December 29 1988, allegedly on Mrs Mandela's instructions.



Identikit ... The man being sought in connection with Gabriel Mekgwe.

The four young men were repeatedly assaulted, then held at Mrs Mandela's house until Stompie was murdered on January 1/2 1989.

Mr Kgase escaped on January 7 and Bishop Peter Storey freed Mr Mono and Mr Megkwe on January 16.

Mrs Mandela (56) and her three co-accused, her driver John Morgan (61), Nompumelelo Falati (18) and her mother, Xoliswa Falati (36), all pleaded not guilty on Monday to four counts each of kidnapping and assault with intent to do grievous bodily harm.

Mrs Mandela has said in her plea explanation that she had not forced anyone to stay at her Diepkloof Extension home, had not assaulted anyone and that no one had been assaulted in her presence.

Yesterday afternoon Jan Swanepoel, SC, told Mr Justice MS Stegman that the State regarded Mr Kgase's evidence as necessary, even though Mr Kgase had indicated he was afraid.

● The ANC yesterday denied that it was "organisationally implicated" in the disappearence of Mr Mekgwe, but said it would investigate the allegation.

Public pension 'shortfall' no cause for alarm — PSA

BPdam 14/2/91

GERALD REILLY

PRETORIA — The announcement that government pension funds had a shortfall of R30bn was no cause for panic, Public Servants' Association (PSA) deputy GM Cas van Rensburg said yesterday.

The shortfall, he claimed, was of academic interest only and would not threaten the pensions of thousands of public servants.

It was an "unqualified" sweeping statement to claim the reason for the shortfall was excessive benefits unrelated to contributions and available funds.

The shortfall figure would be relevant only if funds were to be wound up and abolished.

Meanwhile, the PSA, in an editorial in its journal, has called for a start to negotiations on the protection of government workers in a new dispensation.

It said only about 37% of posts associated with the Public Service Act were held by blacks, coloureds and Asians. But it said it was "far-fetched" to argue that a future government could insist on a racial balance in the service.

Rectify State pensions shortfall now — CP

CAPE TOWN — The State President owed it to South Africa to take immediate action to rectify the State's scandalous R30 billion obligation to cover pension fund shortages, a CP spokesman on finance, Dr W J Botha, said yesterday.

He said in a statement there was undoubtedly something very wrong with the Government's handling of South Africa's money matters.

The proposed expert investigation of the shortfall should be completed as soon as possible and the findings published.

The Government spent R1 billion in the last Budget in an attempt to eliminate the shortfall. At that pace it would take more than 30 years to sort out the problem.

In other First World countries a government would have had to resign over such a scandal and at the very least the Minister of Finance would have been fired. — Sapa.

State should act, says CP

Sowetan 14/2/91

300

THE State President owed it to South Africa to take immediate action to rectify the State's "scandalous" R30 billion obligation to cover pension fund shortages.

Conservative Party spokesman on finance Dr WJ Botha said in a statement yesterday there was something very wrong with the Government's handling of South Africa's money matters.

The proposed investigation of the shortfall should be completed as soon as possible and the findings published.

The Government spent R1 billion in the last Budget in an attempt to eliminate the shortfall. At that pace it would take more than 30 years to sort out the problem.

In other first world countries a government would have had to resign over such a scandal and at the very least the Minister of Finance would have been fired, he said. - *Sapa.*

R40bn pensions shock

S/Times 17/2/91. (300)

By DAVID CARTE

THE deficit on the state pension funds is R40-billion, not R30,5-billion as disclosed in parliament this week.

This is the considered opinion of former Sanlam chairman Andreas Wassenaar, whose book Squandered Assets, published in 1987, first brought to light what he called the plundering of public service pension funds.

The funds' huge actuarial deficit has caused alarm among their 500 000 members — employees in central and provincial government, police, defence force and universities.

The actuarial deficit is the amount by which the funds' assets fall short of their liabilities to members stretching up to 40 years into the future.

Dawid Rossouw, chief director, pensions administration in the Department of Finance, said the actuaries had informed him that, at the present rate of contributions and benefits, the funds should be 93 percent funded by 2013.

But Dr Wassenaar says it is "almost impossible" to rectify the shortfall. The only remedy, he thinks, is for benefits to be reduced and contributions increased. Public servants worry that a new government may not be prepared to make good the deficit.

Expensive

Dr Wassenaar said he had a copy of the report by actuaries Malan & Partners on which Deputy Finance Minister Japie van Wyk based his R30,5-billion estimate of the shortfall.

"The actuarial valuation of the R23-billion central fund was dated March 31, 1988. There are four other funds making up the R30-billion.

"Taking into account interest on the assets that the funds should have — but don't — you can reliably say the shortfall has grown at 12 percent a year.

"When the next actuarial valuation is done next month, the shortfall will have grown by another R10-billion to R40-billion. The R1-billion that the state has put in this year is chicken feed."

Not included in the R40-billion is Transnet's pension fund, which has a shortfall of R6,5-billion.

Actuarial valuations of the state pension funds were stopped in the late 1970s. The minister of Social Welfare and Pensions at the time, Johan van der Spuy, was advised by public servants to terminate actuarial valuations because they were so expensive.

Shortly afterwards, public servants' benefits were increased dramatically. Employees were entitled to buy back service to the age of 16 on terms favourable to employees but ruinous to the funds.

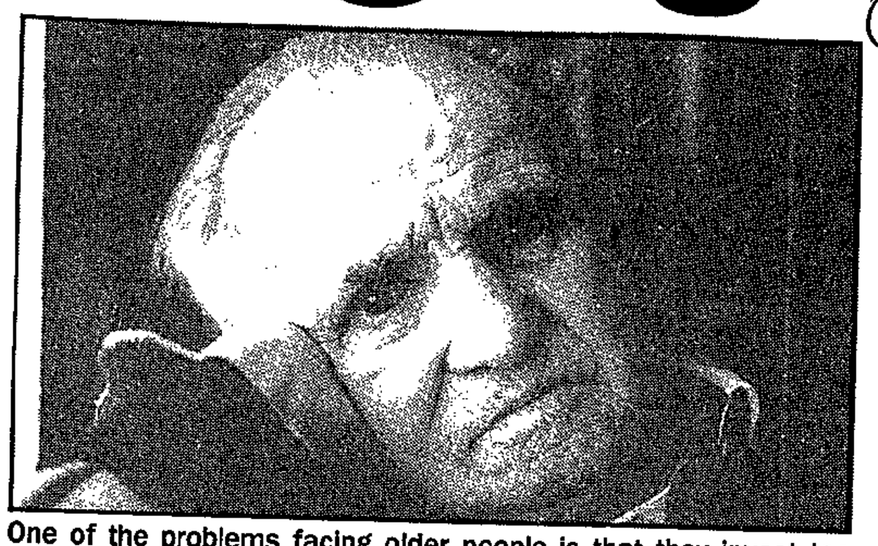
Private sector funds calculate pensions on the average salary in the last two or three years before retirement. State funds use salary at retirement date so eve-of-retirement promotions to boost pensions.

Dr Wassenaar has called for a commission of inquiry to establish who advised cancellation of actuarial valuations. His call has been ignored.

Buying power of money may halve in about five years

Investing against inflation

Do people have a right to spend or invest their hard-won retirement annuity savings as they please ... Or is it the State's responsibility to protect them from themselves by obliging them to buy a pension?



One of the problems facing older people is that they invest too little, too late for their retirement.

"The compulsory annuity requirement, which dictates that two-thirds of the value of a matured RA policy be used to buy a pension, is intended to protect people, with the foresight to plan for their old age, from impulsive extravagance. Instead, they can starve slowly, as victims of inflation," says Berns Block & Associates MD Arnold Berns.

He maintains that the inflexibility of conventional RAs makes them a poor hedge against inflation. Yet the way they are marketed means that many investors, who are trusting to their RAs to meet their needs during old age, are living in a fool's paradise.

"Inflation is built into the socio-political environment of South Africa and must be factored into every individual's long-term financial plan — yet no conventional retirement-oriented investment makes adequate provision for the rule of the half-life of money."

This dictates that 72 divided by the current rate of inflation will give the number of years in which the value of money will halve.

Conservative estimates put South Africa's current inflation rate at about 14,5 percent, which, if it is sustained, will cause the buying power of money to halve in less than five years.

The problem is exacerbated by the tendency of almost all investers to invest too little, too late in their retirement funds.

"It doesn't matter how magnificently a fund performs — if the investor has committed too little money to meet his needs he will be totalled by inflation," says Liberty Life assistant general manager of legal and technical marketing Gavin Came.

"Added to this, the cost of delay could spell the difference between a fixed pension and one that escalates to keep pace with inflation.

Another characteristic which meets with a mixed response from critics of the RA is the locked-in nature of the fund.

"Funds cannot be withdrawn before the age of 55 — making the RA a form of self-imposed compulsory saving for retirement.

"In addition, it cannot be attached by creditors," says AA Life broker division assistant GM Luc Orlando, who considers the inflexibility of RAs in this regard a distinct advantage.

Some consultants, however, consider it a disadvantage, since younger investors shy away from the prospect of locking themselves into a fund which could take 25 unpredictable years to mature.

Over the years, annuities have become more flexible. It is, for instance, possible to buy an inflation-linked option which maintains the real value of the investor's pension at a steady level.

"The cost of this option, when the retiree is heavily dependent on his annuity income, is an immediate drop in his standard of living," says Ilpa Fellow Laurie Brickhill. "Most people find it preferable to take a chance on not living too long."



Luc Orlando, AA Life broker division assistant GM.

Another major criticism of the conventional RA is the fact that it ceases paying out upon the death of the investor, and both outstanding capital and earnings are lost to his estate.

In effect, more short-lived investors cross-subsidise those who live longer than the actuarial average.

The new equity-linked RA from Crusader Life and UAL Merchant Bank tackles both these difficulties — but can do so only at the cost of security.

High returns are achieved as a result of a high risk factor, making it unsuitable for individuals who depend on their annuities for a steady income flow.

And while outstanding capital and income is paid into the estate of a deceased investor, the fund offers no lifetime guarantee.

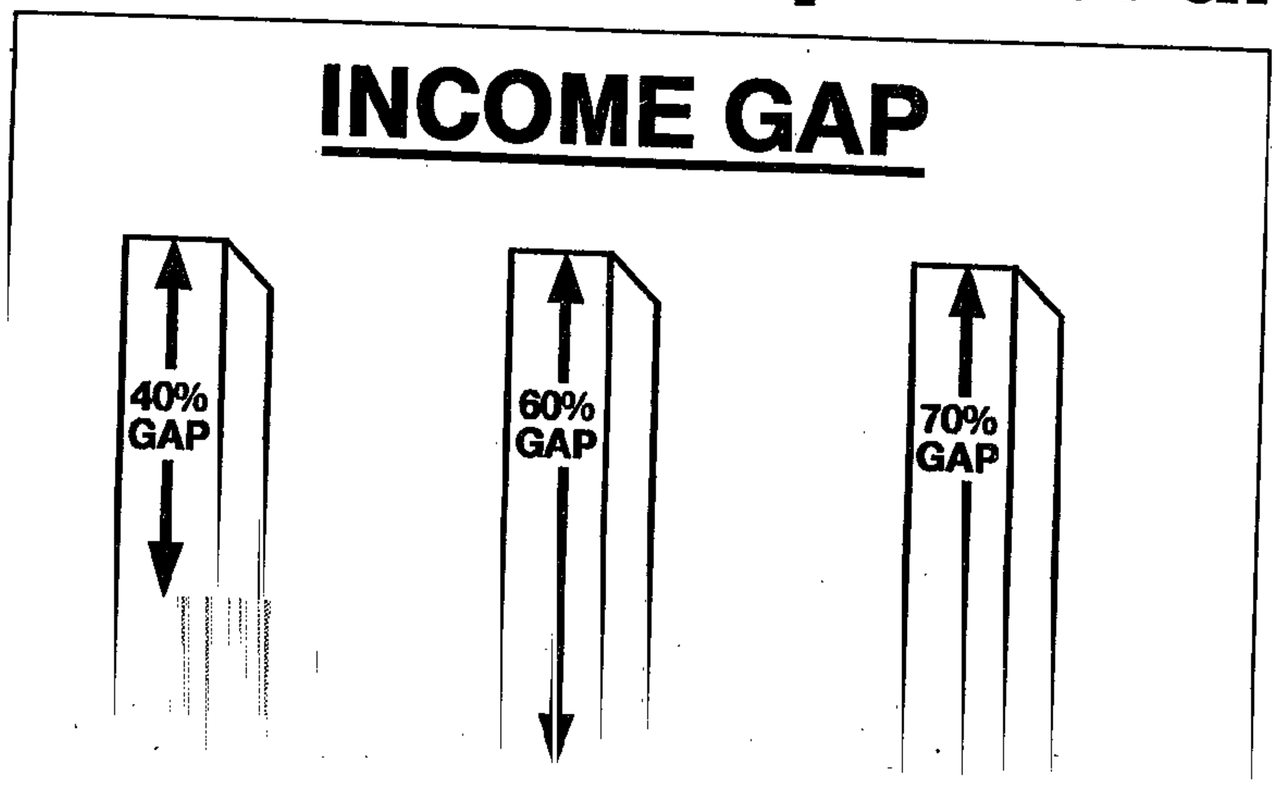
"We believe guarantees are an essential attribute of a good RA," says Mr Came, whose company has chosen to keep to the traditional RA route.

"Investors may initially take a RA to save tax — but at the back of their minds is the assumption that it will provide a secure source of income during retirement."

And conventional annuities can be structured to pay out either for a specified minimum period — which may extend beyond the death of the investor — or until the death of the longest-living spouse.

But this, again, is an expensive option — and one which few retirees with limited resources can afford in the short term.

RAs important part of any planning programme



While retirement annuities comprise an important element in virtually any financial planning programme, they fall far short of providing adequate retirement cover.

Joe Gates, the vice-chairman of the Institute of Life & Pension Advisers (Ilpa), says: "There is no doubt that the tax-deductible retirement annuity ranks among the most cost-efficient investments on the market.

"While insurers are prohibited from predicting more than 15 percent annual growth, their performance over the past five years has been closer to 20 percent — which, when tax benefits are taken into account, amounts to a significant growth on investment."

Limits

But many financial advisers feel the limits set by the Receiver of Revenue for tax deductions on self-supporting; and his health is good.

His life expectancy in terms of the actuarial average is a further 14 years, while that of his wife (who is three years younger than him) is 20 years.

The man's real income, which has been adjusted for inflation, has remained stable at R60 000 (in today's terms); he has never contributed to a pension fund, and he has always invested the full 15 percent permitted under the Tax Act — amounting to R9 000, paid annually.

"During this period, the typical retirement annuity has achieved about 2 percent average net annual growth, after inflation," Mr Belling adds.

On retirement, the value of his fund is around R250 000.

Some R83 400 of this is a tax-free lump sum, which he withdraws to invest elsewhere — leaving him a taxable monthly income of about R2 250."

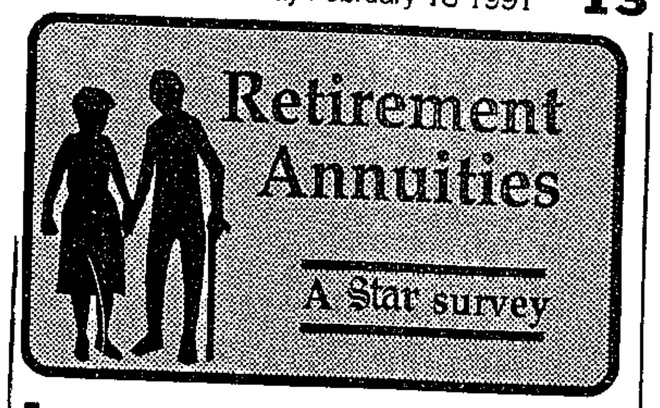
level each five years or so will see the buying power of his income halved.

"By the time he dies, aged 79, his income will be worth around R550, and by the time his widow follows him it will be down to little more than R200," says Mr Belling.

And, he adds, the subject's situation is even worse if one assumes that he is a contributing member of a pension fund for the usual uninterrupted period of 15 years for most employees.

"As a pension fund member, his annual retirement annuity contributions will have been limited to R1 750 — yielding a total of around R49 000 with which to buy a lump sum investment and an annuity.

"This, together with his pension of around R18 000 annually, could give him a taxable monthly income of about R2 250."



Investments ideal for small firms

Small businessmen and self-employed professionals are well placed to gain the most from retirement annuity investments, says Melvyn Sweidan, partner in Milner & Partners.

"RAs complement the pension funds of regular employees — and they are the only option available to self-employed people who have no access to corporate pension and provident funds," he says.



Melvyn Sweidan, partner in Milner & Partners.

According to Luc Orlando, assistant GM at AA Life broker division, participation in employee benefits such as a pension fund usually requires a sizeable business in order to benefit from economies of scale.

"The RA is specially designed for self-employed people since employment is not a prerequisite — and the Income Tax Act encourages the use of RAs by these people," he adds.

Mr Sweidan, however, believes small businessmen with a staff force of at least five could have a better option.

"The most favourable retirement investment, from the point of view of a small businessman with at least five employees, is the non-contributing provident fund.

"The employer pays in full, so the employee gains a tax-free benefit — while the employer benefits because contributions of up to 20 percent of his payroll are written off as a tax-deductible expense.

"In the process, he paid out in a lump sum — usually at the time of retirement — which is taxed favourably.

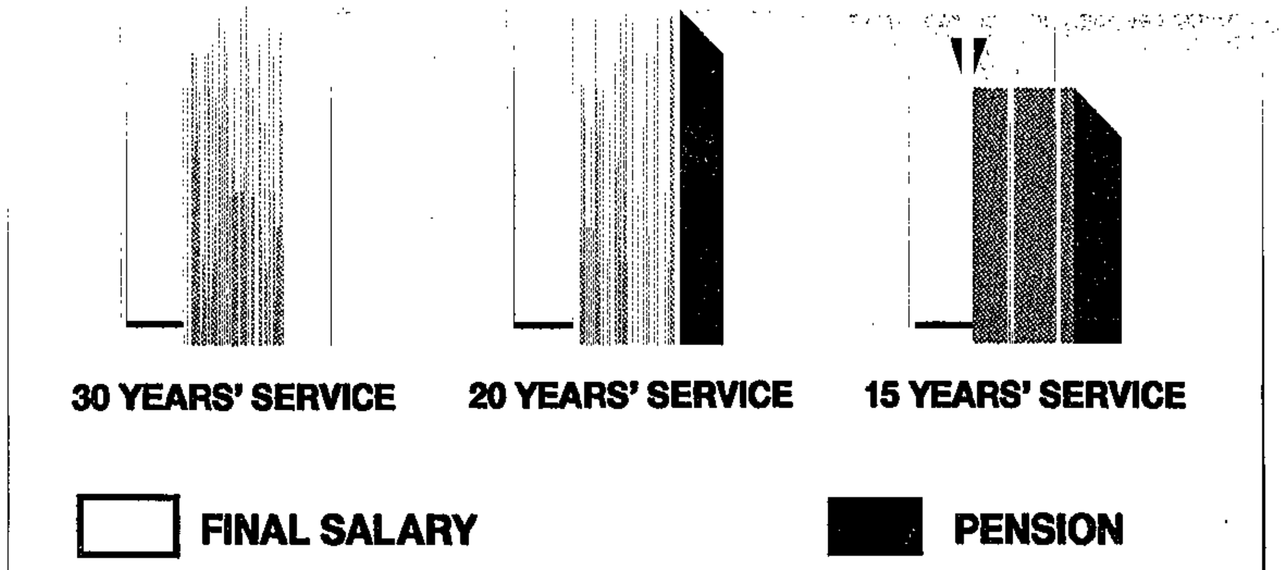
"These systems compare very favourably with the conventional RA," says Sweidan.

"There is a lot to be said for the advantage of receiving the full value of the investment in a lump sum, with no obligation to buy a pension."

Its value is most strongly felt by the black employee who is retiring to a rural area. The sheer logistics of collecting their pension cheques pose huge problems to such people — and if, as is common, they cash the cheque at the store serving their region it can be discounted as much as 50 percent.

On the other hand, a lump sum payment will frequently be used to buy independence in the form of a home, farming implements and livestock that will keep the retired worker comfortable for the rest of his life.

Appealing as these options are, however, they are not available to many small businessmen with fewer than



Is there life after retirement?

There is far more to preparing for retirement than taking out a few investments and hoping for the best.

Structured planning for all aspects of the change is crucial, says Laurie Brickhill, a Fellow of the Institute of Life & Pension Advisors (Ilpa) and a counsellor with Old Mutual's corporate executive services operation.

"Some people are so busy up to the end of their working lives, coping with the daily pressures of their jobs, that they run headlong into retirement.

"Their entire lifestyle changes overnight," he says.

He recommends that the move into retirement be made gradually, with the countdown beginning as much as 10 years before the retirement date and accelerating during the last five years of working life.

"Although ideally some allowance for retirement should form part of a person's financial planning programme throughout his working life, many families are not really free to focus on retirement until the final 10 years," he says.

"People are graduating and entering business at a later average age, they are waiting longer before having children — and as a result they are often supporting children when they are well beyond 50.

"But when planning begins in earnest, it needs to extend beyond retirement.

"It is not enough to ensure that the first few years will be comfortable — he must provide for a long life for himself and his spouse," he says.

A prime objective must be to enter retirement debt-free.

People who are approaching retirement age need to budget for settling their bonds and other interest-bearing debt — preferably out of their regular income.

In addition, they must ensure that all their household goods are reasonably new and in good working order.

They also need to acquire a reliable car, especially if it is necessary to replace a company car.

Ideally, the individual will already be a long-standing investor in a RA by the time he begins to think seriously about retirement.

As retirement approaches he should invest as much as he can from his pre-tax income, under the provisions of the Income Tax Act.

But on its own a RA — even if supported by a pension fund — will not be enough to keep inflation at bay, says Mr Brickhill.

And in any case, he believes it should be maintained as long as possible, funded out of other retirement income up to the age of 70, when it must mature.

In addition to increasing the maturation value of the RA fund, this will enable the pensioner to take advantage of the tax benefits of investing in a RA.

And since the annuity payments increase with the age of the pensioner at the date of maturation, the longer he postpones maturing his RA the better.

Even if it is not possible to continue paying into the RA and he declares it paid up earlier, by postponing the maturation date of the policy he ensures that it maintains its real value as long as possible.

On retirement, many employees receive a lump sum in the form of a gratuity, deferred compensation payment or pension payment — and Mr Brickhill recommends that this be invested in a voluntary purchase annuity.

This offers a number of advantages over the conventional RA.

"It can be taken over a 10-year period, paying out capital and earnings in a fixed monthly amount," he explains.

"Because this figure is fixed in advance it is determined by prevailing interest rates — so it pays to buy it when interest rates are high.

"And if the investor dies during the term of payment, it will continue to pay out to his estate."

Unit trusts are another form of supplementary investment favoured by Mr Brickhill.

must beware of being lulled into a false sense of security.

Sage Life marketing communications manager Michael Belling demonstrates this by means of a theoretical example.

For the sake of simplicity, Mr Belling disregards the changes in tax allowances made since RAs were launched in 1969.

The subject of Mr Belling's example is a married man who invested in a retirement annuity at the age of 43, in 1969, and is now ready for retirement at the age of 65.

The man's conditions for retirement are optimal — his house is paid for; he has a new and reliable car, also paid for; his children are

buy an annuity.

"If he opts for the maximum return immediately available, his pension will be about R30 000 — giving a taxable monthly income of about R2 500.

"In today's market he could probably invest the lump sum at 18 percent — although this high level will not be achievable indefinitely.

"This would yield a further R1 250 a month, bringing his income to R3 750 — a 25 percent drop from his pre-retirement income.

"And although in the short-term this will probably be more than sufficient for his needs, if the rate of inflation maintains its present

This story has a dual moral, say financial advisors.

Firstly, it is essential to start investing in a RA as early as possible — both to maximise the tax-free element in the lump sum and because of the astronomical cost of delay.

And secondly, while the RA may be the keystone of the investor's retirement plans, it cannot stand alone.

"For peace of mind, people need to plan to enter retirement debt-free, equipped for the future in terms of a car and household goods — and with investments designed to take the bite out of inflation," Mr Belling says.

cent of his own pre-tax income in the fund — and when it matures he receives a favourably taxed lump sum which he can use or invest without restriction," Mr Sweidan adds.

Section 11 of the Income Tax Act also permits him to invest a further 10 percent of the payroll under a deferred compensation scheme.

Under this system, an employer invests accumulated capital on behalf of the employee. This, with benefits, is

employed professionals and freelancers.

Such people, says Mr Sweidan, must invest the full 15 percent of their income in a RA.

"This may not, at this stage, be the most convenient or flexible form of retirement funding available — but it offers tremendous tax advantages which outweigh the disadvantages," he says. "And at the end of his working life, a good RA will provide a strong cornerstone to anyone's retirement fund."

Midmacor Industries Limited

(Registration number 87/03762/06)

Interim report

Unaudited group results for the six months ended 31 December 1990

Consolidated income statement

	Half year to 31 December 1990 R000	Half year to 31 December 1989* R000
Turnover	40 097	44 024
Operating profit before interest	3 067	2 971
Interest paid	1 321	848
Net income before taxation	1 746	2 123
Taxation	873	856
Net income after taxation	873	1 267
Attributable to outside shareholders of subsidiaries	10	(8)
Income attributable to ordinary shareholders	863	1 275
Number of shares on which earnings per share is based (000)	7 860	7 860
Earnings per ordinary share (cents)	11,0	16,2

Abridged consolidated balance sheet

	At 31 December 1990 R000	At 31 December 1989* R000
Capital employed		
Ordinary share capital and reserves	21 579	20 334
Outside shareholders' interest	3	1
Long-term liabilities	319	365
	21 901	20 700
Employment of capital		
Fixed assets	5 261	3 782
Net current assets	16 640	16 918
	21 901	20 700

*To make the comparative figures for the half year ended 31st December 1989 meaningful, they have been amended to reflect the correct situation of the former PDS companies at that date and to incorporate the acquisition of Midmacor Holdings (Pty) Limited with effect from 1 July 1989, which was only approved by the shareholders on 10 April 1990.

Comments

Midmacor (Pty) Limited traded successfully in the depressed economic environment which prevailed throughout the half year, and expanded its operations by opening a branch in Pietersburg.

In order to achieve rationalisation benefits, the Pietersburg business of PDS Diesel Services (Pty) Limited was acquired by Midmacor (Pty) Limited, with effect from 1 July 1990.

All business operations of PDS Diesel Services (Pty) Limited performed poorly with the diesel engine repair business being particularly adversely hit by the much reduced demand from the mining sector.

Measures have been taken in the PDS Diesel Services business to reduce overheads and costs in line with the lower levels of business and rationalisation of activities is in progress. Current indications are that a break-even situation will occur in this operation in the second half of the financial year.

The Power Pack Services business located in Isando was not performing profitably. During the year its activities were merged with KNJ Group company, Camec (Pty) Limited, in order to provide a more viable operation, with local control by management of Camec.

The relatively high taxation charge in the current six months is as a result of the near full utilisation of tax losses by Midmacor companies, and losses sustained by PDS Diesel Services' operations.

While the depressed economic environment is expected to persist, the Group will benefit in the longer term from the benefits of rationalisation.

By order of the board

J. H. Knight
Company secretary

Johannesburg
15 February 1991

Registered office
Midmacor House
60 Trump Street West
Selby Extension 4
Johannesburg, 2001
(PO Box 1586
Johannesburg, 2000)

Transfer secretaries
Central Registrars Limited
3rd Floor
154 Market Street
Johannesburg, 2001
(PO Box 4844
Johannesburg, 2000)

BASTION GRAPHICS FINANCIAL

Milner & Partners
CHARTERED ACCOUNTANTS (SA)
AND
FINANCIAL PLANNING CONSULTANTS

ADVISERS TO SMALL BUSINESS

TEL: 482-2265
FAX: 726-2389

5th FLOOR,
JCC HOUSE,
EMPIRE ROAD,
MILPARK 2092

D346361

INCREASE YOUR MONTHLY RETIREMENT INCOME BY UP TO 25%

The Berns Block Annuity Market can add up to 25% to your monthly retirement cheque. By law, not less than ⅔ of your retirement annuity policy proceeds must be invested in an annuity to generate income for you in retirement.

There are a great many officially-approved institutions with whom to place your annuity investment and your income could vary by up to 25% depending on what type of product is purchased and with whom the annuity is placed.

No matter where your retirement annuity was purchased – you are free to invest the proceeds at any of the approved institutions.

The Berns Block Annuity Market will find the highest available income for you, and Berns Block will help in selecting the best kind of annuity plan for your particular needs.

GIVE YOURSELF AN INCREASE. TELEPHONE (011) 339-4501
PO BOX 32800, BRAAMFONTEIN 2017

Berns, Block Associates
FINANCIAL PLANNING & MANAGEMENT SERVICES

RETIREMENT ANNUITIES

Fear over tax changes

Star 18/2/91 (300)

Investment in retirement annuities has been clouded by uncertainty over possible changes to the Income Tax Act with regard to the taxation of retirement funds.

As some investors hasten to take advantage of prevailing favourable conditions, others are hanging back for fear that changes in tax laws could devalue their RA investments.

Abri Meiring, legal services manager at Old Mutual, feels these fears are unfounded, and says no significant changes in the tax situation are likely in the short term.

"Indications are that the Mouton Committee, which is currently looking into all aspects of retirement provision in South Africa, could be at least a year from releasing its findings.

"The Government is unlikely to pre-empt the committee with any major changes — and should the tax laws relating to RAs change, these are unlikely to affect existing investments," he says.

In the meantime, the latest Life Officers Association statistics indicate that RA sales are growing at a rate 80 percent higher than that of other investment business, and this month is expected to show the surge in RA investments customary for February.

"This is traditionally the time when individuals consider their tax position and decide whether to take out a RA or top up an existing one," comments Syfrets senior portfolio manager Mike Anderson.

"This is because the taxpayer can contribute to a RA annually in advance, paying for the contractual year ahead at the end of the tax year and in the process obtaining immediate tax benefits in terms of his final provisional tax estimate.

"In effect, one is managing one's investment in a RA to maximise the cash flow advantage out of the tax deduction generated."

At present, the taxpayer who belongs to a company pension fund may invest, from his pre-tax income, R3 500 less the cost of his pension contributions or R1 750 — whichever is greater. The limit for married women is half this figure.

Individuals who are not pension fund members may invest up to 15 percent of their pre-tax income.

"In effect, this means that the Receiver of Revenue makes a contribution to the investment equivalent to the investor's tax rate.

"In the case of members of the maximum tax bracket, this is a hefty 45 percent," explains Vinnie Roodt, tax department manager at Aiken & Peat.

"A further benefit is that tax is assessed after the RA has been deducted — so that an RA investment could move a taxpayer into a lower tax bracket."

And this February will see the introduction of Site tax. Under Site, standard employees earning a net annualised income of up to R40 000 are taxed directly through Paye and are not required to submit income tax returns.

"The onus is on them to advise their employers concerning their RA investments. If they don't, they will not receive any rebate, and they lose out on one of the prime benefits of having a RA," says Mr Roodt.

Mr Anderson believes Site will give new focus to debate over RAs as an option to consider in preparing for retirement — a factor which, to date, has received little prominence as most active investors are more concerned with the RA's effectiveness in minimising tax.

The introduction of Site will enable married female taxpayers to take part independently in the benefits offered by a RA.

The tax benefits continue throughout the life of the investment. RA earnings in the hands of the investment houses are exempt from tax — making exceptionally high yields possible. And on maturing, while two-thirds of the RA must be invested in a compulsory annuity yielding a taxable income, one-third may be taken as a lump sum, of which at least R120 000 is tax-free.

The total tax free amount is calculated as R4 500 multiplied by the age of the RA or R120 000, whichever is greater. And this sum is available on the RAs held by each taxpaying spouse.

Some years ago the Margo Commission recommended that the lump sum cash element in a RA fund pay-out should be taxed at the average rate of the preceding three years. But since the lump sum component of civil service pensions is entirely tax-free, this is a sensitive issue which the Government has preferred to sidestep.

"One approach which has been suggested is that the Government tax the lump sum at a concessionary rate while making the pension tax-free," says Mr Meiring.

"This would have the effect of encouraging people to make greater provision for their retirement — and would also reduce pressure on people who have little resistance to South Africa's inflationary economy.

"On the other hand, many individuals use their lump sum pay-out to start home businesses — and it would be unwise to discourage these people from remaining as productive members of the community."

Retirement Planning

In these uncertain times, let the professionals maximise your retirement security.

Our specialist investment planners have the back-up of highly successful investment managers.

SYFRETS

Your specialists in creating wealth

A consultation is only a telephone call away:

- JOHANNESBURG (011) 484-2550 John Karis/Cyril van der Merwe
- PRETORIA (012) 343-0310 Rudi Schmidt
- CAPE TOWN (021) 488-2911 Ken Bridgens/Gareth Williams
- DURBAN (031) 300-5911 Kevin Hinton/Roger Warren
- PIETERMARITZBURG (0331) 42-8321 Davie Kasselman
- PORT ELIZABETH (041) 52-2100 Ron Southall

Timing crucial in retirement planning

Star 18/2/91 (300)

Timing is crucial, both in deciding when to retire and in planning the maturation of taxable investments, says Martin Kourie, assistant general manager of tax and trust services at Momentum Life.

"All taxable lump sums received in the year of retirement are taxed at the average rate for that year.

"Consequently, one of the retiree's first objectives should be to minimise his normal income for that year — including pension payments, deferred compensation and provident fund payments," Mr Kourie explains.

A number of measures can be taken to keep that figure to a minimum:

- Plan the date of retirement for the first day of the tax year. This excludes salaries, fringe benefits and business profits from the retiree's income for the year.
- Avoid maturing a RA during that year. It is preferable to live off capital, since investment earnings could have a devastating effect on the tax rate.
- Bring a number of lump sums to maturity to take advantage of the beneficial tax rate which has been matured. In the case of a RA, time the maturation of the policy so that the lump sum is payable on the last day of the first year of retirement, while the compulsory annuity payments begin during the following year.
- Where possible, defer the pension as far as possible so that a minimum number of payments are made during the first tax year. Some funds permit the payment of arrear pensions, which could be paid in the beginning of the following year.

"There is some uncertainty over this approach following the People Stores case last year," comments Kourie.

"The court ruled that income that accrues to a person during a particular tax year is taxable in that year, even if it is paid out only during the following year.

"But it is not yet clear how this will affect arrear pension payments.

- When investments increase income during the first year of retirement, it can pay to convert to growth funds - or even to cash them in and use the capital, if necessary.
- After 10 years, some endowment policies pay out bonuses which are rated as tax-free assurance benefits. It is wise to invest in one of these 10 years before retirement.
- Many lump sum benefits are taxable at the average rate. To reduce the tax burden, one may use 15 percent of the taxable lump sum to buy a single premium RA. This sum can be deducted against income earned during that year, which could bring one into a lower tax bracket.
- Exercise share incentive schemes prior to retirement.
- Beneficiaries of inter vivos trusts should request the trustees to use their discretion in another year, not the year of retirement. The tax burden will then be more comfortably borne by the trust.
- From the age of 65, pensioners are entitled to a full tax deduction for medical expenses. Any major medical attention which can be planned, therefore, should be timed to take place during the time of retirement.
- Do not start a business from home in the first year of retirement.

Rather, avoid earning money altogether — by taking a long holiday.

- Prior to retirement, put RAs into the wife's name. When these mature she will be taxed separately under Site, at a more favourable rate.
- Some pension and provident funds allow members to buy back service.

By investing extra funds, members can extend their official period of membership. Since the tax-free element of the lump sum paid out is determined by the length of membership, this extra investment more than pays for itself in the long run.

Examine opportunities carefully

Star 18/2/91 (300)

Retirement annuities, in common with other investment options, come in various shapes and sizes — and the wise investor will examine his prospective investment carefully before making a decision.

According to Gavin Came, assistant general manager of legal and technical marketing at Liberty Life, a good RA should offer most of the following characteristics:

- The facility to make lump sum payments from time to time.
- The flexibility to increase or decrease contributions as the investor's circumstances change.
- No policy fee on contributions made.
- A facility to switch the fund between equity-based and property investments, or a combination of the two.
- Provision for phased retirement.
- Guaranteed return on contributions paid.
- A range of pension options at retirement.
- Long-term guaranteed insurability.
- The capacity to become self-funding if the investor is disabled.
- Life cover guaranteed to retirement date.

Flexibility should be consideration

Star 18/2/91 (300)

Deciding which RA is the best for you is by no means easy. A good deal depends on one's view of equity markets, the risk inherent

"And there are the options of a pure investment RA or one which contains various levels of life cover, including permanent disability and with-profits or performance profits portfolio.

In this case, returns will be influenced by the economic conditions prevailing at the time of pa

investment and the like over the process of choice with deciding which investment portfolio to use for retirement funding.

other assets.

While the industry's recently launched pure equity products have attracted a good deal of favourable comment, conventional RAs remain the more popular RA owing to their low risk element, says Old Mutual development actuary Peter de Beyer.

This is why Old Mutual has aimed to optimise flexibility in its FlexiPension range.

"One can increase premiums and benefits on a regular or ad hoc basis. The retirement date can be set anywhere from 55 to 69 at the start of the policy, but it can be varied as the investor's circumstances change.

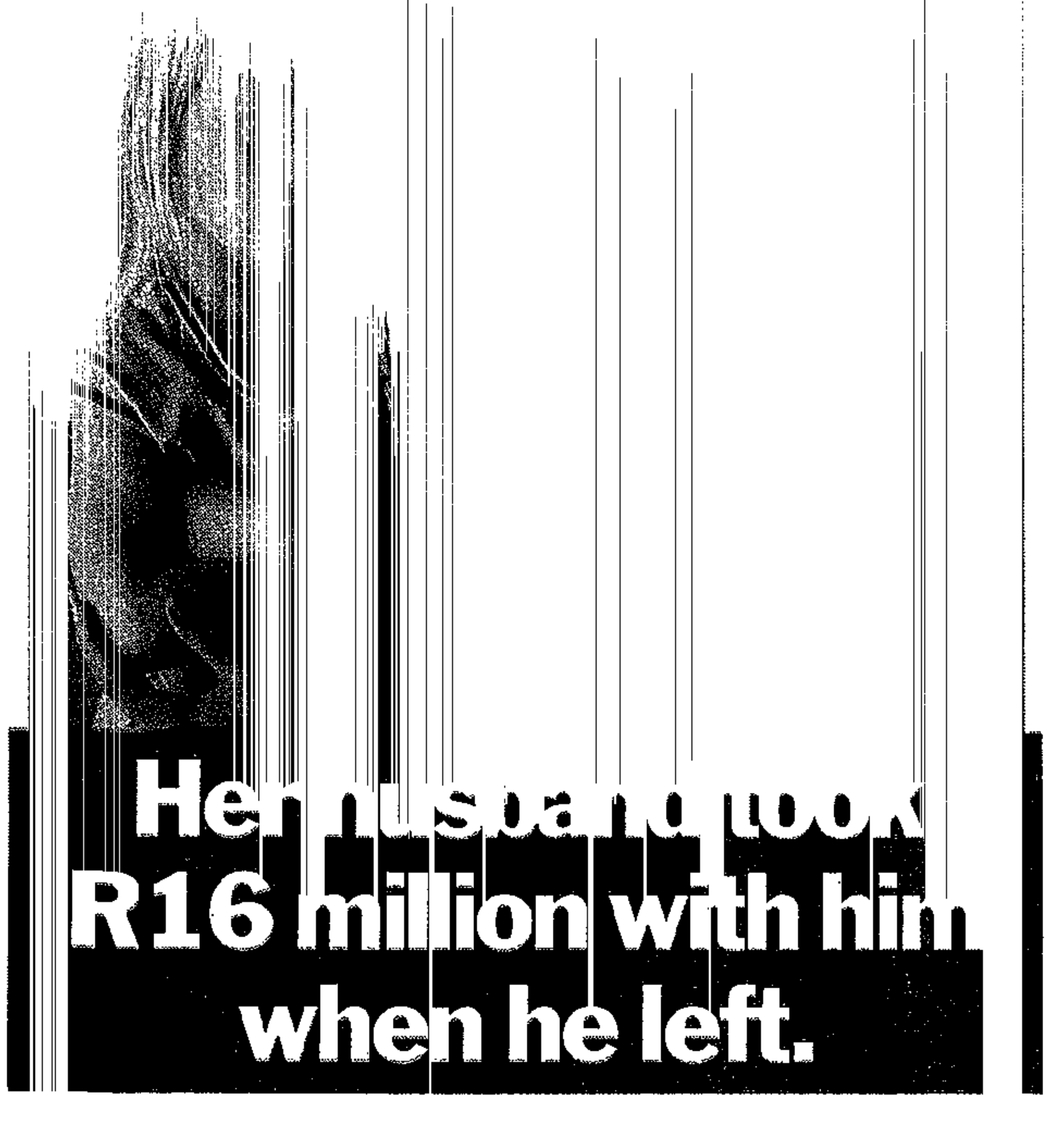
According to Mr de Beyer, the smoothed bonus portfolio is the most popular choice among Old Mutual clients. This option leaves the responsibility for investing the premiums in a judicious mix of property, fixed interest and equities to the portfolio manager. Bonuses are declared retrospectively at the end of each financial year, which helps smooth fluctuating returns on the portfolio.

More sophisticated investors who wish to become involved in the portfolio performance are attracted to the managed performteed and the fund offers an underlying security.

The equity performance profit portfolio is a market-related portfolio designed for investors seeking full exposure to blue chip shares. It offers potentially exciting returns, offset by a high degree of volatility — and no guarantees are provided.

The equity RA allows investors to shift the stockmarket portfolio into a high income fixed interest stable fund towards the end of the investment period.

This fund offers a guaranteed return and is designed to protect the investment during its final few years.



Her husband took R16 million with him when he left.

It's odd.

The older you get, the more you appreciate life insurance. The younger you are, the more you need it.

The late husband of our imaginary family was 30, earning R60 000 a year. Assume he'd worked till 65, with annual increases of only 10%.

Over the years he would have brought R16,3 million into the home.

Probably a life policy pays off his bond. But what money comes into the home now? Perhaps a small pension from work.

What goes out? The rates, phone bill, HP repayments, medical bills, school fees, car repayments, home insurance, etc. etc. etc. Remorselessly, every month.

No man wants to force his wife back to work. Or to sell her home.

No man wants his family to have less than he'd intended.

But then, no man in his early years seems able to get life insurance into perspective.

An assurance adviser who acts for Liberty Life can do that for you.

As one who has seen the consequences first hand, he won't feel easy knowing your family is dangerously vulnerable.

He'll explain that life assurance today is a bargain. Rates have come down because people live longer.

We're biased, of course, but we maintain he'll give you the best possible advice.

Liberty Life's reputation for high standards tends to attract a man of equal ability: The highly qualified expert who builds trust.

He is caring, concerned. A skilled planner.

He believes the better he informs you, the better the decision you will make.

If that's the calibre of life insurance advice you need, talk to the man who acts for Liberty Life.

LIBERTY LIFE

The people with the right policy.

DMB&B S11676

KNJ

GROUP LIMITED

(Registration number 87/02927/06)

Interim report

Unaudited group results for the six months ended 31 December 1990

Consolidated income statement

	Half year to 31 December 1990 R000	Half year to 31 December 1989* R000
Turnover	152 790	172 923
Operating profit before interest	10 814	14 583
Interest paid	3 958	4 538
Net income before taxation	6 856	10 045
Taxation	1 986	2 497
Net income before extraordinary items	4 870	7 548
Attributable to outside shareholders of subsidiaries	104	152
Provision for accrued preference dividend	625	625
Income before extraordinary items	4 141	6 771
Extraordinary items	–	535
Income attributable to ordinary shareholders	4 141	7 306
Number of shares on which earnings per share is based (000)	71 313	71 313
Earnings per ordinary share (cents)	5,8	9,5

Abridged consolidated balance sheet

	At 31 December 1990 R000	At 31 December 1989* R000
Capital employed		
Ordinary share capital and reserves	138 354	119 426
Outside shareholders' interest	2 590	2 434
Redeemable preference shares in a subsidiary company	25 000	25 000
Long-term liabilities	5 370	7 738
	171 314	154 598
Employment of capital		
Fixed assets	47 925	58 717
Net current assets	123 389	95 881
	171 314	154 598

*The comparative figures for the six months ended 31st December 1989 have been amended to incorporate the 88% interest in Midmacor Industries Limited, whereas the full profit of Midmacor Holdings (Pty) Limited was previously included.

Comments

The results are a reflection of the current depressed economic environment. No improvement in that environment is anticipated before the financial year end.

The preservation of shareholders' wealth continues to be of paramount importance and management continues to focus on this vital aspect – the preservation of the underlying value of shareholders' funds.

It must be noted that over the past three years, net asset value has improved progressively by 20% per annum.

In pursuit of the above objective it was decided in December 1990 to cease the Group's civil engineering business, involved mainly in road building, as soon as all existing contracts are completed. Other short and long term availability of work did not justify its continued operation. It is most unfortunate that certain contracts which were expected to be awarded to D&M Padaanleg were cancelled at the last minute as the funds were used by the authorities to finance losses as a result of the electricity and rent boycotts.

In addition, the business of Comaco Stainless Steel was sold to a consortium of other major players in the industry, the Group retaining a one-third interest.

The capital realised from these transactions will result in a reduction in the payment of interest. At current interest rates it will result in a higher return than the continued investment in those businesses would have realised.

Transkip (Pty) Ltd, the Group's clearing and forwarding subsidiary, sustained a bad debt of R882 000 after granting credit based on incomplete and misleading information supplied by the debtor concerned. The amount has been written off in full and is being vigorously pursued and investigated.

The rate of taxation is higher than the previous period and arises from the continuing absorption of tax losses through profitable operations as well as the losses incurred by other subsidiaries which could not be offset against profits for tax purposes.

By order of the board

J. H. Knight
Company secretary

Johannesburg
15 February 1991

Registered office
Midmacor House
60 Trump Street West
Selby Extension 4
Johannesburg, 2001
(PO Box 1586
Johannesburg, 2000)

Transfer secretaries
Central Registrars Limited
3rd Floor
154 Market Street
Johannesburg, 2001
(PO Box 4844
Johannesburg, 2000)

BASTION GRAPHICS FINANCIAL

up a fundamental viewpoint? Secondly, what is the Government's fundamental viewpoint in this connection?

†The MINISTER: Mr Speaker, since the establishment of the possibility of the additional models that have been added to the *status quo*, which is also a model, it has been my view that we should first obtain the advice of the statutorily recognized advisory bodies. [Interjections.] I think that the only honourable way is not to make my point of view known before the time and in so doing to inhibit the statutory advisory bodies. In respect of this it is exactly the same. I am awaiting the advice of the six statutory advisory bodies, after that I shall take my decision and then I shall give full particulars in this connection. [Interjections.]

†Mr H D K VAN DER MERWE: Mr Speaker, further arising out of the hon the Minister's reply, is it correct that he has just said in his reply that he does not know what "education based on national identity" means?

†The MINISTER: No, Mr Speaker. I wish to tell the hon young member that the terminology of the CP is so confused about so many concepts, that it is just not possible for us to understand what hon members mean in respect of people's education. What we believe is that there could, in fact, be a particular community that, for its particular reasons, establishes a particular school that upholds particular values that are of great value to them. I think that a community as such should, therefore, be able to establish a school that upholds its particular values, as one of my hon colleagues has said. These are educational values, such as Christian values, education in the mother tongue and so on. Then it would be the right of such a community to establish such a school. If this is people's education, I say that that is what I understand by "education based on national identity", and it is the right of a community to practise such education. [Interjections.]

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Homes for the aged: non-Whites

†4. Mr A GERBER asked the Minister of Welfare, Housing and Works:†

(1) Whether the homes for the aged under the control of his Department will be open for use by non-Whites after the abolition of the Group Areas Act, No 36 of 1966; if not, why not; if so,

(2) whether a restriction will be placed on the number of non-Whites that will be admitted to such homes;

(3) whether other conditions will apply to the admission of non-Whites to the said homes; if so, what conditions? B177E

The MINISTER OF WELFARE, HOUSING AND WORKS:

(1) The Department does not envisage a change in admission policy as a result specifically of the repeal of the Group Areas Act.

Of the 433 Homes for the Aged registered with the Department 429 are owned and managed by private organizations. Although these homes are subsidized by the Department they determine their own admission policy.

As far as the four departmental homes are concerned the Department will continue to render a service in line with the needs and wishes of the particular communities which have been served for many years and within the framework of the constitution.

It is government policy to promote the concept of an own community. As the State President has spelled out in his opening address of Parliament an own community life has to be sustained by the inherent will and capabilities of communities themselves and not by statutory coercion;

(2) Falls away;

(3) Falls away.

Specialized schools: open to all races

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

(1) Whether schools for specialized education are entitled to admit children of all races; if so, what procedures are to be followed; if not, why not;

(2) whether any changes in admissions policies for these schools are being considered; if so, (a) what changes and (b) when will they be implemented; if not, why not? B182E

The MINISTER OF EDUCATION AND CULTURE:

(1) No, the present policy does not provide for this;

(2) yes,

(a) devolution of power with regard to the admissions policy for specialized education is being considered,

(b) after consultation with all parties concerned.

For written reply:

General Affairs:

Senior Certificate examinations: pupils

7. Mr K M ANDREW asked the Minister of Education and Training:

How many pupils at schools not falling under the control of his Department (a) wrote, (b) passed, (c) obtained matriculation exemption in, (d) failed, and (e) obtained (i) A, (ii) B, (iii) C, (iv) D and (v) E aggregates in, his Department's 1990 Senior Certificate examinations? B40E

		(a)	(b)	(c)	(d)	(e) (i) A	(ii) B	(iii) C	(iv) D	(v) E
(aa)		56 081	18 946	4 159	37 135	3	34	269	1 944	2 999
(bb)	Orange Free State	3 654	1 016	167	2 638	0	2	8	81	139
	Cape	9 288	3 126	660	6 162	0	4	37	310	530
	Natal	4 114	1 630	526	2 484	3	11	61	253	297
	Northern Transvaal	8 127	3 601	895	4 526	0	6	66	409	638
	Orange Vaal	5 471	2 075	450	3 396	0	4	27	216	326
	Johannesburg	9 505	2 478	460	7 027	0	4	27	230	336
	Highveld	12 811	3 943	799	8 868	0	3	33	347	578
	Diamond fields	3 111	1 077	202	2 034	0	0	10	98	155

Note

This information is as on 7 January 1991.

Standard 10 examinations: symbols

9. Mr K M ANDREW asked the Minister of Education and Training:

How many pupils at schools falling under the control of his Department (a) wrote, (b) passed, (c) obtained matriculation exemption in, (d) failed, and (e) obtained (i) A, (ii) B, (iii) C, (iv) D and (v) E aggregates in, his Department's 1990 Senior Certificate examinations in total and (bb) in respect of each Departmental region? B41E

The MINISTER OF EDUCATION AND TRAINING:

(a) 175 896

(b) 65 368

(c) 13 885

(d) 110 528

(e) (i) 5 (ii) 72 (iii) 674 (iv) 5 484 (v) 10 314

Note

This information is as on 7 January 1991.

Numbers mentioned in (e) also include some candidates who failed.

Senior Certificate examinations: pupils

8. Mr K M ANDREW asked the Minister of Education and Training:

How many pupils at schools falling under the control of his Department (a) wrote, (b) passed, (c) obtained matriculation exemption in, (d) failed, and (e) obtained (i) A, (ii) B, (iii) C, (iv) D and (v) E aggregates in, his Department's 1990 Senior Certificate examinations in total and (bb) in respect of each Departmental region? B41E

The MINISTER OF EDUCATION AND TRAINING:

		(a)	(b)	(c)	(d)	(e) (i) A	(ii) B	(iii) C	(iv) D	(v) E
(aa)		56 081	18 946	4 159	37 135	3	34	269	1 944	2 999
(bb)	Orange Free State	3 654	1 016	167	2 638	0	2	8	81	139
	Cape	9 288	3 126	660	6 162	0	4	37	310	530
	Natal	4 114	1 630	526	2 484	3	11	61	253	297
	Northern Transvaal	8 127	3 601	895	4 526	0	6	66	409	638
	Orange Vaal	5 471	2 075	450	3 396	0	4	27	216	326
	Johannesburg	9 505	2 478	460	7 027	0	4	27	230	336
	Highveld	12 811	3 943	799	8 868	0	3	33	347	578
	Diamond fields	3 111	1 077	202	2 034	0	0	10	98	155

Note

This information is as on 7 January 1991.

Standard 10 examinations: symbols

9. Mr K M ANDREW asked the Minister of Education and Training:

How many pupils at schools falling under the control of his Department (a) wrote, (b) passed, (c) obtained matriculation exemption in, (d) failed, and (e) obtained (i) A, (ii) B, (iii) C, (iv) D and (v) E symbols in, and (c) failed, their 1990 Standard 10 examinations in respect of (aa) Mathematics (Higher Grade), (bb) Mathematics (Standard Grade), (cc) Physical Science (Higher Grade) and (dd) Physical Science (Standard Grade)? B42E

Counter Officer
Mail Handling Officer
General Clerk
Sorter
Typist
Exchange Superintendent
Telcom Assistant
Telephonist
Clerk
Assistant Administrative Officer
Security Officer
Postman
Part-Time Branch Postmaster
Part-Time Sorter
Senior Telcom Electrician
Technician
Telcom Officer
Assistant Telcom Officer
Senior Telcom Assistant
General Assistant, 1
General Assistant, 2
General Assistant, 3
Cook
Senior Superintendent
Telcom Electrician

(2) No. No need exists in this regard as no official's services will become redundant.

SAP action

*8. Mr P H DE LA REY asked the Minister of Law and Order:†

Whether members of the South African Police took any action against the persons who, on the day on which Mr Oliver Tambo arrived at the Jan Smuts Airport, allegedly removed the flag of the Republic and replaced it by an ANC flag; if not, why not; if so, what was the nature of the action taken? B71E

The MINISTER OF LAW AND ORDER:

No, not against any particular person or persons, because those concerned could not be identified in the large crowd.

On 13 December 1990 at approximately 13:17, the South African Police noticed that the flag of the Republic in front of the Jan Smuts Airport Building was being replaced by an ANC flag. With the help of, *inter alia*, the Dog Unit, the Police moved into the crowd of approximately 7 000 to 8 000 people and lowered a small ANC flag and replaced it with the flag of the Republic.

Petrol/dieseline: amount received

*9. Mr P H DE LA REY asked the Minister of Finance:†

What total amount did the State receive from the sale of (a) petrol and (b) dieseline in the Republic during the latest specified period of 12 months for which figures are available? B72E

The MINISTER OF FINANCE:

In the period 1 January 1990 to 31 December 1990 a net amount of R4 389 million accrued to the State from the sale of petrol and diesel. Itemization amounts cannot be furnished as the Petroleum Products Act 1977, (Act No. 120 of 1977) prohibits the disclosure of sale statistics of individual petroleum products.

Paul Kruger Memorial Hospital: alterations

*10. Dr W J BOTHA asked the Minister of National Health:†

Whether any alterations of and/or extensions to the section for Blacks at the Paul Kruger Memorial Hospital in Rustenberg are being planned; if so, (a) what progress has been made in this regard, (b) what total amount has already been appropriated for this purpose and (c) when will these alterations and/or extensions be commenced? B73E

The MINISTER OF NATIONAL HEALTH:

Yes, planning for extensions is taking place,

(a) the Bill of Quantities is nearly completed and the planning is therefore just short of the tender stage,

(b) no amount has been appropriated in the current financial year for this purpose and

(c) if funds are available, probably 1992/93.

Certain person: retirement benefits

*11. Dr W J BOTHA asked the Minister of Foreign Affairs:†

(1) Whether a certain person, whose name has been furnished to the Minister's Department for the purpose of his reply, received any retirement benefits from the State when he left the Public Service; if so, what retirement benefits;

(2) whether these benefits were paid in terms of existing regulations; if so, in terms of what regulations; if not,

(3) whether any special arrangements were made in respect of the payment of these benefits; if so, what are the details of these arrangements? B74E

The MINISTER OF FOREIGN AFFAIRS:

(1) No, he did not receive retirement benefits from the State, but he did receive a resignation benefit.

(2) The resignation benefits was paid in terms of Regulation 13(1) of the Government Service Pension Act, 1973 (Act 57 of 1973);

(3) Not applicable.

Pollsmoor prison: purchase of land

*12. Mr J H MOMBERG asked the Minister of Correctional Services:†

(1) Whether it is the intention to purchase land in Tokai with a view to expanding the Pollsmoor prison; if so,

(2) whether this land has already been purchased; if not, why not; if so, when are the building operations expected to be commenced? B79E

The MINISTER OF CORRECTIONAL SERVICES:

(1) There is no intention of purchasing land in Tokai. Application was made however to retain land at Westlake, which currently belongs to other State Departments, for the Department of Correctional Services should those State Departments decide to withdraw. No purchase transactions will be involved but only transfer of land.

(2) No, no land was purchased in Tokai. Land was however purchased in Retreat (Steenberg) during 1970. Building works will, in all probability and if funds are made available, commence during 1991/92.

Suburban trains: crime

*13. Mr J H MOMBERG asked the Minister of Law and Order:†

(1) Whether there has recently been an increasing tendency in crime on suburban trains between Simonstown and Cape Town; if so, what are the relevant details;

(2) whether any steps are being taken to combat this crime; if so, what steps? B80E

The MINISTER OF LAW AND ORDER:

(1) No, during the three months from 1 November 1990 to 31/January 1991, 51 serious crimes were committed on trains between Simonstown and Cape Town, in comparison with 73 crimes during the corresponding period a year previously. This represents a decline of 69,86%.

The details are as follows:

	Nov 89	*Dec 89*	*Jan 90*	*Nov 90*	*Dec 90*	*Jan 91*
Theft	1	2	3	2	—	—
Theft from person	5	7	7	3	5	5
Rape	—	2	—	—	—	—
Robbery	12	8	18	6	18	7
Attempted robbery	—	—	—	—	—	3
Armed robbery	1	—	—	—	1	1
Attempted murder	—	—	1	—	—	—
Sodomy	—	—	1	—	—	—
Assault with intent to do grievous bodily harm	—	3	2	—	—	—
	19	22	32	11	24	16

(2) In addition to the deployment of mobile units of the South African Police on this, as well as other rail trajectories countrywide, the Rail Commuter Corporation, in co-operation with the South African Police, is at present safeguarding Rail Commuter Stations, which will ensure more effective access control, in order to more effectively keep criminal elements off trains.

Extradition of certain persons

*14. Mr L FUCHS asked the Minister of Justice:

(1) Whether a request has been received from the Namibian Government for the extradition of (a) Mr Leonard Veenendal and (b) Mr Darryl Stopforth; if so, with what result;

Bonus for pensioners

Sowetan 21/2/91 (300)

By JOSHUA RABOROKO

OLD Mutual has declared a bonus of 16 percent for its Pension-Plus Scheme.

Consequently, members of the scheme over the last 10 years have retained 98 percent of their pensions' purchasing power.

Over the past 15 years Pension Plus has ensured that its members retained 80 percent of their purchasing power.

This year's bonus was reflected in an annual cash bonus paid at the end of January, as well as in monthly pension cheques beginning at the same time.

Old Mutual employee benefits general manager, Mr Garth Griffin said: "Currently the industry trend is to aim for increases in the order of 70 percent of the inflation rate.

"Even when this is achieved, purchasing power is seriously diminished. A pensioner would today retain only 57 percent of the purchasing power of his pension if it had been increased by 70 percent of inflation for each of the last 15 years.

s to spare the potato from
Picture: Jacoob Rykliff

bureau's responsibility. — Sapa.

nuz.
PECIAL



CD 40
Award winning CD player • Undoubted market leader – All others try to follow • 16 bit four times oversampling • Full remote control • Automatic music scan • Random play • Musical.



DL4 CELESTION
A new Jewel in the Crown. Internationally acclaimed

CELESTION

Police soup kitchens feed elderly, needy

Star 22/2/91

The Soweto police have provided at least 5 000 litres of soup and 800 loaves of bread to the elderly and needy since they instituted soup kitchens on pensioners' pay days.

The practice started in winter last year when an elderly woman died of exposure while waiting for her pension at Dobsonville.

Policemen were touched by the woman's death and decided to pay out of their own pockets for soup for the elderly on pension days.

Every month the kitchen is set up in a different area and provides soup and bread for the elderly and needy.

People of all ages lined up this week when the soup kitchen opened in Eldorado Park. — West Rand Bureau.

Planning a care-free retirement

Sat 23/2/91

300

Money Matters

MAGNUS HEYSTEK



THE marketing blitz on Retirement Annuities is all but over for another year — the cut-off for tax purposes is February 28.

But in these days of high inflation will an RA provide for a care-free retirement?

To most working people inflation is largely an irritation, as they are compensated for increased prices by annual increases in salaries.

Working and living in an inflationary environment is like running on a treadmill. Somehow, despite the speed gradually being increased, we manage to stay on.

But when we stop running, in other words retire, we go backwards and eventually fall off.

That is when most people come face to face with post-retirement inflation (PRI). With income and pension-benefit growth nowhere near the inflation rate, the purchasing power of money starts running out.

At an inflation rate of 15 percent a year the purchasing power of money halves every 4,8 years. In less than 10 years the purchasing power of say R10 000 is only R2 500. And ten years is not a long time — ask any pensioner who retired a decade or so ago.

It would be simple enough to tell retirees to put their capital in the stock market, as this investment avenue has historically proved to be an able counter to inflation.

Butequity investments, although superior performers against inflation in the long run, have a much higher risk attached to them than other kinds of investments.

Who wants to spend his/her retirement years worrying about the vagaries and uncertainties of the stock market. What is needed is certainty and predictability of income, if that is at all possible.

The problem is further compounded by job-hopping.

Even someone who has been a member of a pension fund for 30 years sees an income drop of at least 30 percent on retirement. With an average tenure of only 15 years in a pension fund, most people suffer a drop of 70 percent in income.

Most people change jobs on average about seven times during their lifetime. This has two important consequences. Each time an employee changes jobs he/she loses the employer's contribution.

To make things worse, should an employee not transfer the built-up pension benefit to another pension fund or RA-fund, in other words take the money and run, the tax (with relief only on the first R1 800) is deducted up-front. How many firms bother to inform departing employees of this?

I have changed jobs three times in my lifetime and not once was I told that I had the option of transferring my contributions to a new pension fund or RA fund without incurring a tax liability.

Education is one way to overcome the problem. Progressive companies should be holding annual retirement seminars to inform employees about what awaits them.

All employees, especially the younger ones should be fully informed about their company's retirement packages as soon as they join the company.

Retirement planning should start as soon as possible, preferably with one's first salary cheque. But then again, maybe I'm asking a bit too much.

R150-bn in retirement assets face stern tests

Sfcv 24/2/91

300

Claire Gebhardt

RETIREMENT assets in excess of R150 billion — nearly 40 percent of the market capitalisation of the JSE — and contribution income from employees and employers exceeding 16 percent of total wages face testing challenges in the new South Africa.

David Geary, chief executive of the National Investment Co-operative Trust (NICO) says current investment control may be declared at odds with democratisation and suggests that trustees look at what alternatives are available.

He says the ANC could question whether white-controlled insurance companies should continue to exercise the voting and vocal rights attaching to assets and contributions held in respect of "non-white" fund members.

Writing in the latest IPM Journal, he says that well over half of the total assets of retirement funds are invested by insurance companies almost exclusively controlled by whites.

He points out that although black retirement fund assets are often a large percentage of an insurance company's asset base, black insurance company directors are limited to what one may call "token appointments".

A further area of controversy is likely to be investment strategy.

Mr Geary notes that Tito Mboweni of the ANC, addressing the Institute of Life and Pension Advisers (ILPA), recently suggested that investment managers shift their focus from maximisation of return to one of optimisation through economic invigoration.

"Mr Mboweni stated

● To Page 3

R150-bn in retirement assets face stern tests

● From Page 1

that a blue-chip scrip paperchase raised questions since international experience indicated that job-creation occurred almost exclusively with secondary stocks."

SFW 24/2/91

Looking ahead, Mr Geary says an anti-sexist stance will see increased pressure for male and female retirement ages to be aligned. Alternatively a new flexibility regarding retirement may emerge.

"This will perhaps give members the option to retire between 55 and 70. It seems illogical to force executives who have much to offer an organisation to retire."

300

A governmental decision to introduce some form of contributory old-age pension scheme could well result in the emergence of new forms of employee benefits such as child or elderly parent provision, paternity leave, health, or "wellness" schemes covering both physical and mental health.

With the trend towards greater benefit flexibility Mr Geary believes employers will also have to give consideration to the equalisation of retirement fund contributions.

"At present the average company contributions in respect of pension funds are some 13 percent of salaries while company contributions to union-negotiated provident funds are often under 10 percent."

Crusader first

300

ST Times 24/2/91.

CRUSADER LIFE has introduced a stand-alone dread-disease policy to ensure that life-saving treatment does not kill financial security.

This is a first in South Africa. Anglovaal Financial Services arm Pegasus introduced the cover in Britain.

Crusader is the first to do away with the combined life and dread-disease policies. The stand-alone policy pays out up to a maximum of R300 000 covering 12 diseases, including multiple sclerosis and any terminal illness.

Police may set up protection for inner city aged

POLICE in Johannesburg are investigating setting up a project to register elderly people of all races living in inner city areas and give them police protection. BTDay 26/2/91

If the project proves successful, it could be implemented in other SA cities, police spokesman Col Frans Malherbe said at the weekend.

He said the new investigation followed a previous action programme

LINDEN BIRNS

implemented by police in the Hillbrow/Joubert Park area, which had not received sustained support from the public. (300)

Malherbe said under the old programme only whites were put on the police register and elderly people of other races did not receive the same protection.

"The SA Police have to look after people of all races and so we were issued new instructions regarding the co-ordination of the new investigation," Malherbe said.

He added the previous SAP-run protection programme had all but ground to a halt as people in the areas concerned did not realise the project was to be ongoing, and had lost contact with police after registration.

Committee of Inquiry into Military Pensions: investigations

*28. Mr R M BURROWS asked the Minister of Finance:

(1) Whether the Committee of Inquiry into Military Pensions has completed its investigations; if so,

(2) whether this committee has submitted a report to him for his consideration; if so, when;

(3) whether the committee considered the revision of the policy of paying military pensions according to categories of educational qualification; if not, why not; if so, what recommendation did it make in this regard;

(4) what other recommendations did the committee make;

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

B279E

The MINISTER OF FINANCE:

(1) Yes;

(2) Yes, on 27 November 1990;

(3) The committee recommended that a different basis for the calculation of military pensions be investigated by the Department on the guide-lines laid down by the committee;

(4) Recommendations were also made by the committee on:

(i) the justification for the difference in compensation granted to civil servants and private individuals who were injured during military service;

(ii) the principle of educational qualifications as basis of compensation as well as compensation for qualifications obtained after disablement;

(iii) compensation for loss of potential earnings;

(iv) providing for supplementary compensation to exceptional disabled persons as a result of multiple disabilities;

(v) increase of pensions in respect of dependent children; and

(vi) revision of the basis on which widows' pensions are calculated.

All these recommendations are subject to further investigation by the Department.

(5) Yes, as soon as the investigation is finalised and decisions in this regard have been taken.

Job creation programme: amount paid

*29. Mr J J WALSH asked the Minister of Manpower:

What total amount (a) has been paid out by the Central Government in respect of the current job creation programme and (b) earmarked for this programme was unspent as at the latest specified date for which information is available?

B292E

The MINISTER OF MANPOWER:

(a) Up to 31 December 1990 an amount of R70 million was paid out to the following Departments/Administrations by means of advances:

Development Aid
Provincial Administration (TVL)
Provincial Administration (OFS)
Provincial Administration (NATAL)
Provincial Administration (CAPE)
Foreign Affairs
House of Delegates
House of Representatives
House of Assembly
Manpower

(b) An amount of R75 million was allocated for the programme of which R5 million was suspended as a saving. Although an amount of R70 million was contractually paid out by means of advances, the full amount has up to date not been spent by the participating bodies. Particulars of the unspent amount is at this stage not readily available.

Black social old-age pensioners

*30. Mr K M ANDREW asked the Minister of Planning, Provincial Affairs and National Housing:

(a) How many Black social old-age pensioners were there during the latest specified 12-month period for which figures are available

and (b) what was the total cost of these pensions during the said period?

B310E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

The information is supplied for the period 1 January 1990 to 31 December 1990:

1. TRANSVAAL
   (a) 2 462 211 (b) R419 727 000
   Monthly average
   (a) 205 184 (b) R34 977 250
2. NATAL
   (a) 430 316 (b) R95 175 210
   Monthly average
   (a) 35 858 (b) R7 931 250
3. ORANGE FREE STATE
   (a) 626 765 (b) R134 559 234
   Monthly average
   (a) 52 230 (b) R11 213 269
4. CAPE PROVINCE
   (a) 993 297 (b) R169 737 853
   Monthly average
   (a) 82 774 (b) R14 144 821
5. TOTAL FOR THE RSA
   (a) 4 512 589 (b) R819 199 297
   Monthly average
   (a) 376 049 (b) R68 266 608

Reply substituting reply to Question No 13 on 19 February 1991, put by Mr J H Momberg (col 98):

Cape Town: crime on trains

*13. Mr J H MOMBERG asked the Minister of Law and Order:†

(1) Whether there has recently been an increasing tendency in crime on suburban trains between Simon's Town and Cape Town; if so, what are the relevant details;

(2) whether any steps are being taken to combat this crime; if so, what steps?

B80E

The MINISTER OF LAW AND ORDER:

(1) No, during the three months from 1 November 1990 to 31 January 1991, 51 serious crimes were committed on trains between Simon's Town and Cape Town, in comparison with 73 crimes during the corresponding period a year previously. This represents a decline of 30,14%.

The details are as follows:

	Nov 89	*Dec 89*	*Jan 90*	*Nov 90*	*Dec 90*	*Jan 91*
Theft	1	2	3	2	—	—
Theft from person	5	7	7	3	5	5
Rape	—	2	—	—	—	—
Robbery	12	8	18	6	18	7
Attempted robbery	—	—	—	—	—	3
Armed robbery	1	—	—	—	1	1
Attempted murder	—	—	1	—	—	—
Sodomy	—	—	1	—	—	—
Assault with intent to do grievous bodily harm	—	3	2	—	—	—
	19	22	32	11	24	16

(2) In addition to the deployment of mobile units of the South African Police on this, as well as other rail trajectories countrywide, the Rail Commuter Corporation, in co-operation with the South African Police, is at present safeguarding Rail Commuter Stations, which will ensure more effective access control, in order to more effectively keep criminal elements off trains.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I do not want to waste my time with a clown.

Mr Y M MAKDA: Mr Chairman, on a point of order: The hon the Leader of the Official Opposition has used the term "clown". Is he referring to the hon the Minister of Health Services and Welfare?

The CHAIRMAN OF THE HOUSE: Order! Did the hon the Leader of the Official Opposition use the word "clown"?

The LEADER OF THE OFFICIAL OPPOSITION: Yes, Mr Chairman, but I was not referring to the hon the Minister.

The CHAIRMAN OF THE HOUSE: Order! The hon the Leader of the Official Opposition must not play around with words. He must withdraw that word.

The LEADER OF THE OFFICIAL OPPOSITION: I withdraw it unconditionally, Mr Chairman.

My further question is this: What if the hon the State President's rule book, referred to by the hon the Minister, does not allow for such expenditure? Secondly, in order to avoid being accused of misleading Parliament, would the hon the Minister be preprared to let this matter be adjudicated by the Advocate-General of the Republic of South Africa?

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: Mr Chairman, as far as we are concerned, provisions 4.1.1.1 and 5.1.1 in *"Guidelines for Ministers"* clearly indicates what the position in this regard is. I am sure the hon the Leader of the Official Opposition knows about them. [Interjections.]

The hon the Leader of the Official Opposition asked whether the hon the State President allows this or not. We have cleared up that aspect, but what confuses me so much is that the very thing he is questioning me about now is in fact what he was doing when he was Chairman of the Ministers' Council. I can vouch for that because I was a Minister under his chairmanship. What we have done is nothing new. As far as payment for travelling and hotel expenses is concerned for attending party congresses is permissible. It has been cleared with the hon the State President.

The LEADER OF THE OFFICIAL OPPOSITION: What about the Advocate-General?

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: I have no problems with that whatsoever. If the hon leader wishes to do that, he can do so with the greatest of pleasure.

Mr M RAJAB: Mr Chairman, further arising from the hon the Minister's reply, could he please tell this House what the costs amounted to?

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES: Mr Chairman, unfortunately I do not have the information with me, because I am replying directly to the question, which was not related with the amount. But I will certainly furnish the hon member with the details if he is interested in the costs.

Mr M RAJAB: Mr Chairman, I am most certainly interested in the amount of the costs and, with respect, I believe that the hon the Minister's reply is unacceptable in that the hon the Minister does not have the information on costs available at the present time.

The CHAIRMAN OF THE HOUSE: Order! I just want to remind the hon member for Springfield that he is supposed to question the hon the Minister arising from the reply.

Educators: retirement age

*2. Mr K PANDAY asked the Minister of Education and Culture: (300)

(1) Whether he intends reducing the retirement age of educators employed by his Department; if not, why not; if so, (a) when and (b) what is the proposed retirement age for (i) female and (ii) male educators;

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

Hansard 26/2/91 D11E

The MINISTER OF EDUCATION AND CULTURE:

(1) No.

I am not empowered to do so. This is a National Education policy matter which is discussed by the Committee of Education Ministers under the Chairmanship of the Minister of National Education.

(a), (b) (i) and (ii) fall away.

(2) No.

Mr K PANDAY: Mr Chairman, arising from the hon the Minister's reply, the hon the Minister or the Department of Education and Culture sent out a circular to the schools to carry out a survey in this respect. What was the result of this survey?

The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, arising from the answer, I should not be replying to the hon member for Reservoir Hills, because his question does not pertain to this matter but, for additional information, I would like to say that a circular has been sent out to schools, asking whether there are people who are 55 years and older, who would like to retire, either because of illness or perhaps because of the burn-out situation in schools, and we have received a response. We have identified 488 such educators who have stated that they would like to retire early.

Mr K PANDAY: Mr Chairman, further arising from the hon the Minister's reply, was the intention to allow these people to retire early just on an interim basis—an immediate basis—or on a permanent basis?

The MINISTER: Mr Chairman, the situation arose when it was stated that according to the standard formula we had too many teachers. It was stated precisely what we intended doing about this particular excess of teachers in terms of the standard formula. It was therefore decided to carry out this exercise. This is one-off. It will not be carried out all the time. If, of course, there are teachers who would like to go out on the burn-out clause, provision exists in the Indian administration, and in terms of the Indians Education Act of 1965 it will be done.

Mr K PANDAY: Mr Chairman, further arising from the hon the Minister's reply, I used the word interim, and I think the hon the Minister has confirmed that this exercise is one-off which will not be carried out again, which means that 55 years will not be the rule. I take it this is an exception to the rule?

The MINISTER: Mr Chairman, the situation arose when many educators applied for boarding. Educators in our division found that they would like to have early retirement, and that they have been requesting this for more than a period of 15 years. Having accumulated this information, we thought it was the right time to allow these people, who have served education for so long, to leave honourably at this particular stage. As I have said, this is an accumulated factor. So, if there is a similar accumulated factor 15 to 20 years from now, the situation could arise again and we may address the situation at that time.

Mr M RAJAB: Mr Chairman, arising out of the hon the Minister's answer, could he please tell us what the cost implications of such a move will be?

The MINISTER: Mr Chairman, I will give the round figures as closely as possible to the precise figures. If the hon member for Springfield wants precise figures, he will have to put his request in writing.

A figure of R10 500 million is to be paid to people who are retiring early. Opposed to that it will cost us an amount of R14 300 000 in wages if we are to do this. Savings will consist of an amount of approximately R3 700 000 because the younger educators will be paid far less than we would be paying the older educators. It will therefore be a saving for my Department.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, further arising from the answer given by the hon the Minister, with reference to the provision in the Indians Education Act that the hon the Minister must act in consultation with his colleague, the hon the Minister of National Health, because it is a question of early retirement on the grounds of ill health, boarding, etc, I would like to know whether that hon Minister was consulted?

The MINISTER: Mr Chairman, the Acting Chief Executive Director of the Department of Education, Mr M Pillay, is in charge of administration. This is an administrative matter. It is not a policy decision which I personally administer in minute detail. Therefore that particular aspect would be left in his hands. I am sure he will do the right thing. If it was necessary to contact me or discuss this with the hon the Minister of National Health, they would have done so.

Staffing division: persons employed Hansard 26/2/91

*3. Mr K PANDAY asked the Minister of the Budget and Auxiliary Services: (300)

HOUSE OF DELEGATES

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation indicates the original language.

General Affairs:

Pensioners: pension pay-out

Mr K PANDAY asked the Minister of National Health:

Whether the Government intends increasing the pension pay-out to old-age pensioners and pensioners in other categories; if not, why not; if so, what are the relevant details?

D13E.INT

The MINISTER OF NATIONAL HEALTH: Mr Chairman, I accepted this interpellation for the following reason. I have great sympathy and empathy with the plight of the poor. I respect hon members' responsibility in this regard. However, I also want to face hon members when I say this: I am surprised that the hon member put a question like this to me at this stage. Surely he is aware that this is a budgetary matter which will be addressed by the hon the Minister of Finance in his Budget Speech in March.

In his speech on 21 February 1991 the hon the Minister of Finance clearly stated that he and his advisors were still discussing the final details of the Budget. I can categorically state that no final decision has been taken by the Government. At the same time I can assure hon members that this matter will be addressed by the hon the Minister of Finance in his Budget Speech. Hon members should be aware of the fact that I cannot deal with this question at this point in time, as this information is not available to me.

I want to assure hon members that the Government has compassion for its social pensioners. Within the constraints of the Budget the plight of our social pensioners will be addressed to the best of our ability. We accept that economic development in any country, including South Africa, is not possible without investment in its people. The future of South Africa will not only be determined by its mining and other industries, or its infrastructure, etc. The future of South Africa will be determined by its people. If we do not succeed in developing our people the prospects of South Africa will indeed be bleak. At the same time any country which neglects its elderly, disabled or other people in need, does not deserve to prosper.

Having said all this, I must remind hon members that looking after the elderly is not the sole responsibility of the Government. It is a shared responsibility. Every individual, every family and every community has a responsibility to look after its own people in need. We cannot shirk this responsibility and place the total burden in the Government's lap. I am fully aware that for the Indian community this is not a burden, but a privilege. I refer to the khutim system, according to which children take responsibility for their parents. This is a wonderful custom and we should endeavour to maintain this at all costs as it is in the interests of the elderly. This is the most effective way to ensure that not only their physical needs are being attended to, but also their emotional needs. It is important to keep the elderly within the centre of our family life. It is vitally important that they are a part of our family life. [Time expired.]

Mr K PANDAY: Mr Chairman, notwithstanding the fact that the Budget has not been presented as yet, I think planning in respect of the final Budget is important. However, I share the compassion and sympathy the hon the Minister feels for the pensioners.

Further points that must be considered in giving an increase to all pensioners are the following: Firstly, parity must be achieved immediately. Whites get R276 per month which is 22,6% more than the R225 Indians and Coloureds receive and 36,3% more than the R175 per month Blacks receive.

Secondly, in the RSA there are approximately 1,7 million people over pensionable age, namely 65 years for males and 60 years for females. During their lifetimes these 1,7 million people helped to build up the economy of the country which incidentally was wrecked by the apartheid policies of the Government. However, I am sure that the hon the Minister will always pay back the poor pensioners in some way for their contribution to the upliftment of society and the country during their fit and healthy years. Many of them did not belong to a pension scheme because of the nature of their work and many of them had to move from one place of work to another in

search of better wages and better prospects. I would like to say to the hon the Minister that they are not solely to blame as several factors have contributed to this situation.

The third point is that the amount paid to pensioners is totally insufficient. I request the hon the Minister to introduce a Bill to review the amounts paid to pensioners and to give them an annual increase of at least 5% more than the rate of inflation.

Fourthly, there is a serious housing shortage in the Indian community. The average rental paid for one room ranges from R100 to R150 per month, and for two rooms from R175 to R200 per month. Electricity bills are high, between R45 and R75 per month. With regard to transport, although concessions are given in some cases, pensioners have to pay 75 cents or more per trip to visit a clinic, do shopping or visit relatives and friends. If one adds to that the cost involved in food and clothing, the hon the Minister will agree with me that even R276 per month for everyone, irrespective of race, would not make the lives of pensioners comfortable in their twilight years.

The aged who are not assisted by their family members cannot afford nourishing food regularly. [Time expired.]

Mr T PALAN: Mr Chairman, I appreciate the sentiments expressed by the hon the Minister. It is always nice to have a female Minister who can give us more information in a motherly fashion, as we have heard just now. However, the hon member for Reservoir Hills, who spoke before me, mentioned earlier that the disparity in pensions is of major concern to us at the moment. Any increase now will only help to decrease the disparity. As the years go by, the parallel increase will grow bigger, and to bring about parity will need an exorbitant sum. Therefore, it should be incumbent on the hon the Minister now to recommend to the hon the Minister of Finance that the disparity be removed as quickly as possible.

In order to avoid the additional burden on the State when it comes to paying out pensions, I want to ask the hon the Minister if she could recommend to the hon the Minister of Manpower and the hon the State President that they establish a pension that is transferable from one employer to another or from one place of employment to the next place of employment. It would be like the UIF. In this way, at the end of the day, when a person reaches retirement age, the State would not be burdened with the kind of request that it is being burdened with now. Therefore I would ask the hon the Minister to urge the Government to propagate a system whereby the pension would be transferable. In this way, once again, the State would be relieved of its burden.

The disparity is even worse when it comes to pensions for the blind. When a person is blind he is blind, but in this case it seems that being blind is more bleak when you are Black than when you are White, Indian or Coloured. Blacks get R175, while others get R276. I think this is a very serious anomaly and, as in the case of other old age pensions and disability pensions, the hon the Minister should also look at this very carefully indeed. [Time expired.]

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, the hon the Minister made reference to a speech delivered by the hon the Minister of Finance on 21 February. I suggest to the hon the Minister that he read the speech in which, in respect of education, the hon the Minister of Finance indicated that that was not his line function. His job is to deliver the Budget and Part Appropriation. He makes a global allocation, in consultation with the hon the Minister of National Health. Therefore, the hon the Minister must not run away with the idea that this is not her responsibility, but rather that of the hon the Minister of Finance. He will make a global allocation to the Minister of National Health who, in consultation with the various Ministers of the Budget and of Health Services and Welfare, will decide on the allocation for each race group.

What we need now is a principle. Since the gap has been narrowed, as a result of the efforts of the tricameral Parliament, what we want is for the hon the Minister to make an announcement that in the year 1991 there will be parity as far as pensions are concerned. Quite a few of those who are not White feel that what is given to the Whites is still insufficient and that even the Whites are suffering.

Mr K PANDAY: Correct!

The LEADER OF THE OFFICIAL OPPOSITION: Let us get an announcement today that it

is the intention of the hon the Minister to ensure that in this historic year there will be no discrimination as far as social pensions are concerned. I agree with the hon the Minister that it is the State's responsibility to subsidise, not to provide wholly for pensioners. Let us also get an announcement that while parity will be achieved, there will also be an attempt to increase the pensions given to social pensioners.

Notwithstanding the global amount that is going to be allocated in the Main Budget—that is an unknown figure—we want a policy decision enunciated. What we are asking for today is a declaration on the part of the hon the Minister present in our House today, because she actually has the type of line function referred to by the hon the Minister of Finance on 21 February. The hon the Minister of Finance actually reprimanded those hon members who questioned him about the allocation of funds for education. He virtually reprimanded them. Let us take a cue from there and not start waffling or dribbling. [Time expired.]

Mr M NARANJEE: Mr Chairman, from the very inception of the tricameral system, general affairs Ministers and of the House of Delegates promised that parity would be reached within a five-year period, a process which should therefore have been concluded in 1989.

Despite allowing increases to pensioners every year, there was still very insignificant progress towards the goal of achieving parity within those five years. In his Opening Address, the hon the State President indicated that all apartheid structures would be done away with. However, the awarding of different rates of pay and pensions, etc, purely on the basis of the colour of a person's skin, still remains with us today. This remnant of apartheid must be put to rest for ever as we move into a new era.

Delaying the achievement of parity is procrastination. The cost to the country would be greater if parity were achieved later. Does it not make economic sense to implement parity now? Let us be bold and take the bull by the horns. I know the hon the Minister in the House of Delegates has taken bold decisions in the past and has not been found wanting in regard to social issues. This is an issue which affects people at grassroots level, and we have to face the people at that level. I believe we should not sow the seeds of discontent and suspicion at grassroots level, at this point in time, in this process of reform that South Africa has undertaken.

In conclusion I want to say that an ounce of help is worth a pound of sympathy. I hope that we shall look after these people who look up to us so much. I agree with the hon the Minister when she said that the community should also be involved. The fact, however, that this pattern of non-involvement has been prevalent for so long makes this difficult. I think that the community can now, slowly but surely, start preparing for fully fledged involvement, when all things will be equal for everybody. We can also start playing our part in providing services to our people. I think the hon the Minister also echoed the sentiments of the Indian community when she said that this community was far ahead in this direction. I want to assure her that we are not behind in that respect. [Time expired.]

Mr K PANDAY: Mr Chairman, the development of a retirement village also needs support. Welfare organisations like the Arian Benevolent Home should be assisted in developing, as they would work to further the interests of the aged and not for profit. They would also see to the long-term needs of the aged, providing care for the aged who become frail over a period of time and need nursing care. The advantages of this are, firstly, that the aged would be in a protected environment and sheltered from attacks on life and property. Secondly, service centres, day-care centres and home-help services and the like could be provided by the welfare agencies and local authorities at low cost, as the aged would be living together.

Thirdly, organised activities, cottage industries and games, etc would enable the aged to live happily. They would be physically and mentally occupied and in a position to supplement their income from organised, productive activities. Fourthly, the aged would live independently and be less of a burden on hospitals and institutions providing residential care.

Once again, in keeping with the theme of the new South Africa, where all of us will enjoy the sunshine and the braaivleis equally, I ask, for the sake of the pensioners, or pioneers—men and women who have helped to build up a beautiful nation, but are now old and are State pensioners—for parity retrospective from 1 January 1991. [Time expired.]

The MINISTER OF NATIONAL HEALTH: Mr Chairman, I am well aware of the disparities in pensions. The Government has accepted the principle of parity. This is a very difficult problem to solve when there is no economic growth. The Government is investigating the problem at the moment, but I believe it is important that one should not have unrealistic expectations.

I wish to respond to the hon member for Reservoir Hills. I do not argue the point which the hon member raised in connection with the plight of the elderly. I agree with him and have great sympathy for the problems which they are facing. I believe it is the responsibility of the State to support those who cannot cope by themselves. It is therefore a very serious problem, and I have no argument with the point which the hon member raised.

I want to thank the hon member for Bayview for his kind words. As far as I know—and this is not my line-function responsibility—the possibility of a transfer of pensions in the private sector is being investigated at the moment. I cannot report whether this is so, or how far this investigation has progressed.

I also wish to respond to the hon the Leader of the Official Opposition. It is true that the hon the Minister of Finance will consult with me, in my capacity as Minister of National Health, on the matter of allocating certain grants, but this will happen only after he has decided on the amount that is available for social pensions. I do not have this information at this early stage. He will consult with me as soon as he is ready to do so. However, as I pointed out at the beginning, this is not the time to discuss this very serious problem.

I now come to the hon member for Mariannhill. I agree with the hon member and sympathise with his approach. I have no problem with anything he has said. However, I believe and hope that we as responsible leaders in our communities will take the initiative to develop cost-effective programmes which will promote the ability of the elderly to stay independent. [Time expired.]

Debate concluded.

**Precedence given to questions on own affairs on this day pursuant to the resolution adopted by the House on this day.*

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Political party congress: amounts paid

*1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of the Budget and Auxiliary Services:

Whether the Administration: House of Delegates paid for the (a) motor transport and (b) hotel accommodation of members of the Ministers' Council who attended a political party congress held in the Transvaal in 1990; if so, (i) why, (ii) to what extent and (iii) what is the name of the political party involved?

Hansard 26/2/91 D8E

The MINISTER OF THE BUDGET AND AUXILIARY SERVICES:

(a) Yes.

(b) Yes.

(i) Provisions exist in the Guidelines for Ministers issued by the Office of the State President.

(ii) All costs.

(iii) Solidarity.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the answers given, I understand that the hon the Minister of Health Services and Welfare is suggesting that no further questions be taken. Notwithstanding that, my further question . . .

The MINISTER OF HEALTH SERVICES AND WELFARE: Mr Chairman, on a point of order: The hon member is implying that I am saying to my colleague that he should not take any further questions. I want to assure him that I never said that.

The CHAIRMAN OF THE HOUSE: Order! The hon the Leader of the Official Opposition may proceed.

White social old-age pensioners

*7. Mr K M ANDREW asked the Minister of Welfare, Housing and Works:

(a) How many White social old-age pensioners were there during the latest specified 12-month period for which figures are available and (b) what was the total cost of these pensions during the said period?

B311E

The MINISTER OF WELFARE, HOUSING AND WORKS:

(a) 136 306 as at 31 March 1990.

(b) R425 309 000 for the 1989/90 financial year.

Reply substituting reply to Question No 3 on 12 February 1991, but by Mr R M Burrows (col 43):

Schools/colleges closed

*3. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether any component executive departments of his Department have closed any schools or colleges of education in 1990; if so, (a) for what reasons and (b) what total number was closed;

(2) whether the closing of schools or colleges in terms of a policy of rationalisation will continue in 1991; if so, for what reasons;

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

B31E

The MINISTER OF EDUCATION AND CULTURE:

It is accepted that "component executive departments" refer to the four executive departments of education.

(1) Yes, (a) to ensure cost-effective use of facilities, (b) 47 schools and 1 college of education;

(2) yes, to ensure further cost-effective use of facilities;

(3) no.

Written reply:

General Affairs:

SADF: persons failing to report for duty

46. Lt-Gen R H D ROGERS asked the Minister of Defence:

How many persons failed to report for (a) military service in February 1990 and August 1990, respectively, and (b) (i) Citizen Force camps and (ii) Commando duty in 1990?

B88E

The MINISTER OF DEFENCE:

The honourable member is referred to the reply in this House to written question number 194 of 1988, of which the relevant section is quoted below:

"As the particulars which were supplied in the past were abused by a certain organisation which campaigns for the discontinuation of compulsory military service, I am not prepared to furnish the figures."

Permanent Force: applications

48. Lt-Gen R H D ROGERS asked the Minister of Defence:

How many Black, White, Coloured and Indian 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 1990?

B93E

The MINISTER OF DEFENCE:

(a) Separate statistics for race groups are not held in respect of applications to join the SA Defence Force.

(b)

	Blacks	*Whites*	*Coloureds*	*Indians*
(i)	44	2 991	79	0
(ii)	23	1 303	104	3
(iii)	48	197	27	17
(iv)	9	349	7	0

SATS transfer to Transnet: benefits

51. Adv T LANGLEY asked the Minister of Mineral and Energy Affairs and Public Enterprises:†

(a) What benefits were paid at the transfer of the former South African Transport Services to the public company Transnet Limited, to members of the top management of the South African Transport Services who did not retire from service, (b) what total amount was paid in such benefits and (c) when was this payment made?

B185E.1

The MINISTER OF MINERAL AND ENERGY AFFAIRS AND PUBLIC ENTERPRISES:

(a) None

(b) and (c) Fall away.

Cape Peninsula: monitoring of oil spillage

65. Mr C W EGLIN asked the Minister of Environment Affairs:

(1) Whether any steps are being taken to monitor oil spillage from vessels into the sea off the Cape Peninsula; if so, what steps; if not, why not;

(2) whether there were any cases of oil spillage from vessels into the sea off the Cape Peninsula in 1990; if so, in respect of each such case, (a) what was the (i) nature and (ii) extent of the spillage, (b) what is the name of the vessel concerned and (c) what follow-up action was taken by the South African Government?

B181E

The MINISTER OF ENVIRONMENT AFFAIRS:

(1) The Kuswag 7 oil pollution coastal patrol aircraft patrols the shipping lanes between Saldanha Bay and Richards Bay, flying an average of 60 hours per month. This coverage includes the sea around the Cape Peninsula. All oil spills spotted by the Kuswag 7 are reported to the Department of Environment Affairs. In addition, all coastal and port authorities and other bodies with jurisdiction along the coastline have been requested to report any oil spill sightings to the Department of Environment Affairs. All of these oil spills are recorded for monitoring purposes.

(2) The following incidents of oil pollution were recorded from around the Cape Peninsula during the period 1 January to 31 December 1990:

DATE	SOURCE	NATURE	POSITION	EXTENT	ACTION
10/1	Unidentified	Fuel oil	Milnerton beach	0,3 t	Cleared
30/3	"South Island"	Bilge	30 nm S of False Bay	0,3 t	None
23/5	Unidentified	Tar	Milnerton beach	0,1 t	Cleared
1/7	"Bubijan"	Crude	N of Robben Island	0,1 t	Kuswag vessel broke up the crude
29/7	Unidentified	Tar	Camps Bay	0,3 t	Cleared
27/12	Unidentified	Lube	Milnerton beach	0,2 t	Cleared

In addition to the above reported spills, 38 incidents of oiled penguins, involving less than five birds in each case, were recorded along the Cape Peninsula coastline during this period. These incidents were not linked to any of the reported spills. All these birds were treated at the South African National Foundation for the Conservation of Coastal Birds (SANCCOB).

SADF: refusal to serve

90. Mr L FUCHS asked the Minister of Correctional Services:

Whether any persons are currently serving gaol sentences for refusing to serve in the South African Defence Force; if so, (a) how many and (b) in respect of what date is this information furnished?

B320E

The MINISTER OF CORRECTIONAL SERVICES:

(a) and (b)

On 19 February 1991 no persons were serving sentences of imprisonment for refusing to serve in the South African Defence Force.

State's pre-funding of its pension liabilities questioned

Star 27/2/91

CAPE TOWN — Assets in the State's pension funds should be invested for real growth, and there should be regular published reports on the financial position of the funds, says Old Mutual's Employee Benefits general manager Garth Griffin.

Mr Griffin also said it was an open question whether the State should pre-fund its pension fund liabilities.

He was commenting on a reported statement by the Minister of Finance, Barend du Plessis, in Parliament that the total State liability for pension fund actuarial shortfalls was R30,5 billion.

Mr Griffin said it was not a foregone conclusion that pre-funding by the state was the appropriate thing to do. He pointed out that there were few, if any, examples of fully pre-funded state pension funds in the world.

The publishing of a single figure tells little, and unfortunately leads to emotional rather than rational responses.

"For example, is the deficit of R30,5 billion relative to a total liability of, say, R40 billion or R70 billion, and is the deficit getting bigger or smaller, relatively speaking?"

There were three crucial issues which needed to be addressed if the future management of the State's pension funds was to be set on an appropriate footing, Mr Griffin said.

"There should be regular and full reports on the amount of the State's liability, with particular reference to the impact of increases in pensionable salaries, increases in pensions or changes in benefit structures.

"This type of disclosure is much more important, in my opinion, than the amount of the deficit, given that the state must be assumed to stand behind any benefits due to fund members, including pensioners".— Sapa.

State pensions must be invested

ASSETS in the State's pension funds should be invested for real growth.

There should be regular published reports on the financial position of the funds, according to Old Mutual's employee benefits general manager, Mr Garth Griffin.

Griffin also said it was an "open question" whether the State should pre-fund its pension fund liabilities.

He was commenting on a reported statement by the Minister of Finance, Mr Barend du Plessis, in Parliament that the total state liability for pension fund actuarial shortfalls was R30.5 billion.

He said it was "not a foregone conclusion that pre-funding by the State is the appropriate thing to do."

He pointed out that there were few, if any, examples of fully pre-funded state pension funds, that is, funds for government employees, in the world.

Griffin said the publishing of a single figure "tells us little, and unfortunately leads to emotional rather than rational responses. For example, is the deficit of R30.5 billion relative to a total liability of, say R40 billion or R70 billion?

"Is the deficit getting bigger or smaller, relatively speaking?"

He said there were three crucial issues which needed to be addressed if the future management of the State's pension funds was to be set on an appropriate footing

There should be regular and full reports on the amount of the State's liability, with particular reference to the impact of increases in pensionable salaries, increases in pension or changes in benefit structures.

"This type of disclosure is much more important, in my opinion, than the amount of the deficit, given that the State must be assumed to stand behind any benefits due to fund members, including pensioners".

Asked whether a future black government would be prepared to continue financing state pension funds, he said this was clearly a matter which would have to be raised as part of the transitional process.

ATLANTIS BUYERS' CO-OPERATIVE

GROUP OR AREA ORDER FORM

DATE:

GROUP ORDER FORM

TEAM

AREA ORDER FORM

AREA NAME:

REP SE ADRES:

SUBS		
TRANSPORT		
GRAND TOTAL		

Elderly and poor will suffer — DP

Political Correspondent

THE R50-million March cutback in health services in the Cape would severely pressurise many indigent and elderly people who relied on the state for their medical service and supply of medicine, the Democratic Party said yesterday.

DP health spokesman Mr Mike Ellis questioned why such dramatic measures had to be taken at such short notice when it was clear that the Administrator, Mr Kobus Meiring, had known for some time that the province's health services were running into financial difficulty.

"Rumours of expected cuts have been circulating for some time," he said in a statement yesterday.

"If the Cape Administration is guilty of overspending its monetary allocation then measures need to be taken to prevent this happening, but not at the expense of patients."

Mr Ellis said the urgent need to save R50m in the Cape highlighted the grave situation in which health services countrywide found themself in.

The measures taken by Mr Meiring were aimed at avoiding spending money on what were really essential services.

However, hundreds of millions of rands were wasted each year in keeping alive and propping up a fragmented and expensive health system.

"The time has really come for a complete revamp of the entire system," Mr Ellis said.

The crisis was a result of bad planning over a long period, Mr Eddie Trent (DP Port Elizabeth Central) said yesterday.

Intimidation: town councillors

24. Mr J CHIOLÉ asked the Minister of Planning, Provincial Affairs and National Housing:†

(1) (a) How many (i) Whites, (ii) Indians, (iii) Coloureds and (iv) Blacks have since 2 February 1990 resigned as town councillors as a result of intimidation and (b) how many town councillors of each race group have been (i) murdered and (ii) injured since that date as a result of actions that can be attributed to intimidation;

(2) whether the Government took any steps to try to prevent the above-mentioned resignations, murders and injuries; if so, what steps;

(3) whether the Government has been informed of alleged threats by a support organisation of the ANC that an intimidation campaign is to be initiated against White town councillors to cause them to resign; if so, what steps are envisaged in this regard?

B69E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1) (a) (i) None

(ii) 6

(iii) 8

(iv) 404

(b) (i) Whites — None
Indians — None
Coloureds — None
Blacks — 6

(ii) Whites — None
Indians — None
Coloureds — None
Blacks — 2

(2) Yes. Consultations with councillors take place on a regular basis on which occasions they are encouraged and morally supported by the provincial administrations to remain in office. During personal contact the councillors are encouraged not to resign, and the preservation of local authorities, until such time as a new system has been established, is put to them as a fact and promoted. Support is also given to councillors during their negotiations with residents' associations and concerned citizen groups in their areas, to air grievances and to remedy shortcomings in both administrative systems as well as the provision of infrastructure and essential services, before township residents become frustrated and resolve to violence as a solution to problems.

Specific arrangements have been made with the security forces to protect the lives and property of councillors and members of Coloured and Indian Management Committees.

(3) Yes. The fact has already been brought to the attention of the security forces. If the threat is carried out, most of the White local authorities have protection services to protect their council members and if these services should not be adequate, the SA Police can be requested to provide the necessary assistance.

The Government has also recently indicated that steps will be taken to combat intimidation.

Black social pensions

44. Mr J J WALSH asked the Minister of Planning, Provincial Affairs and National Housing:

(1) (a) What are the current levels of Black social pensions and disability grants and (b) from what date have these levels applied;

(2) what percentage of Black social pensions was paid directly into bank or savings accounts in each province as at the latest specified date for which information is available;

(3) whether improved methods of payment are under consideration; if so, (a) what methods and (b) when are they likely to be implemented?

B163E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1) (a) Old age pension — R175 per month
War veteran pension — R276 + R15 allowance per month
Disability grant — R175 per month
Pension for the blind — R175 per month
Maintenance grant — R175 per month
Foster care allowance — R120 per month per child
Child allowance — R49 per month

(b) Levels are applicable as from 1 April 1990.

(2) Transvaal 12%, Cape 22%, Orange Free State 16%, Natal 12% on 31 December 1990.

(3) Yes.

(a) Improved methods are already applied in some areas whilst other methods are being investigated. The position in each province is elucidated briefly.

Natal

Pay-outs are so programmed that a maximum of 500 beneficiaries are paid daily. They no longer stand in queues for long hours and payments are completed by 12:00. The method of payment is being investigated to streamline the payment of pensions.

Orange Free State

Additional paying centres have been established to reduce the number of beneficiaries at certain centres. Thus long queues and waiting hours are avoided. An investigation for the mechanisation of payments has been completed.

Cape

In order to safe guard payments, motor vehicles are being safe guarded. Manual pay-outs are made, but will be mechanised in due course. Pay-outs will be expedited and beneficiaries will suffer less hardship.

Transvaal

The number of paying teams at paying-centres has been increased and pay-outs are spread over a number of days. Each paying centre is computerised, but manual pay-outs are still being done.

General

The pay-out system under consideration is based on the auto-cashier principle from which a beneficiary will receive his/her pension or allowance.

(b) Some of the interim improved methods will be introduced during the 1991/92 financial year. It is expected that the auto-cashier method will be introduced on a pilot basis in specific areas by December 1991.

Land: Black community development

61. Mr C B SCHOEMAN asked the Minister of Planning, Provincial Affairs and National Housing:†

Whether the State or private developers have purchased portions 10 and 12 of the farm Rietvallei 172-IR (Transvaal) for Black community development; if so, (a) who was the previous owner or owners, (b) what was the purchase price and (c) what is the size of each of the two portions?

B173E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

The State did not purchase portions 10 and 12 of the farm Rietvallei 172-IR (Transvaal). The land transactions of the private sector are unknown.

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

Free Settlement Areas Board: members

80. Mr L FUCHS asked the Minister of Planning, Provincial Affairs and National Housing:

(1) (a) How many persons have been appointed to the Free Settlement Areas Board and (b) how many meetings of this board have taken place;

(2) (a) what total amount has been paid by the State to each member of this board since its inception and (b) what is the name of each such member;

Govt to scrap apartheid in pensions?

CM-Times 4/3/91 300

Own Correspondent

JOHANNESBURG. — The government is considering scrapping racially discriminatory social pensions in the Budget later this month — a move that will eliminate the huge disparity between black and white pensions.

The government has been handed the Mouton committee's interim report, which recommends parity for all races in social pensions.

The move would probably be implemented partly to ward off the effects of higher food prices when VAT is introduced at the end of September.

Pension parity would also have an important effect on the rate at which VAT is set, as an estimated R3 billion extra would have to be raised by the fiscus.

It is calculated that parity could increase the pensions bill from R2,2bn to R5,2bn, equivalent to a 2% increase in GST or VAT.

This assumes that whites get a 9% increase from R276 a month to R300, and that Indians and coloured people (R215) and blacks (R176) are brought in line. It has been estimated that the increase in a black person's pension would be about R80 a month after taking into account higher food costs.

Vatcom chairman and Deputy Finance Minister Dr Org Marais said on Friday that he could not comment on what might or might not be contained in the Budget.

Parity may ease effects of VAT

Govt looks at equal pension for all races

Bloom 4/3/91

GOVERNMENT is considering scrapping racially discriminatory social pensions in the Budget later this month — a move that will eliminate the huge disparity between black and white pensions.

Government has been handed the Mouton committee's interim report which recommends parity for all races in social pensions.

The move would probably be implemented partly to ward off the effects of higher food prices when VAT is introduced at the end of September.

Pension parity would also have an important effect on the rate at which VAT is set, as an estimated R3bn extra would have to be raised by the fiscus.

It is calculated that parity could increase the pensions bill from R2,2bn to R5,2bn, equivalent to a 2% increase in GST or VAT.

Vatcom chairman and Deputy Finance Minister Org Marais said on Friday he could not comment on what might or might not be contained in the Budget.

Marais said 82% of tax exemptions were used by higher income people: "It's better to adjust social security than to exempt food."

He said Vatcom reasoned it was better to tax food — because this would include people who could afford to pay — and then subsidise the poor from the Budget.

Vatcom estimated in its report released last week that R2,44bn was lost in revenue each year because unprocessed foods were exempt from GST. Because many high-income people benefited from this exemption, "the amount not efficiently used could be as high as R2bn".

KEVIN DAVIE

The Vatcom report, which has been accepted in principle by government, recommends that the needy would best be assisted by increasing social pensions, grants and subsidies.

Pension parity would be a costly way of getting rid of racial discrimination, but an easy one as a pensions payment system was already in place.

The Mouton interim recommendations fit government's commitment to increase social spending and to get rid of racial discrimination.

A draft "situation analysis" of the Mouton committee last year recommended pension parity. Estimates are that the cost of social pensions would increase by R3bn to R5,2bn.

This assumes that whites get a 9% increase from R276 a month to R300, and that Indians and coloureds (R215) and blacks (R176) are brought in line. It has been estimated the increase in a black person's pension would be about R80 a month after taking into account higher food costs.

While Vatcom recommended that a limited number of foods such as maize, rice, bread and milk powder be zero-rated, Marais indicated that if an efficient way of subsidising the poor could be found, these foods might also be subject to full VAT.

Government has committed itself to increasing social spending in this Budget from about 38% to 42% of total spending.

The Mouton committee was appointed in late 1988 with a brief to investigate retirement provision in SA.

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

B342E

The MINISTER OF FINANCE: (300)

(1) Since 1984—when the Public Investment Commissioners succeeded the Public Debt Commissioners—the management and investment policies of the Government Service Pension Fund have been drastically amended. Hansard 5/3/91.

(a) The funds are now being actively managed according to accepted portfolio management principles. Firstly, the investment portfolio has been completely restructured so that the emphasis is no longer on long-term stocks. Secondly, the funds may now also be invested in recognised money market instruments whilst financial derivative instruments, like options and futures contracts, may be employed as hedging mechanisms. Thirdly, and this is a very important amendment, it could be noticed from the 1990/91 budget address that the PIC is no longer formally expected to fund the major portion of the budget deficit.

(b) The effect of this more dynamic approach to the management of these funds cannot summarily be expressed in terms of improved interest income alone. The accepted principle in portfolio management is to express the combination of interest and capital appreciation of the assets in the portfolio as a portfolio yield. Since 1 April 1984 till the end of 1990, an average yield of 17,47% was obtained on the investment portfolio of the Government Service Pension Fund, which yield is substantially better than the 14,7% average inflation rate for the same period.

(2) (a) and (b) All funds under the control of the Public Investment Commissioners—which also automatically include the accumulated funds of other State pension funds—are, since 1984, being managed in accordance with the principles outlined above.

Government Service Pension Fund: accumulated funds (300)

*14. Mr R M BURROWS asked the Minister of Finance: Hansard 5/3/91

(1) Whether there has been any change in the policy regarding the investment of accumulated funds of the Government Service Pension Fund; if so, (a) what change and (b) what effect has the change had in financial terms in regard to increased interest and/or dividends;

(2) whether it is the intention to extend any investment policy to utilise most or all of the accumulated funds of other State pension funds; if not, why not; if so, (a) in what manner and (b) over what period;

(3) Hansard 5/3/91 (30) A committee comprising mainly of experts from the private sector, is at present busy with inter alia an investigation into the investment opportunities of the pension funds. I shall provide a full statement on this matter as soon as this extensive investigation has been completed.

New questions:

Equal social pensions

*1. Mr E W TRENT asked the Minister of National Health:

(1) Whether, with effect from the date of repeal of the Population Registration Act, No 30 of 1950, equal social pensions will be paid to all South African citizens, regardless of their current race classification; if not, why not; if so,

(2) whether any contingency plans have been made to give effect to this change in policy; if so, (a) what plans and (b) what is it estimated will it cost in total to implement this policy in the current financial year?

B238E

The MINISTER OF NATIONAL HEALTH:

(1) Social pensions are not payable in terms of the provisions of the Population Registration Act,

(2) falls away.

Certain person: false passport

*2. Mr D J DALLING asked the Minister of Law and Order:

(1) Whether the South African Police have received information and/or complaints to the effect that a certain person, particulars of whom have been furnished to the Police for the purpose of the Minister's reply, is or was in possession of a South African passport allegedly describing him falsely as Chris Alexander; if so, (a) what is the name of this person and (b) what steps have been taken in regard to the matter;

(2) whether the Police conducted and/or are conducting investigations into the alleged illegal activities of this person; if not, why not; if so, what are the relevant particulars;

(3) whether a certain hotel, the name of which has been furnished to the South African Police, has been identified by the Police as an establishment where illegal activities have been taking place; if so, what steps have been taken in this regard;

(4) whether the Commissioner of Police has ordered members of the Police Force to desist from assisting a Johannesburg newspaper in making further enquiries about the person in question; if so, why?

B244E

†The MINISTER OF LAW AND ORDER:

(1) No.

(a) Alexander Kavouras.

(b) Falls away.

(2) Yes, investigation was instituted and he was questioned by the South African Police regarding alleged illegal activities.

(3) Yes, various arrests were effected in respect of prostitution at and in the vicinity of the hotel.

(4) No, an officer of the South African Police was originally approached for assistance after which he granted an interview to the specific newspaper. No information at the disposal of the South African Police was furnished to the newspaper.

After it had become apparent during the Media Council proceedings in progress between the person referred to and the newspaper, that a civil suit could result therefrom and that the South African Police could become involved in such a suit if it furnished any information at its disposal to any of the parties, the officer was instructed not to furnish any such information to either the parties or the Media Council.

†Adv C D DE JAGER: Mr Speaker, arising out of this reply and the arrest for suspected prostitution, can the hon the Minister inform us what Government's policy is in respect of prostitution, that is to say, whether or not it is going to legalise it? [Interjections.]

†The ACTING SPEAKER: Order!

†The MINISTER OF LAW AND ORDER: Mr Speaker, I am surprised that the hon member for Bethal, whom I know very well, should be interested in a matter such as this.

Soweto: taxpayers

*3. Mr A GERBER asked the Minister of Finance:†

(1) How many taxpayers in Soweto are registered with his Department;

(2) whether any of these taxpayers are in arrears with the payment of tax; if so, (a) how many and (b) for what average period;

(3) whether any action has been or is being taken against these persons; if not, why not; if so, what action?

B262E

The DEPUTY MINISTER OF FINANCE (Dr J Marais):

The Commissioner for Inland Revenue retains statistics of taxpayers only in magisterial districts, and accordingly separate statistics in respect of Soweto, which forms part of the Johannesburg magisterial district, are not available.

However, I wish to assure the hon member that all taxpayers, irrespective of race, receive impartial treatment from the Department of Finance and that active steps are taken against any taxpayer who is in arrears with the payment of tax.

Diepkloof Prison: prisoners injured

*4. Mr D J DALLING asked the Minister of Correctional Services:

(1) Whether any prisoners were injured by warders at Diepkloof Prison on or about 1 February 1991; if so, (a) how many and (b) what was the nature of their injuries;

(2) whether any action has been taken against the warders involved; if not, why not; if so, what action?

B296E

†The DEPUTY MINISTER OF CORRECTIONAL SERVICES:

(1) On 1 February 1991 prisoners who were detained in cell A19 participated in a demonstration upon the unlocking of their cell to allegedly voice their dissatisfaction regarding complaints and requests which had not been dealt with to their satisfaction. In the process a document containing their grievances was handed to the section officer. The prisoners concerned were thereafter again locked up in their cell following which they became riotous. In dealing with the latter situation which, inter alia, necessitated the removal of agitators from the cell, some of the prisoners sustained injuries. Once the ringleaders had been removed from the communal cell, order was restored and attention could be given to individual complaints and where justified, problems were solved.

(a) Eight (8).

(b) Swellings, bruises, abrasions and lacerations. Injured prisoners received the necessary attention and have since then recovered.

(2) In line with general prevailing policy this incident was immediately investigated by the Head of the Prison and a report was submitted to the Commanding Officer who dealt with it suitably in terms of his powers and authority. Complaints of alleged assault were taken up with the South African Police, Mondeor, for the necessary investigation and for justice to take its usual course (CR numbers 244/02/91 and 245/02/91 refer). Depending on the outcome of this process suitable further steps will be taken, where justified.

SAP: promotion of communism

*5. Adv J J S PRINSLOO asked the Minister of Law and Order:†

Whether the South African Police are at present investigating any case of contravention of the prohibition on promoting communism in South Africa; if so, (a) against what persons or organisations and (b) what progress has been made with these investigations; if not, why not?

B299E

The DEPUTY MINISTER OF LAW AND ORDER:

No, because as far as can be ascertained, no complaints of this nature were reported to the South African Police.

†Adv J J S PRINSLOO: Mr Speaker, arising from the reply of the hon the Deputy Minister, is it not public knowledge that the SA Communist Party was openly re-organised in South Africa at a public occasion and that the SA Police were aware of that formation and of the activities of

Auto tellers to pay the aged

300

Sowetan 6/3/91.

SOME black pensioners will be paid by auto tellers as soon as the end of the year, the Government said.

Responding to questions in the House of Assembly, Minister of Planning, Provincial Affairs and National Housing Mr Hernus Kriel said that the auto-teller system will be introduced on a pilot basis in some areas by December.

In addition, he said that in the Transvaal the number of staff at payout points has already been increased. Payments have also been spread over a number of days.

By ISMAIL LAGARDIEN
Political Correspondent



KRIEL

''Each paying centre is computerised, but manual payouts are still being done,'' Kriel said.

In Natal, payouts are programmed so that up to 500 beneficiaries are paid daily.

''They no longer stand in queues for long hours and payments are completed by 12pm.''

In the Free State, more payout points have been established in an effort to shorten queues and reduce waiting time.

In the Cape, better safety measures have been implemented. Payouts are also to be mechanised.

''Payouts will be expedited and beneficiaries will suffer less hardship,'' Kriel said.

A total of 4 512 589 black pensioners in South Africa last year received R819 199 297 from the State.

Most of the pensioners were in the Transvaal, where 2 462 211 pensioners received a total of R419 727 000.

The current rates for pensioners are:

* Old-age pension - R175 a month;

* War veteran pension - R267 plus R15 allowance a month;

* Disability grant - R175 a month;

* Pension for the blind - R175 a month;

* Maintenance grant - R175 a month;

* Foster care allowance - R120 a month; and

* Child allowance - R49 a month.

'Pensions gap must go'

Capt Times 6/3/91

300

Political Staff

FINANCE Minister Mr Barend du Plessis effectively doused speculation that pensions would be equalised in the budget on March 20 but told MPs in the House of Delegates that it would be done in the "shortest possible time".

Speaking during a Private Member's Motion calling for steps to be taken to allocate funds on a non-discriminatory basis, Mr Du Plessis accepted that no moral basis existed for discrimination in pensions.

What had to be addressed was a historical situation.

The only difference in standards concerned accommodation, and even here there was a changing pattern — as far as food, clothing and other things were concerned people of all races paid the same price.

The minister said "the sooner we can close the gap the better", adding that much progress had been made.

However, he said, limitations had been placed on this. The country had been through a period of shrinking GDP per capita and a period when the cross-border effort had demanded "tremendous expenditure", along with the price paid for a period of two years' national service.

During the same period, he said, SA had had to stockpile strategic resources such as oil which it needed in the face of sanctions — and these had to be paid for by the taxpayer.

Desperate

Since then, Mr Du Plessis said, it had not been possible to divert all funds saved in expenditure on the SADF because of the demands of law and order.

The minister said pensions had to be equalised, and South Africa "must find the means to do it in the shortest possible time" . . . not only because of the desperate situation, but also because it was a moral issue.

However, he said, the means to achieve this could not come from taxing or borrowing.

Auto tellers to pay the aged

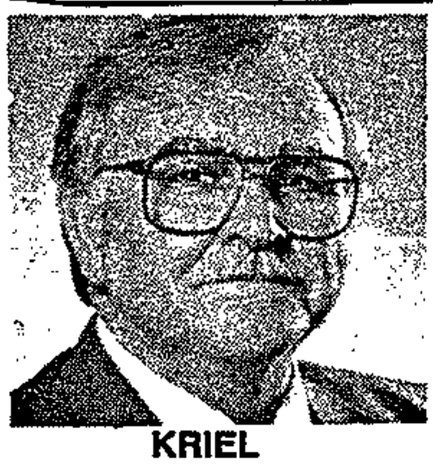
Sowetan 6/3/91

SOME black pensioners will be paid by auto tellers as soon as the end of the year, the Government said.

Responding to questions in the House of Assembly, Minister of Planning, Provincial Affairs and National Housing Mr Hernus Kriel said that the aute-teller system will be introduced on a pilot basis in some areas by December.

In addition, he said that in the Transvaal the number of staff at payout points has already been increased. Payments have also been spread over a number of days.

By ISMAIL LAGARDIEN
Political Correspondent



KRIEL

"Each paying centre is computerised, but manual payouts are still being done," Kriel said.

In Natal, payouts are programmed so that up to 500 beneficiaries are paid daily.

"They no longer stand in queues for long hours and payments are completed by 12pm."

In the Free State, more payout points have been established in an effort to shorten queues and reduce waiting time.

In the Cape, better safety measures have been implemented. Payouts are also to be mechanised.

"Payouts will be expedited and beneficiaries will suffer less hardship," Kriel said.

A total of 4 512 589 black pensioners in South Africa last year received R819 199 297 from the State.

Most of the pensioners were in the Transvaal, where 2 462 211 pensioners received a total of R419 727 000.

The current rates for pensioners are:

* Old-age pension - R175 a month;
* War veteran pension - R267 plus R15 allowance a month;
* Disability grant - R175 a month;
* Pension for the blind - R175 a month;
* Maintenance grant - R175 a month;
* Foster care allowance - R120 a month; and
* Child allowance - R49 a month.

Councils hit by resignations

Sowetan 6/3/91

AT LEAST 404 black town councillors have resigned throughout the country since February 2 last year, Mr Hernus Kriel, Minister of Planning, Provincial Affairs and Housing, said in Parliament yesterday.

In reply to a question by Conservative Party MP, Mr Joseph Chiole, Kriel said six councillors were killed and two injured.

Political Correspondent

Chiole ascribed the resignations and killings to "actions that can be attributed to intimidation".

Safety

Kriel said consultations with councillors about their safety took place regularly.

They were morally supported and encouraged by provincial administrators to remain in office, he said.

Although there were only 14 threats on coloured and Indian management committee members during the same period, "specific arrangements" had been made with the security forces to protect them, he said.

He said security forces were aware of a plan to launch a campaign of intimidation against white town councillors.

He said most of the white local authorities had protection services which they would use if the threat was carried out.

PAY LESS FOR

Barend adds a rider to talk of pension parity

B10am 6/3/91

CAPE TOWN — Finance Minister Barend du Plessis has tempered speculation that parity would be achieved in social pensions this year, but has told House of Delegates MPs spending will be equalised as soon as possible.

Addressing a private members' motion that President F W de Klerk take steps to ensure non-discriminatory allocation of state funds, Du Plessis said government acknowledged the morality of equal spending but needed time to make the necessary changes.

The removal of racial disparities in spending placed enormous pressures on the Treasury, particularly since cuts in defence spending had been taken up by an increase in funds to combat crime, Du Plessis said.

The additional funds could not come from over-taxation, he said, and sacrifices would have to be made by way of an adjustment of spending levels.

George Huyshamer economist Louis Geldenhuys predicted it would cost government R2bn to cut the maximum marginal tax rate by 1% as promised.

Government could not afford this loss of revenue if it moved to equalise pensions, which would cost an estimated R3bn.

He estimated an additional R2,2bn

LESLEY LAMBERT
and SHARON WOOD

would be lost if government tried to counteract the results of fiscal drag — a move which would leave taxpayers no better off than the previous year.

SA Chamber of Business (Sacob) said at a top-level meeting with Du Plessis yesterday the Budget speech should reflect an appropriate mix of tax cuts and social spending, and should aim to strengthen business confidence.

Tax reforms should also aim to reduce the import surcharge on capital goods, compensate for bracket creep, decrease the top marginal tax rate and reduce corporate tax rates so they were eventually on a par with personal tax rates.

Sacob endorsed the urgent need to embark on a socio-economic programme.

Bankorp chief economist Nick Barnardt said government would have to reduce the maximum marginal tax rate.

"They have committed themselves to doing so and I am expecting more than just fiscal drag compensation," he said.

Tax reform could be financed by the substantial savings expected to be made by lower spending on the military, industrial decentralisation and white education.

Rules kept fund in the red — Croeser

BILLY PADDOCK

CAPE TOWN — One of the major reasons for the State Pension Fund being more than R30bn in the red is because it has been used to subsidise government borrowing, says Finance director-general Gerhard Croeser.

In an interview this week he said the pension fund had always been administered by the central government budget and was only allowed to buy government stocks and gilts.

However, he said, no market-related rate was paid on the investment and with depressed real interest rates the fund had crept steadily into deficit.

The fund did not have the same "freedom" as privately administered pension funds.



● CROESER

For more than a decade the fund had not had actuarial valuations despite a ruling by the Registrar of Pensions – that all privately administered pension funds have their funds valued every three years.

If the valuation showed the funds assets were less than 95% of the accrued liabilities, the Registrar would declare it financially unsound. It would be given time to remedy the situation before taking stronger action.

Croeser said it was preferable that the State Pension Fund be administered off-budget so it could benefit from the freedom enjoyed by those in the private sector.

Another reason that the fund's deficit was so high was the policy of employees being able to "buy-back" years of pension — in some cases back to the age of 16 — without sufficient account being taken of the effect of inflation.

DP pensions expert Brian Goodall said the main cause for the deficit was that investments were not spread sufficiently.

The other reason was that the buy-back deal, which was based on calculations of what the person would have been earning five or 10 years earlier, using current pay scales, and ignored inflation.

"Then on retirement the civil servant's pension is calculated on what his salary was on the day he left the service as opposed to normal practise where a pension is worked out on the last three years' salary. This was highly inflationary," he said.

Spectrum

Since 1987 government had implemented much stricter conditions for employees buying back pensions and it was now so unattractive that not many people were making use of it.

Goodall said the fact that there had been no actuarial valuation of the State's General Pension Fund was "criminal" and if this was done on a regular basis as in the private sector, the fund's administrators could have been forced to adopt a better strategy and avoided the deficit growing so alarmingly.

The State Pension Fund needed to invest across the whole spectrum and especially in equities and property as the private funds had done during the equity boom in the '80s when they managed to build their funds substantially.

Goodall said government's contention that the fund was now managed on accepted principles of portfolio management was inaccurate because the fund was still only investing in gilts and semi-gilts, negotiable certificates of deposit, bankers acceptances and Treasury bills.

Pension fund 'subsidises' govt borrowing

GMC Tribune 7/3/91

300

Political Staff

ONE of the main reasons for the State Pension Fund's being more than R30 billion in the red is that it has been used to subsidise government borrowing, says the director general of finance, Mr Gerhard Croeser.

In an interview this week, he said the pension fund was administered by the central government budget and was allowed to buy only government stocks and gilts.

However, no market-related rate was paid on the investment and as real interest rates were depressed, the fund had crept steadily into deficit.

The fund had not had actuarial valuations in more than 10 years, despite a ruling by the Registrar of Pensions that privately administered pension funds should be valued every three years.

If a valuation found that the assets were less than 95% of the accrued liabilities, the Registrar would declare the fund financially unsound. It would be given time to remedy the situation.

Mr Croeser said it would be preferable for the state pension fund to be administered off-budget so it could benefit from the freedom enjoyed by those in the private sector.

Another reason for its deficit being so high was the policy of allowing employees to "buy back" years of pension — without sufficient account being taken of the effect of inflation.

The Democratic Party's pensions expert, Mr Brian Goodall, said the main cause of the deficit was that its investments were not sufficiently diversified.

The State Pension Fund needed to invest across the whole spectrum and especially in equities and property as the private funds had done during the equity boom in the '80s.

Govt to free billions?

JOHANNESBURG — The government has appointed a private sector committee to investigate the "dramatic" possibilities of freeing its R27 billion in pension funds to invest on the JSE and in property.

The funds are at present allowed to be invested only in government stock, semi-gilts and money market assets.

The ban on investment in equities is regarded as a major factor behind the huge actuarial liabilities of R30bn.

State pension fund constraints may go

B10cy 8/3/91

300

GRETA STEYN

GOVERNMENT has appointed a private sector committee to investigate freeing government's R27bn pension funds to invest on the JSE and in property, a well-placed source said yesterday.

The funds are at present only allowed to be invested in government stock, semi-gilts and money market assets. The ban on investment in equities is regarded as a major factor behind the huge actuarial liabilities of R30bn.

The appointment of the private sector committee follows an investigation by government's Robson committee into state pension funds. The source said the committee had made "dramatic recommendations" on freeing investment by the funds. These recommendations had been discussed at a recent Cabinet meeting where it emerged that further investigation by an independent committee was needed.

The freeing of the massive public sector pension funds — with a cash flow of about R8bn a year — to invest in equities and property could destabilise financial markets, the source said.

There would be massive upward pressure on both equity prices on the JSE and interest rates in the gilts market. The source said the committee's brief was to find ways of freeing the funds without causing major disruptions.

Finance spokesmen declined to confirm the appointment of a private sector committee or to disclose their names. The pension funds are the responsibility of a second deputy minister of Finance, the recently appointed Jacob van Wyk. Van Wyk regards the issue as "sensitive".

A full transfer of government's pension funds to private sector management was not being considered "at this time".

However, it is expected that legislation could be put before Parliament in this current session that would make government's funds subject to the same criteria as private funds. Government then faces the problem that its R30bn deficit would not comply with the Registrar of Financial Institutions's rules.

Van Wyk said: "Several options can be exercised if — and that is the really contentious question — it is deemed necessary that a government service pension fund should be fully funded at all times."

A spin-off of the freeing of government's funds would be opportunities for private portfolio managers. As part of an experiment, government last year allocated R1bn to private fund managers "which is gradually being enlarged to R2bn by the addition of monthly cash flows". This followed an initial R1bn allocated to the private sector in September 1989.

These private fund managers faced the same investment constraints as government's investment arm, the Public Investment Commissioners (PIC).

Will Barend bridge the pensions gap?

W1 Mail 8/3-14/3/91

300

Equalising pension payments to all South Africans would be a good way for the government to prove its reformist *bona fides*. But will Finance Minister Barend du Plessis be able close the gap completely in his Budget on March 20, asks **REG RUMNEY**

IT IS unlikely the government will completely scrap racial discrimination in pensions in the forthcoming Budget.

Now, African pensions at R175 a month amount to only 63 percent of white pensions, according to Pieter le Roux of the University of the Western Cape. Coloured and Indian pensions amount to a monthly R225, ie 82 percent of the white old age pension of R276.

Le Roux says the cost to establish parity at white levels would entail an extra R2,4-billion. Including the homelands and TBVC countries would add another R1,3-billion.

Quite simply, the government will argue that it doesn't have the money to close the gap completely at once.

The principle of pensions equality has been embraced. This week, Finance Minister Barend du Plessis said that morally there should be no discrimination, and the gap should be closed as soon as possible. But he added that it was a complex historical and cost issue which involved regional differences such as the cost of housing.

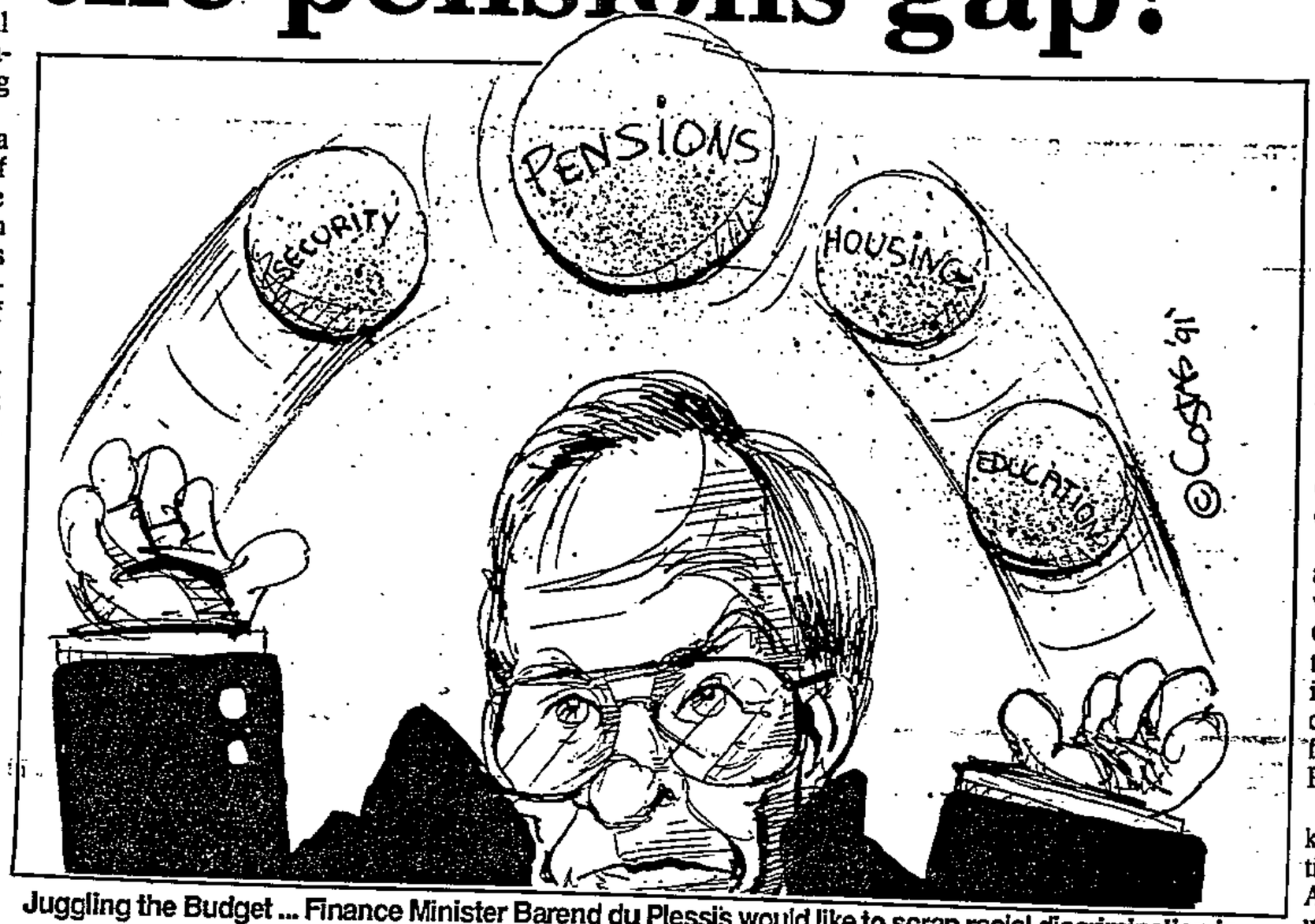
He was speaking during a debate on a private member's motion in the House of Delegates that discrimination in the allocation of state funds be removed.

Clearly, the inference is that pensions will not be equalised all at once in this Budget.

Sanlam chief economist Johan Louw says that the cost of equalising pensions, at around R3-billion, will mean that Du Plessis' hands will be tied in this Budget, but he will probably move towards narrowing the gap.

Louw reckons the one-off raising of black pensions would be inflationary, but it would put more money into the hands of certain households.

This is the line taken by Le Roux, who points out that it would demonstrate concretely the government's commitment to removing discrimination.



Juggling the Budget ... Finance Minister Barend du Plessis would like to scrap racial discrimination in pensions but he is constrained by conflicting demands and a need to limit the deficit before borrowing

There are other priorities such as education and primary health, but pension parity can be achieved overnight and effectively implemented soon.

"Given the financial impossibility of introducing a general welfare system in the short run, better pensions is a route along which many poorer black families can be given support."

Standard Bank chief economist Nico Czypionka reckons black pensions will be significantly increased to narrow the gap. "The price will be paid by white pensioners, who will get a small increase." As with education, says Czypionka, the government's intention seems to be to lower the absolute amounts spent on individual pensions.

What in the end limits Du Plessis is that he seems to be committed to keeping the deficit before borrowing within the range of 3 percent of the gross domestic product, or around R9-billion, believes Southern Life chief economist Mike Daly.

Czypionka notes Du Plessis has said he could have had more to spend on social requirements had it not been for the need to increase spending on security.

Du Plessis' original aim, he says, was to restrain the increase in spending in the Budget to 10 percent. The target is probably now 13 percent.

Daly makes the point that the government doesn't yet have to earmark much more money for special funds such as the Independent Development Trust, which got R2-billion in last year's Budget. Little of that money has been spent to date.

That R9-billion deficit, remarks Louw, will easily be met by the capital market, and so there should be no upward pressure on interest rates.

On the income side, import surcharges, especially on capital goods, look like being cut. These, which are supposed to be disincentives to import to protect the balance of payments, have been a big money spinner for government. Cutting back on import surcharges could cost the government R2-billion.

Economists agree there will be some lowering of personal tax, but probably not enough to counter fiscal drag, ie tax rates may be lower, but inflation boosts salaries and puts people in higher tax brackets so they pay more tax anyway.

Nominal company tax may drop, but effective tax rates of companies will probably be raised through further clamping down on tax concessions allowed companies.

Also, the government's ability to introduce a rate of Value Added Tax lower than the GST rate of around 13 percent will be limited.

Louw forecasts Du Plessis will probably act to encourage personal savings, which have dwindled in the last couple of years. He has already ruled out using the introduction of the withholding tax in an attempt to encourage savings. He could to raise the tax exempt amount from its present R2 000 to, say, R3 000.

The equalisation of pensions is the kind of issue that begs the African National Congress to take it up. The ANC's stance at the moment is that it won't be involved in drawing up the Budget, because it facilitates the National Party's form of interim government.

On the other hand, should the government equalise pensions it would steal a march on the ANC, which would have one less issue on which to win political brownie points when it does get around to making contributions to the drawing up of the Budget.

Recently several members of the ANC's Department of Economic Policy attended a seminar on the Budget at the University of the Western Cape. No recommendations have emerged from that seminar, which was apparently exploratory.

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Social pensions

22. Dr W J BOTHA asked the Minister of National Health:†

(1) (a) What total amount was appropriated for social pensions in respect of each specified financial year since 1985-86 and (b) what portion of the appropriation was spent on (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks inside South Africa and (v) the independent Black states (TBVC countries) in each of these financial years;

(2) (a) what will be the estimated cost of reaching parity in respect of social pensions among the various race groups in South Africa and (b) by what percentage is it estimated the subsidy to the TBVC countries will have to be increased in order to reach parity in respect of these countries as well;

(3) (a) when is such parity expected to be reached and (b) what percentage of the budget (i) will social pensions represent when parity is reached and (ii) do they represent at present;

(4) whether the South African Government has given any undertakings to the TBVC countries in respect of social pensions; if so, what undertakings?

B66E

The MINISTER OF NATIONAL HEALTH:

(1) (a) 85/86: R1 084 558 000
86/87: R1 210 038 000
Excluding: Self-governing states and Provincial Administrations

87/88: R1 897 722 000 — Excluding: Self-governing states and Provincial Administration of Natal

88/89: R2 478 624 458 — Excluding: Self-governing states

89/90: R3 863 127 211

90/91: R4 723 388 817 and

(b) (i) *Whites*

85/86: R460 564 000
86/87: R506 353 000
87/88: R552 497 000
88/89: R607 459 000
89/90: R656 705 000,

(ii) *Coloureds*

85/86: R344 797 000
86/87: R387 945 000
87/88: R453 067 000
88/89: R612 419 000
89/90: R701 022 000,

(iii) *Indians*

85/86: R91 594 000
86/87: R107 849 000
87/88: R127 062 000
88/89: R141 264 000
89/90: R175 491 000,

(iv) *Blacks in South Africa*

85/86: R310 666 000 — Excluding: All Provincial Administrations

86/87: R382 320 000 — Excluding: All Provincial Administrations

87/88: R911 405 706 — Excluding: The Provincial Administration of Natal

88/89: R1 429 802 345
89/90: R1 810 633 626 and

(v) *TBVC states*

Reports of the respective Auditors-General in respect of some of the financial years are not yet available and consequently a full expenditure pattern cannot be furnished at this stage. However, there are indications that there are no major differences between the amounts appropriated and the amounts spent;

(2) (a) Coloureds R170 673 396
Indians R41 004 000

Blacks R1 331 493 947
Total R1 543 171 343 and

(b) Budgetary aid to the TBVC states will have to be increased by approximately 6,7% to reach parity with Blacks in the RSA, whilst an increase of approximately 33,6% will be required to reach parity with Whites in the RSA;

(3) (a) not known and

(b) (i) not known and

(ii) social pensions represent at present 5,42% of the budget in the RSA;

(4) no.

GHT TIMES 12/3/91

Cost of equalising black, white pensions 'R1,5bn'

300

Political Staff

IT would cost over R1,5 billion to equalise pensions for black South Africans outside the independent homelands with those of whites, the Minister of National Health, Dr Rina Venter, said yesterday.

But, she said, the cost would be considerably higher if the pensions of black people in the homelands were equalised. Budgetary aid to the TBVC homelands would have to be increased by about 6,7% to reach parity with blacks in South Africa and about 33,6% to reach parity with whites.

Dr Venter, replying to questions by Dr W J Botha, CP Rustenburg, said the total paid out in social pensions in the 1990/91 financial year was R4 723,4m, up from R3 863,1m the previous year.

HOUSE OF REPRESENTATIVES

INTERPELLATION

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Own Affairs:

Resthaven: irregularities

Mr P A S MOPP to ask the Minister of Health Services and Welfare:

Whether he reported any irregularities to the Ministers' Council with regard to the Resthaven Old-age Home in Kimberley; if not, why not; if so, (a) what irregularities and (b) with what result?

C30E.INT

*The MINISTER OF HEALTH SERVICES AND WELFARE: Mr Chairman, in reply to the question whether I reported irregularities in connection with the Resthaven Old-age Home in Kimberley to the Ministers' Council, the answer is yes.

I should like to supply the background in this regard. The Resthaven Old-age Home is registered for the accommodation and care of 40 aged persons and is under the control of the Resthaven Welfare Association. The management of this association is vested with executive powers and has general powers for the financial administration of the association and the institution.

On 31 August 1989, during the annual general meeting, the old management was entirely replaced by new members. The new management identified an urgent need for maintenance of the building and described the salaries and wages of the staff as below the bread line. They then took active steps to rectify these matters. They want to look after both the furnisher of service and the receiver of service.

After a financial report had been rejected during the annual general meeting on 2 September 1990, a financial control inspection was carried out at the home by an official from my office from 10 to 12 September 1990. It was then found that, because of insufficient knowledge and experience on the side of the new management, they had not done justice to the financial administration. It was then recommended that, firstly, the findings of this financial inspection report be discussed with the management, and, where necessary, explanations obtained for certain actions such as were indicated in the report. Secondly, it was recommended that guidance be provided regarding efficient financial administration and, thirdly, that a follow-up action be carried out before the close of the current year.

On 3 October 1990 arrangements were made with the chairman that the management would be given a full opportunity to comment on alleged irregularities. At a meeting held at Kimberley on 8 October 1990 the conclusion was reached that shortcomings were due to faulty financial management and errors in judgement on the side of the executive management. [Time expired.]

Mr P A S MOPP: Mr Chairman, it is a pity that we were not told of these irregularities because the Interpellation specifically asked that these irregularities be reported to this House.

What we want to know is what happened to the money that was in the SA Perm. R20 000 was invested. I believe there is only R8 000 left. What happened to the money that was in the Handcraft bank account? R3 000 was withdrawn and then a further R3 000 was withdrawn. There is nothing left today. What we want to know is why it was necessary for that old age home to open an overdraft facility when they now have to find R7 000 to pay it back. That is what we want to know.

We want to know why it was necessary for R15 000 to be taken and invested in a company. These are the irregularities we are enquiring about. We want to know why six pages of the minutes are missing. What happened to the original pages of those minutes? Why were these minutes taken out?

Why was it necessary for that hon Minister's department to refuse to give a copy of this report to me? We want to know why a building which encased a spiral staircase was nearly bought by the department for use by the old age home. These are the things we want to know.

We want to know about the missing cheques. We want to know about the missing counterfoils. Where are these cheques? Where are the counterfoils? Why were cheques cashed in Brackenfell? Why were cheques cashed in Bloemfontein?

These are the irregularities that we expected the hon the Minister to explain here today. That hon Minister is the protector of the aged in this country as far as we are concerned. It is his duty to ensure that proper, adequate records are kept.

As far back as 22 April last year Mr Peter Wronsley, the Auditor-General, warned that inadequate internal checking and control over errors and the keeping of poor financial records have made it impossible for his department to have a proper audit carried out. That hon Minister received this warning as far back as 22 April 1990. Why did he not then implement the necessary steps to ensure that these shortcomings do not occur at the old age homes under his control?

The buck stops with that hon Minister. He is ultimately responsible for anything that goes wrong in this country in any old age home. He must be responsible and if he cannot account for it, then he has to find somebody else who can account for it. We want to know about all these irregularities.

Why does the hon the Minister go into the history of the old age home? Why does he not tell us about these irregularities which have caused considerable concern in the area? Why must the new committee now be held responsible for paying back R7 000 at an exorbitant interest rate in terms of today's rates? What control has his department exercised as far as these matters are concerned? These are the things that we want to know. [Time expired.]

The MINISTER OF THE BUDGET: Mr Chairman, I enter this debate purely to state the side of the Ministers' Council.

When this matter was reported to the Ministers' Council an inquiry was launched and a report given to the Ministers' Council. I can assure hon members that the first report that came through from the Department of Health Services and Welfare was accepted because it contained all the details. It was spelt out, particularly in the media. Not being satisfied with only that, an independent inquiry by members of the treasury of the Department of Budgetary and Auxiliary Services was done in Kimberley to investigate the matter on a completely impartial basis. I want to assure hon members that the reports that came back—and those were made public—showed that absolutely no irregularities took place.

What worries me is that the intentions of that committee which is now being crucified here were absolutely good. They might have done something wrong but their intentions came through very clearly to the people of Kimberley as good intentions. We are now trying to persecute people for having had good intentions. People who can be of use to the community in the future are now being pushed into a situation where they want to wash their hands of the matter and want nothing to do with it any more.

A welfare organisation is always going to be in need of people and until the records of these people have been cleared of any irregularities I do not think washing dirty linen in public at this stage is doing the situation any good. [Time expired.]

Mr N M ISAACS: Mr Chairman, with all good intentions, surely before anybody embarks on anything he has to see whether it is legal and whether it is within the framework of the constitution of that particular organisation or body. We have merely come here to ask questions and now we are labelled as people coming to wash dirty linen.

With regard to this investigation, I want to know—we have to ask these questions—whether the hon the Minister, as he has been involved in the investigation, can tell us whether an hon member of Parliament has been involved in the irregularities, because the *Diamond Fields Advertiser* has mentioned an hon member's name. [Interjections.] We only want the hon the Minister to give us clarity as far as that is concerned. If that is the case, we should like to know whether it has been reported through the proper channels.

According to this report of the *Diamond Fields Advertiser* there were 32 transactions made. We should like to know whether these transactions were all made in the day-to-day running of Resthaven. In this report it is also said that two separate accounts were kept. We should like to know whether the hon the Minister approved those two separate accounts. Can the hon the Minister also give us reasons why the old age home should have two separate accounts?

The other thing we should like to know is, if any moneys were made available out of his depart-

ment to put the home back in a sound financial position, what amount was used. We should also like to know, if there is a certain company by the name of Dinny Investments, whether they were involved and whether the members who were members of the committee were also on the directorate of Dinny Investments. [Time expired.]

*The MINISTER OF HEALTH SERVICES AND WELFARE: Mr Chairman, I want to continue with my report. I want to repeat that I cannot reply in full now to the questions put to me by the hon member for Border and the hon member for Bishop Lavis. Let me first tell hon members, before I get to the point, that I sent a letter to every hon member of Parliament and told them that, if they had any complaints about my department, to bring them to my attention. The hon member for Border and the hon member for Bishop Lavis did not even react to my letter. Then I could have spelt it out to them fully because I have absolutely nothing to hide.

Let me continue with my prepared notes. The matter was discussed in depth and the explanations of the members of that management were accepted by my department. This had a sequel at the next annual general meeting on 20 October 1990. At that annual general meeting the chairman's report was read aloud and was rejected. The same then applied to that of the secretary and the treasurer. The reports of both were rejected and a proposal for their rejection was adopted.

In terms of a decision taken during the meeting, an interim committee of 10 members was constituted to see to the running of the home and to tackle financial matters. An annual general meeting during which the affairs of the home will be finalised is envisaged. These were aspects that I reported *inter alia* to the Ministers' Council. I can assure hon members today that all the funds of this inexperienced, well-intentioned committee of that home were cleared and that the State was not prejudiced. [Time expired.]

*Mr P A S MOPP: Mr Chairman, it is clear that the hon the Minister knows absolutely nothing about what is going on there. [Interjections.] I have not even touched upon the petrol and batteries. We have not mentioned other things that were bought on account either.

I request that this House appoint an independent committee for a thorough investigation into what is going on there because it is clear from the hon the Minister's reply today that he knows absolutely nothing about what is going on there. We were even less satisfied by the hon the Minister of the Budget's assurance that an independent committee would be appointed. We do not want this to be whitewashed. We intend exposing this matter, and the only way in which we can expose it is by means of a committee of this House which can go into every aspect.

There are complaints that fraud was perpetrated and that it is being whitewashed now. We do not want the people out there to say that we whitewashed fraud and evil.

†Good intentions or no good intentions, we demand an independent inquiry into this whole matter so that the truth can emerge. [Time expired.]

*The MINISTER OF HEALTH SERVICES AND WELFARE: Mr Chairman, I am very pleased to hear what the hon member for Border has said. He spoke about dishonesty. He is a member of this Parliament and represents the people of Border. What is he doing for those people at this moment, however? When did he last return to his own community? He receives that money for nothing and is acting dishonestly. [Interjections.]

I want to state very clearly that this bunch of deserters from the LPSA are . . . [Interjections.]

*The CHAIRMAN OF THE HOUSE: Order! The hon member for Riversdal must give the hon Minister a chance to complete his speech.

*The MINISTER: He has already paid. [Interjections.]

*The CHAIRMAN OF THE HOUSE: Order! The hon the Minister may proceed.

*The MINISTER: Those hon members are disparaging the LPSA. They are repudiating the hon leader of the LPSA. They are doing him harm. Seeing that they failed in dislodging him and damaging his name, they are running to hon members of Parliament and snapping at Ministers.

*The CHAIRMAN OF THE HOUSE: Order! The hon the Minister's time has expired.

*The MINISTER: The hon member for Bethelsdorp goes in for backstabbing.

*Mr N M ISAACS: The hon the Minister is still voicing abuse.

*The CHAIRMAN OF THE HOUSE: Order! The hon the Minister must withdraw the word "backstabbing". [Interjections.]

*The MINISTER: I withdraw it, Mr Chairman.

Debate concluded.

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Aids-related statistics

3. Mr W J DIETRICH asked the Minister of National Health:

(1) Whether persons admitted to provincial hospitals in the Port Elizabeth/Uitenhage area are tested to ascertain whether they are HIV positive; if not, why not; if so, (a) at which hospitals, (b) how many of those tested were (i) children and (ii) adult (aa) males and (bb) females, (c) how many persons tested HIV positive and (d) in respect of what period or date is this information furnished;

(2) what is the present Aids-related death rate in the above area;

(3) whether she will make a statement on the matter?

C14E

The MINISTER OF NATIONAL HEALTH:

(1) No, it is not policy to test patients upon admission unless there are clinical indications for such tests;

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

(2) the present Aids-related death rate in the above-mentioned area is:

	1989	*1990*	
Port Elizabeth	4	8	(1 child)
Uitenhage	0	2	;

(3) no.

The CHAIRMAN OF THE HOUSE: Order! Could the hon the Leader of the Official Opposition repeat that question?

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, I shall repeat the question. Was the decision of the Housing Development Board in respect of the allocation made during the past two years?

The MINISTER: No, I think it was made in August for the first time.

The LEADER OF THE OFFICIAL OPPOSITION: Sir, it would therefore be correct to assume that no blame could be attached to the previous administration. [Interjections.]

Mr Chairman, further arising out of the answer given to the second part of the question, I would like to ask the hon the Minister whether it would not have been better to have asked the Housing Development Board to review the decision, rather than revoke it.

The MINISTER: Mr Chairman, my concern is to build homes which fall within the limits of this housing administration, because it has been created primarily for this purpose. The decision was revoked, because it concerned a category of people who were earning between R2 000 and R3 500 per month.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, is it not correct that the Housing Development Board only acts on a memorandum of submission made by the hon the Minister's Department?

The MINISTER: Sir, the motivation actually comes from the officials in the Department. In this case I, in my capacity as Minister of Housing, have the overall responsibility. I therefore revoked the decision, because I felt that that land should be used for other purposes.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, does the drastic step of revoking a decision not reflect on the administration of the hon the Minister which advises the Housing Development Board?

The MINISTER: Sir, if an administration acts in good faith, there is nothing wrong if a Minister decides to revoke a decision. After all, he has the overall responsibility. These things happen, but they should be done in good faith.

Mr T PALAN: Mr Chairman, may I ask the hon the Minister if there is a garage site in that area?

The MINISTER: Sir, 399 sites were involved but they were residential sites. However, one could park a car there! [Interjections.]

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Natal health services: amount spent

1. Mr M RAJAB asked the Minister of National Health:

(1) (a) How much of the sum of R50 million which the State President announced in October 1990 was to be made available for health services in Natal has been spent and (b) in respect of what date is this information furnished;

(2) how has this money been allocated?

D17E

The MINISTER OF NATIONAL HEALTH:

(1) (a) Provincial Administration of Natal: Health Services—R15 011 564

KwaZulu Health Services—Nil and

(b) Provincial Administration of Natal: Health Services—15 February 1991

KwaZulu Health Services—4 March 1991;

(2) Provincial Administration of Natal: Health Services—R39 000 000

KwaZulu Health Services—R11 000 000

Own Affairs:

Care of the aged: funds

3. Mr H M NEERAHOO asked the Minister of Health Services and Welfare:

(1) Whether any funds appropriated in respect of the 1990-91 financial year for institutionalised care of the aged have yet to be utilised by his Department; if so, (a)(i) what is the amount involved and (ii) in respect of what date is this information

furnished and (b) why has this amount not been utilised as yet;

(2) (a) how many service centres for the care of the aged are financed by his Department, (b) where is each situated and (c) to what extent is each of them so financed?

D28E

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) No.

(2) (a) Nine.

(b) Verulam Service Centre.
JISS Lenasia.

Aryan Benevolent Home:
Dayanand Gardens
Clayton Gardens

Durban Association for the Aged:
Welbedacht
Phoenix
Chatsworth
Shallcross

Pietermaritzburg Old Age Society.

		Per month
(c)	Verulam Service Centre	R4 111,20
	JISS Lenasia	2 055,60
	Dayanand Gardens	2 341,10
	Clayton Gardens	2 912,10
	Welbedacht	1 884,30
	Phoenix	3 140,50
	Chatsworth	1 998,50
	Shallcross	1 370,40
	Pietermaritzburg Old Age Society	4 568,00

The MINISTER OF AGRICULTURAL DEVELOPMENT:

Yes.

(a) The Department of Agricultural Development receives enquiries from persons from time to time regarding alleged herbicide damage near main roads and railway lines. These enquiries are sporadic and originate from herbicide applications which allegedly pollute plots in the vicinity of a road or railway line.

Complaints were received in 1989 from the Southern Transvaal in the vicinity of Klipriver as well as Randfontein, Germiston and from the Jukskei-Broederstroom areas North-west of Johannesburg of alleged damage by herbicide.

(b) In general it was alleged that vegetable crops have been affected especially lettuce, green beans, chillies and cabbage crops.

(c) The Department was requested to diagnose and monitor.

(d) Competent officials investigated the allegations locally. In the area of the Witwatersrand, the crops of six farmers, identified by the National Vegetable Committee, were monitored for a period of six weeks on a weekly basis. Over this period no confirmation of hormone herbicide damage could be obtained.

Rainwater from the Klipriver area was analysed during the period August 1989 to March 1990 for the presence of hormone herbicide. All the samples tested negative.

Town Hill Hospital: take-over

*7. Mr M J ELLIS asked the Minister of Health Services:

(1) Whether her Department is engaged in negotiations with a view to taking over the Town Hill Hospital, which is under the control of the Natal Provincial Administration at present; if so, (a) why and (b) as from what date will the take-over be effective;

(2) whether she will make a statement on the matter?

B447E

The MINISTER OF HEALTH SERVICES:

(1) Yes

(a) The Department has been engaged in negotiations for some time with the view to rationalize services by placing this hospital under the same psychiatric management as other psychiatric hospitals like Tara, the H Moross Centre, the Alexandra Care and Rehabilitation Centre and Cullinan Care and Rehabilitation Centre.

In view of the reconstruction of health services which is receiving the Government's attention at the moment, it has been decided to consider this matter against the background of the reconstruction plan. This investigation has not yet been completed.

(b) Falls away.

(2) No.

White old-age pensioners: means test

*8. Mr B B GOODALL asked the Minister of Welfare, Housing and Works:

Whether any steps are being taken by his Department to adjust the means test for White old-age pensioners; if not, why not; if so, what steps?

B457E

The MINISTER OF WELFARE, HOUSING AND WORKS:

The possible adjustment of the means test is continuously receiving the Department's attention. Any adjustment in this regard is however subject to the availability of funds.

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Average bed occupancy rate

66. Mr M J ELLIS asked the Minister of National Health:

What was the average bed occupancy rate in 1990 for each hospital falling under each of the provincial administrations?

B188E

The MINISTER OF NATIONAL HEALTH:

The bed occupancy of each hospital and institution for 1990 is listed in the attached schedules.

PROVINCIAL ADMINISTRATION OF THE ORANGE FREE STATE

Average bed occupancy rate in 1990 for each Hospital

Hospital	*Average percentage bed occupancy*
Universitas, Bloemfontein	56,89%
National	60,14%
Pelonomi	82,57%
Oranje	—
Voortrekker, Kroonstad	62,00%*
Boitumelo	99,69%
Bethlehem	60,00%*
Phekolong, Bethlehem	13,40%
Odendaalsrus	73,71%
Sasolburg	38,80%*
Virginia	66,10%
Welkom	85,48%
Botshabelo	280,00%
Bothaville	88,24%
Clocolan	113,86%
Ficksburg	59,83%
Frankfort	92,60%
Harrismith	60,10%
Heilbron	94,09%
Hoopstad	78,48%
Jagersfontein	57,54%*
	84,50%
Ladybrand	50,90%
Parys	91,52%
Reitz	77,13%
Senekal	—
Smithfield	67,17%
Vrede	75,20%
Winburg	66,30%
Zastron	30,94%*
	49,30%

Note: *Own affairs.

PROVINCIAL ADMINISTRATION OF NATAL

Average bed occupancy rate in 1990 for each hospital

Hospital	*Average percentage bed occupancy*
Addington	60,57%
Christ the King	98,93%
Clairwood	72,30%
Dundee	54,84%
East Griqualand and Usher Memorial	114,13%
Empangeni	59,56%
Eshowe	79,99%
Estcourt	65,48%
G J Crookes	72,96%
Greytown	48,54%
King Edward VIII	91,19%
Ladysmith	85,92%
Newcastle	48,74%
Niemeyer Memorial	53,57%
Northdale	89,02%
Port Shepstone	74,49%
R K Khan	54,95%
Stanger	70,82%
St Andrews	72,69%
Tayler Bequest	92,82%
Vryheid	53,97%
Wentworth	58,82%
King George V	81,65%

PROVINCIAL ADMINISTRATION OF THE CAPE OF GOOD HOPE

Average bed occupancy rate in 1990 for each hospital

Hospital	*Average percentage bed occupancy*
NON-ACADEMIC REGIONS	
NORTHERN CAPE REGION	
Barkly West	96,69%
Colesberg	87,43%
De Aar	59,47%
Douglas	74,98%
Hartswater	111,19%
Kakamas	67,69%
Kimberley	79,18%
Kuruman	83,17%
Noupoort	70,59%
Postmasburg	72,49%
Prieska	62,30%

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Mzunduze River: administration

69. Mr R F HASWELL asked the Minister of Water Affairs and Forestry:

(1) Which Government Departments, local authorities and/or self-governing territories administer the land traversed by the Mzunduze River and its main tributaries in the Pietermaritzburg area;

(2) whether these Departments, authorities and territories are responsible for monitoring quality and/or maintaining minimum acceptable standards in respect of the water flowing in this river and its tributaries; if not, why not; if so, to what extent? Hansard 13/3/91 .

B170E

The MINISTER OF WATER AFFAIRS AND FORESTRY:

(1) Land traversed by the Mzunduzi River and its tributaries in the Pietermaritzburg area is administered by various authorities, which include the KwaZulu Government Service and local authorities such as Pietermaritzburg and Edendale. For the purpose of this reply I will deal with the principle role players involved and the control over water pollution as such.

In the said area, all Government Departments and their agents administer the various acts for which they are responsible and accountable within the Republic of South Africa; which excludes the self-governing territory of KwaZulu, as the KwaZulu authorities and their agents administer their own acts within KwaZulu. The Provincial Administration of Natal and their agents administer the Provincial acts, while local authorities administer their by-laws within their are of jurisdiction.

(2) In the Republic of South Africa, exclu ing KwaZulu, the Department of Wate Affairs and Forestry is responsible for th management of water quality, includin the Mzunduzi River and its tributarie This management aims at ensuring tha adequate water of an acceptable qualit for recognised water uses for agriculture industrial, urban, recreation and enviror mental conservation continues to be avai able. As far as KwaZulu is concerned, th Department has a working agreemen with the authorities in KwaZulu regardin the monitoring of specific areas withi that self-governing territory where pollu tion is likely to occur.

Enforceable quality standards are applic able to point sources of pollution only an the Department controls these sources t minimise their impact on the receivin water body and to maintain the quality required by recognised users. At presen the Department has limited control ove diffuse sources of pollution, such as storm water runoff from urban, industrial an agricultural areas, as well as runoff from informal settlements, but is well aware o the contribution from these sources. In order to overcome this problem, the Department is implementing an approach whereby quality requirements in receiving water bodies are specified and point sources of pollution are controlled to such an extent that these water quality requirements are met, taking into account pollution from diffuse sources, which might not be controllable.

The Department, in co-operation with Umgeni Water, monitors the quality of the Mzunduzi River and its tributaries at various points and for various purposes, such as assessment of river water quality, detecting trends in quality, as well as identifying and controlling pollution. Samples of the water are analysed to determine the physical, chemical, organic and bacteriological quality of the water. Other bodies and institutions might also be sampling the water in the river concerned, for purposes of their own.

An investigation is presently being undertaken by the Department into the purported unacceptable conditions that prevailed in the Mzunduzi River during the recent Duzi Canoe Marathon. Only when pollution sources have been identified can suitable management options be considered. Hansard 13/3/91

When the news reports on the alleged severe pollution of the Mzunduzi River and the high percentage of the participants of the Duzi Canoe Marathon who were apparently adversely affected as a result thereof came to my attention, I immediately instructed the Department of Water Affairs and Forestry to carry out a full-scale investigation into the source(s) of the pollution, as it appeared to me that there were sources of pollution other than the informal settlements in the river catchment which could be responsible for the pollution. This investigation is still in progress. Once the report of the above-mentioned investigation comes to hand, it will receive the necessary attention and if justified, I will make a further public announcement in this regard.

Widow: SADF pension

70. Lt-Gen R H D ROGERS asked the Minister of Finance:

Whether, with reference to the reply by the Minister of National Health and Population Development to Question No 280 on 26 April 1990, further consideration has been given to raising the pension of a widow of a deceased member of the South African Defence Force to 75 per cent of the pension paid to her late husband; if not, why not; if so, with what result? Hansard 13/3/91 B399E

The MINISTER OF FINANCE:

Yes. However, in view of the far-reaching financial implications such a step is not affordable at this stage. As soon as circumstances permit the matter will be given further attention.

"Let's put peace first"

60. Mr P G SOAL asked the Minister of Constitutional Development:

(1) Whether the Government has launched an advertising campaign entitled "Let's put peace first"; if so,

(2) whether he was involved in approving this campaign; if not, by whom was it approved; if so, (a) what has been the cost of the campaign to date, (b) why was it launched and (c) which media are being used?

Hansard 13/3/91 B423E

The MINISTER OF CONSTITUTIONAL DEVELOPMENT:

(1) Yes.

(2) Yes.

(a) R1 698 303,11.

(b) The "Let's put peace first" advertising campaign is the first phase of a communication project with the aim of promoting political literacy.

In the first phase the logo and signature tune, which will also be used in the other phases, are introduced by linking them with a message stressing the necessity of peace instead of violence.

(c) Television;
radio;
newspapers;
magazines;
outdoor advertising; and
promotional items (stickers, T-shirts and posters).

Awaiting-trial prisoners

177. Mr D J DALLING asked the Minister of Correctional Services:

What was the average number of awaiting-trial prisoners in custody on the last day of each month in 1990? Hansard 13/3/91

B487E

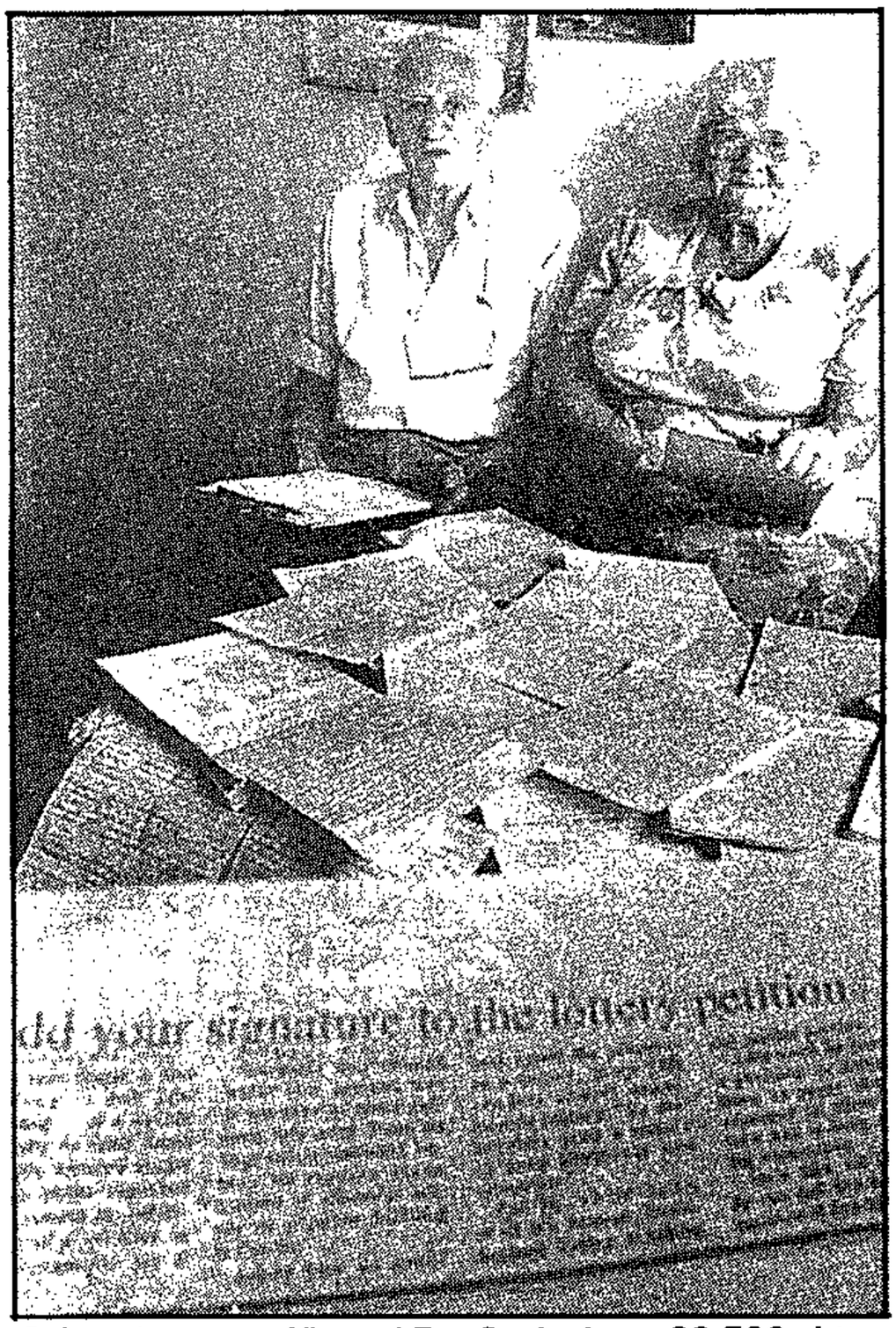
The MINISTER OF CORRECTIONAL SERVICES:

The figures concerning awaiting-trial prisoners who were incarcerated in South African prisons on the last day of each month during 1990, are as follows:

31 January 1990	— 20 780
28 February 1990	— 19 766

Star 14/3/91

Pensioner steps up petition for lottery



Going strong . . . Vic and Eva Sacks have 33 500 signatures on their lottery petition. Picture: Karen Fletcher

Staff Reporter 300

Tireless State lottery campaigner Vic Sacks of Bezuidenhout Valley is putting in more hours than ever to collect signatures for his petition to the Government to allow lotteries to raise money for health and education.

Mr Sacks and his wife Eva have been working all-out with the help of other volunteers since he launched his petition in September.

He has already collected 33 500 signatures of people in favour of a State lottery.

He is awaiting Mr de Klerk's reply to his request to be received in Cape Town to deliver the petition in person.

"Health care provision is deteriorating for lack of money. There is no staff and no equipment. I don't see why we couldn't have a lottery.

"I must see Mr de Klerk even though it would cost me money to get there and I am a pensioner. This issue must be debated at length in Parliament," Mr Sacks said.

● The issue of a State lottery was debated in Parliament this week.

Deputy Minister of Justice Danie Schutte said there were good moral and technical reasons why the Gambling Act should be reviewed in regard to fund-raising competitions of chance and to lotteries for health, welfare and education.

'Democratise' pension fund

South 14|3 - 20|3|91 (300)

Pensions constitute the only area on the Budget where apartheid can be disposed of overnight. The tax loopholes for the rich must be closed and the pension fund system democratised, suggests **PIETER LE ROUX:**

SOUTH AFRICA needs a dramatic increase in government spending on pensions. Of all forms of social welfare in South Africa, the pensions system is by far the best developed.

Many millions of the pogrest people in South Africa would immediately experience a significant improvement in their standard of living should parity in pensions at white levels be introduced tomorrow.

This is the only area on the social expenditure side of the Budget where apartheid can be disposed of overnight.

From a social welfare point of view, it is not only the state old-age pensions which are of concern. The private retirement funds industry receives a massive injection from the government in the form of various tax incentives.

These injections presently serve the interests of the richest 10 percent rather than of most members of these funds, who often get a very raw deal.

Before considering how the social old-age pension (SOAP) can be restructured, we must recognise its most important shortcomings.

Firstly, as is the case with most social expenditures in South Africa, it is racially discriminatory. The monthly white SOAP in 1990 amounted to R275. For "coloureds" or Indians, the SOAP was 82 percent (R225) of that of the whites, and for Africans 63 percent (R175).

Secondly, there is a strict means test, and although the details differ for each of the groups, it soon penalises anyone who had made some provision for his old-age by 100 percent (for every R1 private pension one receives, one loses R1 of the SOAP — and, at the cutoff point, an African can lose R34 in SOAP for one additional rand of private pension!)

Further shortcomings are that the delivery system is at times bad and that the present level of pensions, even for whites, is low relative to the estimated minimum living level (MLL), particularly in urban areas where housing is expensive.

Estimated costs of old-age pensions in South Africa (excluding the TBVC countries), if paid out to everyone entitled, would have amounted to about R2,6bn during 1990, or to R3,5bn if the TBVC countries were included.

The additional cost of bringing about parity at white levels would have amounted to about R1,6bn, or R2,2bn if TBVC countries were included.

If our economy should remain stagnant, it will not be possible in the long run to finance parity at white levels (the number of pensioners is expected to increase threefold in the next three decades) and inflation will have to be permitted to decrease the real level of pension.

However, there are strong arguments for establishing parity at white levels overnight. About 1,6 million black South African pensioners would directly benefit from pension increases of up to R100 a month.

Benefit

This money would be used to the benefit of as many as six to eight million South Africans (given the assumption that two to three dependants also benefit from the old-age pensions).

Thus, as many as half of the 16m South Africans living under the MLL can immediately benefit quite dramatically from parity in SOAP.

Although other measures to help the poor, such as school-feeding schemes, nutrition clinics for pre-school children and public works must also urgently be launched, it will take a long time to have these schemes in place — particularly in the rural areas.

The nett additional annual cost of simply scrapping the means test will initially be about R1,4-bn. The benefit of scrapping the means test will primarily be felt by 415 000 lower-income whites, but given the corruption and the inequities caused by this test, it may nevertheless be a step a democratic government would consider.

An inflation-proof state-guaranteed contributory pension fund is also proposed to enable lower income people to save for a pension over and above the SOAP.

Since 1958, when the Pensions Fund Act (No 1 of 1956) took effect, the number of retirement funds — whether self-administered, underwritten, run by industrial councils or by the state — has increased from 2 800 to 12 950 in 1988.

The membership of funds (excluding pensioners) increased from about one million to six million. The most urgent reform needed on retirement funds is to close the tax loopholes for the rich.

The Minister of Finance, Mr Barend du Plessis, claimed in Parliament that retirement funds were given tax breaks of about R14bn a year.

Keeping in mind that the present old-age pensions cost about R2,5bn a year, the cost of encouraging the better-offs to save is clearly disproportionate.

However, this estimate seriously overestimates the tax break. Government probably forgoes income of about R4 bn to R6bn a year to encourage savings through the retirement funds.

To rectify the situation, a maximum of 20 percent tax rebate for each rand contributed could be permitted on contributions to retirement funds by individuals. (To assess the impact first, the percentage could initially be 25).

Someone who pays a marginal tax rate of 45 percent will under this system have to pay 20 cents in a rand tax on his contribution to a retirement fund. He thus receives an encouragement of 25 cents in the rand to save for retirement, rather than the present 45 cents.

Contributions made directly by the companies on behalf of a worker should be taxed as though they were the worker's own income.

Lump sum payouts made after retirement also ought to be taxed. These steps could bring in as much as R2,5bn — enough to finance much of the reforms in the SOAP.

(Pieter le Roux is director of the Institute of Social Development at the University of the Western Cape)

Incorporated

Executive Accountant

F.C.E.A. (FELLOW) A.C.E.A. (ASSOCIATE)

Examinations are held in June and December
Exemption is granted on a subject - for - subject basis.

For full details of membership, write giving age, qualifications and experience to

The Secretary General
POBox 265,
Eppingdust
7475
South Africa

Phone (021) 593 8379

Fax (021) 593 0401

Association of

Cost & Executive Accountants

STATE PENSIONS FM 15/3/91

EQUITY MOVE (300)

It is not so much whether — but how — to privatise the State pension funds.

Leaving aside their admitted actuarial shortfall of more than R30bn, which would have been less if they had been administered by the private sector, the State pension funds do have assets — some R27bn.

Sources in the life industry, which administer a large slice of the private pensions industry, agree they have been consulted about privatisation and that Pretoria wants constructive suggestions. Further than that, no one wants to be on record.

Relatively small sums of government pension monies have been placed with institutional investors — who may only invest the assets in government stock, semi-gilts and the money market. Equity investment is not permitted. That, according to industry sources, is a major part of the taxpayers' potential deficit burden. Government funds went into actuarial deficit not only because of too-liberal benefits, but also because they

Continued

could not operate effectively in the only markets which consistently beat inflation.

No one is suggesting that R27bn of assets should suddenly be released into the markets. If the "prudential investment guidelines" which replaced prescribed assets were obeyed, a theoretical R17,5bn would be available for JSE investment. An overnight doubling of JSE turnover simply could not be accommodated. "We would also witness the interesting phenomenon of the State owning about 5% of the JSE," muses Garth Griffin, GM Employee Benefits at Old Mutual.

A probability is that at least some of the pension funds' current cash flow will be released into the market, via private sector investment fund managers. If done discreetly, this could be absorbed without destabilising the JSE. Similarly, other cash flows could be routed through property.

But whatever form privatisation takes, it could run foul of the solvency requirements applied to private pension funds. Piet Badenhorst, Registrar of Financial Institutions, would hardly invite a fund with R30bn of excess liabilities into his bailiwick.

The other issue is whether a government pension fund needs to be fully funded. Reg Munro, also of Old Mutual and secretary to the Mouton committee regards this as "highly debatable." Private funds need pre-funding because the employing company might disappear from the scene. "States don't disappear."

But a source close to the government scheme argues the opposite: We don't know whether a future government will have enough revenue to pay pensions. As a civil servant, I would want to be assured that my vested rights are protected." ■

APARTHEID BAROMETER

PENSIONS (300) W\Mail 15\3-21\3\91

AN increase of 33,6 percent in budgetary aid to black pensioners was needed before parity with whites was reached in South African (excluding the "independent homelands"), Health Minister Dr Rina Venter said in parliament. In the "independent homelands" 6,7 percent was needed before parity was reached with the present level of black pensions in the rest of South Africa.

Blacks: social pensions

92. Mr R M BURROWS asked the Minister of Planning, Provincial Affairs and National Housing: Hansard 19/3/91 (300)

(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 is currently awaiting processing?

B231E

HOUSE OF ASSEMBLY

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING: Hansard 19/3/91

Provincial Administration of the Cape

(1) Yes. (300)

(a) Administration of social pensions for Blacks in the Cape Province.

(b) 138 958.

(2) No.
(a)–(c) Fall away.

Natal Provincial Administration

(1) Yes.

(a) Administration of social pensions for Blacks in Natal.

(b) 70 324.

(2) No.
(a)–(c) Fall way.

Provincial Administration of the Orange Free State

(1) Yes.

(a) Administration of social pensions for Blacks in the Orange Free State and Botshabelo.

(b) 88 701.

(2) No.

(a) and (b) Fall away.

(c) 145.

Transvaal Provincial Administration

(1) Yes.

(a) Administration of social pensions for Blacks in the Transvaal.

(b) 266 363.

(2) No.
(a)–(c) Fall away.

(2) whether the Government intends taking steps to remove these squatters; if not, why not; if so, (a) what action and (b) when? Hansard 19/3/91 B583E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1) Yes.

(a) 2 365.

(b) 1988.

(2) Yes.

(a) Negotiations are in progress.

(b) Falls away.

Social pensions: national policy

*23. Mr E W TRENT asked the Minister of National Health: Hansard 19/3/91.

(1) Whether her Department determines the national policy in regard to social pensions for all races in South Africa; if not, who determines this policy; if so,

(2) whether Black, White, Coloured and Indian social pensioners receive equal pensions; if so, as from what date; if not, (a) why not, (b)(i) by what body or person, (ii) in terms of what statutory provisions and (iii) on what basis are these differing pension amounts determined? (300) B584E

The MINISTER OF NATIONAL HEALTH:

(1) Yes, in consultation with the National Welfare Policy Council;

(2) no, only in respect of War Veterans Pensions since 1987;

(a) as a result of a lack of available funds and

(b) (i) the Cabinet determine the global amount available,

(ii) the Social Pensions Act, 1973 (Act No 37 of 1973) and

(iii) according to available funds.

State schools: funding formula

*24. Mr R M BURROWS asked the Minister of National Education: Hansard 19/3/91

(1) Whether the funding formula for ordinary State schools is applied in an equal manner to all executive education departments; if not, why not; if so,

(2) whether the A factor and B factor are equal in all cases;

(3) whether, in the past five years, there were any changes in the formula as applied to ordinary State schools; if so, what changes; Hansard 19/3/91

(4) whether he will make a statement on the matter? B586E

The MINISTER OF NATIONAL EDUCATION:

(1) Although the financing formula for ordinary State Schools has already been drafted, no general policy has been tabled yet under section 2(1)(a) of the National Policy for General Education Affairs Act, 1984 (Act No 76 of 1984), as certain interested parties still have to be consulted. The funding formula for ordinary state schools is *inter alia* used as a measuring instrument to evaluate the funding level of the different education departments. By making use of this measuring instrument it is apparent that the funding levels of the executive education departments differ. The formula does not reflect backlogs.

(2) The A-factor therefore differs for the various education departments. I am not aware of a B-factor.

(3) Yes, the endeavour is to bring the a-values closer to a = 1.

(4) No, on the basis of the findings of the education renewal strategy this policy will finally be considered and determined. The formula together with a strategy for its implementation will be announced as soon as general policy has been determined.

Natal technikon: utilization by KwaZulu

*25. Mr R M BURROWS asked the Minister of Development Aid: Hansard 19/3/91

(1) Whether he, his Deputy Minister or his Department refused permission for the KwaZulu Department of Education and Culture to purchase any part of the disused or soon to be vacated parts of the central campus buildings of the Natal Technikon; if so, (a) who refused permission and (b) why; if not, what are the relevant details;

(2) whether his Department has been informed of the purpose for which the KwaZulu Department of Education and Culture intends to use the buildings; if so, for what purpose;

(3) whether he will make a statement on the matter? B587E

The MINISTER OF DEVELOPMENT AID:

(1) (a) Permission for the purchase of the campus buildings were not refused.

(b) The relevant particulars are as follows:

The KwaZulu Department of Education and Culture explored the possibility of purchasing under-utilized or redundant education premises and was in the process approached by senior officials of the Technikon Natal with a view to negotiate the purchase of the Smith Street campus.

After further investigations the Department of Development Aid received an application from the KwaZulu Department of Finance in which approval was sought in terms of the provisions of section 7(2) of the Self-governing Territories Constitution Act, No 21 of 1971, in order to enable the KwaZulu Legislative Assembly to use money from its Revenue Fund for the purchase of the Technikon Natal which is situated outside KwaZulu's area of jurisdiction.

The Department of Development Aid investigated the application in terms of the provisions of section 7(2) and Schedule 1 of the Self-governing Territories Constitution Act, No 21 of 1971, as well as a written legal opinion obtained from the State Legal Advisors and came to the conclusion that it would not be possible for the KwaZulu Department of Education and Culture to administer the Technikon Natal as an education facility which is situated outside the KwaZulu area of jurisdiction.

The State Legal Advisors remarked as follows: Hansard 19/3/91

"Lastly we must emphasize that where such an arrangement has been made with the government of a self-governing territory the South African laws which are otherwise applicable to the provision of education will have to be suitably amended to provide for education by the self-governing territory concerned and to arrange for resultant matters (such as the acknowledgement of qualifications). The education act of the self-governing territory concerned will probably also have to be amended suitably in order to provide for exterritorial education."

Since the South African laws and the education act of the self-governing territory have not been suitably amended the KwaZulu Department of Education and Culture can not administer the Technikon Natal as an Education facility.

The Department of Development Aid has, during the 1990 Parliamentary session, introduced proposals by means of an appropriate amendment to the Self-governing Territories Constitution Act, 1971, to make it possible for KwaZulu to provide education outside its area of jurisdiction. The proposal was however not supported in the Standing Committee and the Department was therefore compelled to withdraw the proposal.

The Department of Development Aid informed the KwaZulu Department of Finance in writing that it will not be possible for the KwaZulu Government to administer the Technikon which is situated outside KwaZulu's area of jurisdiction.

(2) In a letter received from the KwaZulu Department of Education and Culture in this regard, mention was not made of the purpose for which the buildings of the Technikon Natal will be used.

During its investigations and subsequent inquiries the Department of Development Aid was informed that the buildings of the Technikon Natal will be used as a college for continual education.

Protection over pensions, unit trusts

LESLEY LAMBERT

CAPE TOWN — New measures to protect the interests of pension fund and unit trust members have been incorporated into the Financial Institutions Amendment Bill.

The Joint Committee on Finance has made two important amendments to the Bill to protect the investments of pension fund and unit trust members from undue speculation and financial compromise.

A third amendment extends the membership of a new pensions advisory committee, established in terms of the Bill, to include associations and organisations representing the interests of pension fund members.

Originally, the Bill limited membership of the committee to the Registrar of Financial Institutions and pension experts appointed by the Minister of Finance.

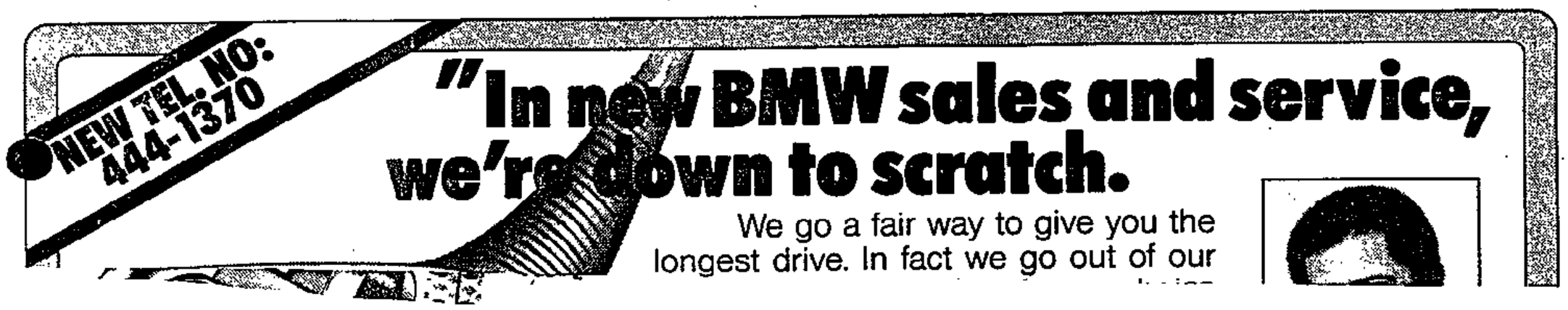
Of the two new protection measures, the more significant is one which limits the extent to which companies can curtail the benefits of financially strong pension funds which are amalgamated with poorer funds.

In terms of the amendment, provision will have to be made for "recognition of the reasonable benefit expectations" of the members of funds which are amalgated or transferred.

The second protection measure limits a unit trust's investment in specific categories of securities to ensure a wide spread of investments and prevent undue concentration on potentially risky markets.

This amendment was introduced to close a loophole which would have enabled fund managers to invest excessive amounts in derivative investments, such as futures and options, which can be used for speculative purposes.

In terms of the amendment, investment in derivative products will be subject to the same limitation — 5% of a fund's total assets — which is applied to other securities.



BUDGET '91

Gap between pensions to be closed

Soweton 21/3/91 300

BLACKS will still get smaller pensions than whites but the gap will be narrowed by 20 percent from April 1, the Minister of Finance, Mr Barend du Plessis, said yesterday.

By ISMAIL LAGARDIEN
Political Correspondent

He said in his Budget Review that it would cost a conservative R4 billion to achieve pension parity and abolish the means test in the Republic and the TBVC states, and this expense might be higher than the economy could bear.

He said the Mouton Committee on pensions believed that the change to parity in old-age aid should take place in one go rather than moving there gradually.

Expenditure

"To do this, but with retention of the means test, it is estimated that it will involve R1,6 billion in additional expenditure (excluding the TBCV countries), over and above the increases already included in the printed estimate for 1991/92.

"The abolition of the means test would cost a further R1,8 billion. If the TBVC countries were included, the total rises to over R4 billion - which is still on the conservative side.

Increase

"Moreover, the Government would thereby be committed to an increase in expenditure that, for demographic reasons, might be higher than the budgetary growth the economy could bear.

"If both these steps were now implemented, it would not only seriously cut short other social reform expenditure, but also raise the tax pressure appreciably, which, with a view to the promotion of the growth capability of the economy, simply cannot be afforded now."

Options

The idea of abolishing the means test clashed with the idea of targeted aid, which was the only viable option at this stage, since blanket aid was too expensive.

Cutbacks and serious limitations amid growing pressure for spending on education and health were scarcely reconcilable with a scheme where everyone above a certain age, irrespective of income, would qualify for old age assistance.

The Government could therefore now commit itself only to accept the principle of ending disparity, but this could definitely not be achieved at one go.

Revision

However, there was an urgent need for the revision and better application of the means test, and a start had been made with this.

"As a first step it is therefore proposed that after providing for the increases for all population groups included in the printed Estimate for 1991/92, the gap still remaining between old age assistance be further narrowed by 20 percent with effect from April 1." - *Sapa*.



Black pensioners remain at the bottom of the heap compared with white senior citizens. Mrs Lydia Thulo (75) and Mrs Maria Tshumi (69) of Phiri, Soweto, will still have to wake up at dawn and go to their usual street corner to sell sweets, biscuits and other goodies to make ends meet.
Pic: MBUZENI ZULU

SOWETAN, Thursday, March 21 1991

'Pensions to be equal in five years'

300

Political Correspondent

Sowetan 21/3/91

THE Government has committed itself to paying equal pensions to black and white people within five years.

Commenting on the Budget - released by Finance Minister Barend du Plessis in Parliament yesterday - Deputy Minister of Planning Mr Andre Fourie said last night that the Government committed itself "in principle" to parity.

There was already parity for war veterans, he said. All population groups received R320 a month.

Allowances

From April 1 pensions for blind people will be equal - R304 a month.

From April 1, black old-age pensions will be 74 percent of whites'.

Black child allowances will be 70 percent of whites'.

Black single-care allowances will be 67 percent of whites'.

Parent allowances will be 74 percent of whites'.

Foster-child allowances will be 75,5 percent of that of whites'.

Attendance allowances were already on par, Fourie noted.

Govt closing pensions gap

Star 21/3/91 (300)

Political Staff

Pensions of retired people are to go up on April 1.

The budgeted expenditure for social aid and welfare will be R6 billion, which represents an increase of 26,8 percent on the previous year, Finance Minister Barend du Plessis said.

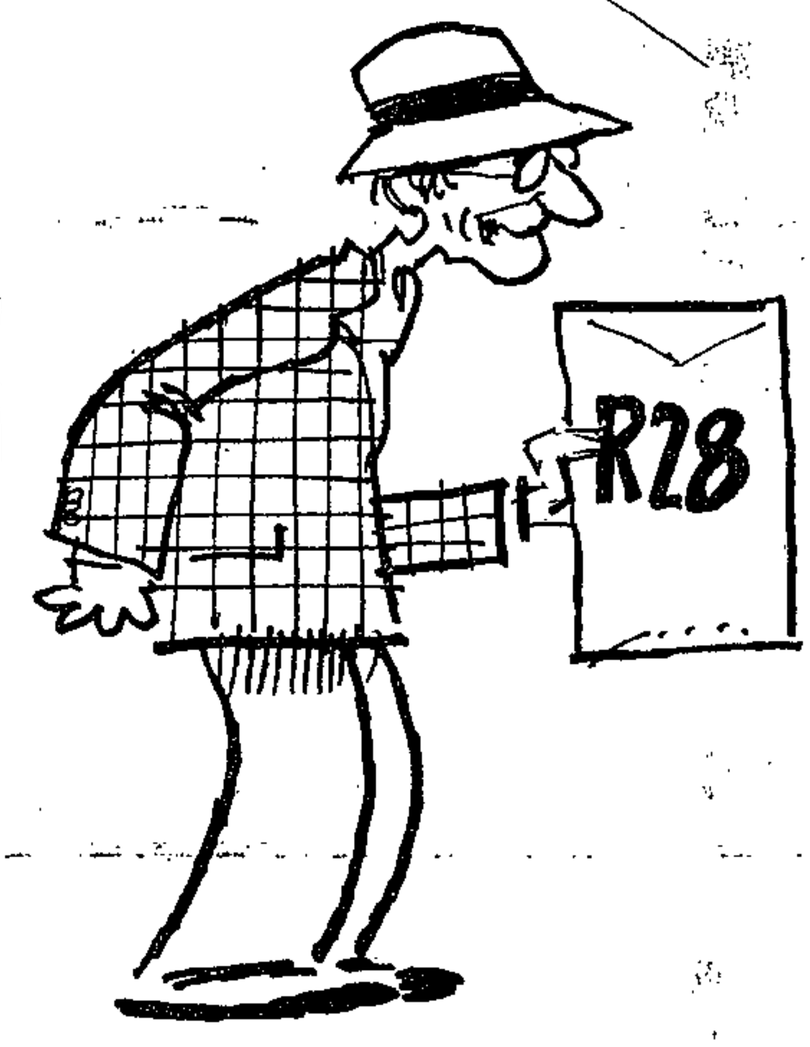
Old age pensioners ill, from April 1, receive the following:

- Whites — R304.
- Coloureds and Asians — R263.
- Blacks in SA and self-governing areas — R225.

The Government has also announced further measures to hasten the recovery of its ailing pension funds and set aside R3,7 billion this year for improved deals for public servants.

Mr du Plessis said the pensions of all civil servants who retire on or before March 31 (this month) would be increased by 12,5 percent.





Preservation

"The Government is aware that groups of pensioners who retired in certain years have built up backlogs against the increase in the cost of living," he said.

It had therefore been decided to grant further increases, additional to the 12,5 percent, differentiated on the year of retirement to ensure a reasonable preservation of purchasing power.

On military pensions, he said adjustments would be finalised in the light of a decision still to be made on improving conditions of service.

Turning to the State pension funds, which are at present unable to meet their projected obligations by more than R30 billion, Mr du Plessis asked pension fund members not to draw hasty conclusions based on all sorts of projections or presentations of data.

The matter was receiving urgent attention, he said.

The Government believed a further strengthening of the funds was warranted, not only to give present and future civil pensioners greater certainty, but also to meet additional financial claims now facing the funds through earlier termination of service and rationalisation.

He noted that only 40 percent of the monthly pension contributions from public servants were used for payments. The balance of 60 percent was invested.

Mr du Plessis said it would be possible to make up the actuarial deficit within about 20 years.

To shorten that, bringing it closer to the nine years allowed by private pension funds, R1 billion was transferred to the funds last year.

A further R1 billion would be transferred to the funds in 1991/92, he said. The Public Investment Commissioners, who had entrusted part of the R1 billion to private-sector management, were actively pursuing the maximum interest yield on this fixed interest bearing portfolio.

A panel of experts recently appointed to advise the Government urgently on the best way to manage the funds should also help raise the yield on the portfolio, Mr du Plessis said.

"Further statements will be issued as soon as possible."

Mr du Plessis said R3 735 million had been allocated in 1991/92 for improving conditions of service in the public service.

It included money to implement the second-last phase of eliminating male-female disparities in the education sector.

There were various ways the R3,7 billion could be used, including a general salary adjustment. It could also be turned to eliminating unjustified disparities between related career groups, and consolidation of the present 10 percent non-pensionable allowance and achievement reward.

Final decisions on what to do with the money would be taken only after consultation with interested parties, Mr du Plessis said.

But he warned: "No inferences should be drawn at this stage from the global amount now provided."

Pensions increase disappointing, say aged

Staff Reporters Star 24/3/91 (300)

The increased pensions South Africans of all races will receive this year have been described as disappointing by blacks and whites and by representatives of organisations working among the aged.

White old age pensioners will receive R304 a month (an increase of R28), coloureds and Asians will receive R263 (an increase of R38) and blacks will receive R225 a month (an increase of R50).

Black people last night expressed general dissatisfaction over disparities which are still reflected in the Budget, while white pensioners expressed dismay that they would be receiving only another R28 a month.

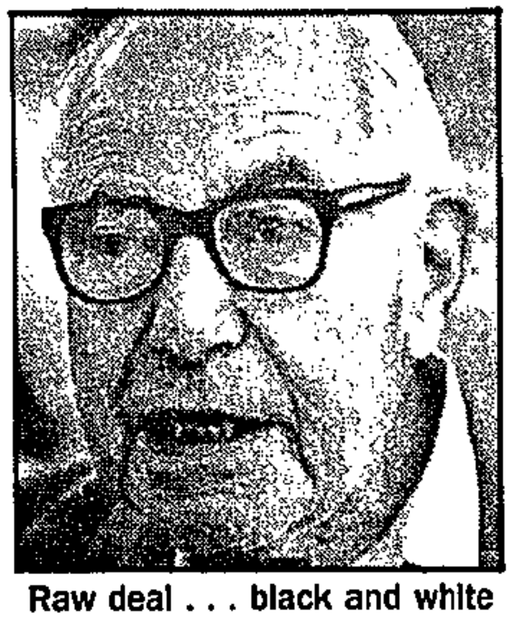
Prominent educationist and director of the Reserve Bank Dr Otty Nxumalo said that although the Budget indicated a move towards "giving all people equal opportunities", disparities in social pensions were still a sore point.

Former Daveyton mayor Tom Boya said: "Parity in pensions for blacks and whites is overdue. We're taxed the same way, we must benefit the same way."

Maria Ndlazi, of Mzimhlophe, Soweto, said: "R50 more won't make much difference.



Ninety and still paying income tax . . . after 45 years, Mrs S Courtenay wants a break from it. Pictures: Jacoob Rykliff



Raw deal . . . black and white pensioners are struggling to get by on their tiny incomes, says Ralph William-Wyse.

"What do you get for R50 these days, anyway? All we ask for is the same pension that the whites are getting."

Petrus Dlamini (75) of Orlando West, Soweto, told The Star he was happy the disparity issue was receiving attention, adding: "I'm looking forward to the day when all pensioners will be paid the same amount."

Referring to the increase in white pensions, Ralph William-Wyse of Hillbrow, Johannesburg said: "It is just about nothing. It is a very small pension. I don't know how black people get by on their pensions. It is time changes were made."

Mr William-Wyse said it would be harder to get by when VAT was added to foods currently exempt from GST.

Pensioners who have incomes other than Government pensions say income tax is cutting into their savings. "Why must we pay income tax after working for so many years?" asked Mrs S Courtenay. "When I joined the Education Department, I was a widow with a three-year-old child. As a married woman, I was not allowed to join the pension fund. Yet I must pay sales tax. I have to draw money from my current account every month to pay my expenses."

The National Council for the Aged and the Black Sash said the increases were insufficient.

The director of the national council, Sid Eckley, said: "The Government has spoken about pension parity since 1983. It should have taken a far bolder step in the Budget. People can hardly survive on what they are getting and if it weren't for friends and relatives, welfare organisations and churches, many wouldn't."

In addition, facilities for blacks were virtually non-existent. There were only 17 homes for black pensioners in South Africa and just four service centres (compared with 144 for whites). A white old person in need of frail care received an allowance of R903 but a black received just R110.

Black Sash vice-chairman Marge Brown, who has researched pensions, said most black pensioners were supporting entire families on their pensions — and often subsidising a grandchild's education as well.

If the Government was unable to provide greater monetary increases, she said, it should consider additional perks such as housing and transport subsidies for black pensioners.

B|Day 21|3|91.

Another R1bn for state pension funds

CAPE TOWN — Government has decided to transfer another R1bn to state pension funds.

In his Budget speech, Finance Minister Barend du Plessis said government wanted the Government Service Pension Fund and the Associated Institutions Pension Fund converted as soon as possible to pension funds complying with the actuarial requirements of private sector funds.

Good progress had been made. To ensure this was maintained and speeded up, R1bn had been transferred to these funds jointly from the 1989/90 surplus after borrowing.

He proposed that a further R1bn be transferred to the funds from the 1990/91 surplus after borrowing. This would help bring forward the date of full actuarial funding.

Du Plessis said fund members should not to draw hasty conclusions about the funds. A full statement on the funds would be made shortly. — Sapa.

R505m fails to end pension apartheid

B|Day 21|3|91

LESLEY LAMBERT

BUDGET 1991

CAPE TOWN — Government has failed to achieve parity in black and white pensions in this year's Budget but has allocated an additional R505m to reduce the gap in spending by an additional 20%.

In his Budget speech yesterday, Finance Minister Barend du Plessis announced a 29%, or R50, increase in black pensions to R225, a 17% (R38) increase in coloured and Asian pensions to R263 and a 10% increase in white pensions to R304 for the 1991/92 financial year.

He said government had acknowledged the principle of equal spending but could not have afforded to implement the Mouton Committee's recommendations of overnight parity and abolition of the means test.

Parity would have cost an additional R1,6bn over and above the R505m allocated for the 1991/92 financial year, and the abolition of the means test would have cost a further R1,8bn. Inclusion of the TBVC countries would have brought the total spending requirement to R4bn, Du Plessis said.

Implementation of both measures would not only have cut short other social reform spending but would have raised pressure for additional tax revenue. Furthermore, the abolition of the means test would have clashed with the idea of targeted aid which was the only viable alternative to blanket aid, he said.

"Cutbacks and serious limitations in the midst of growing pressure for spending in fields of education and health are scarcely reconcilable with a scheme where everybody above a certain age, irrespective of income, would qualify at this stage for old age assistance," Du Plessis said.

He referred to the pension allocations as a "leap of faith — faith in an economic future without sanctions and with strong economic growth".

... And a step to equal pensions

(300) wlmail 22/3 - 27/3/91

THE gap between African and white pensions is still high at R79 a month. African pensions would have to rise by 35 percent to achieve parity.

The government has taken a step towards greater racial equality in pensions.

As predicted by *The Weekly Mail*, Finance Minister Barend du Plessis shied away from equalising pensions in one fell swoop, while accepting it in principle.

He said equalising pensions at once would make serious inroads into other social spending such as education and health, or raise taxes to such an extent the economy's growth capability would be impaired.

He yesterday announced a R28 a month increase from April 1 in pensions for whites, a R38 increase for coloured and Indian people and a R50 increase for blacks in South Africa and non-independent homelands.

This is only a 10 percent increase for white old age pensioners, but a 16,8 percent increase for coloured and Indian people and a 28,6 percent increase for blacks.

While the gap between African and white pensions is still around 35 percent; between the pensions of whites and those of coloured and Indian people it is still around 15,5.

The narrowing of the gap by 20 percent in one year, according to the government, will make a considerable contribution to the relief of poverty and "represents a great leap of confidence in an economic future without sanctions and with firm economic growth.

"It is also trusted that domestic and foreign investors alike will react positively to these and similar steps in this Budget and to the greater stability this should produce. Without it this road cannot be followed to the end."

The shift towards equality of pensions entails spending an extra R1,325-billion, bringing the amount to be spent on social assistance to R5,982-billion, or 22,7 percent more than last year.

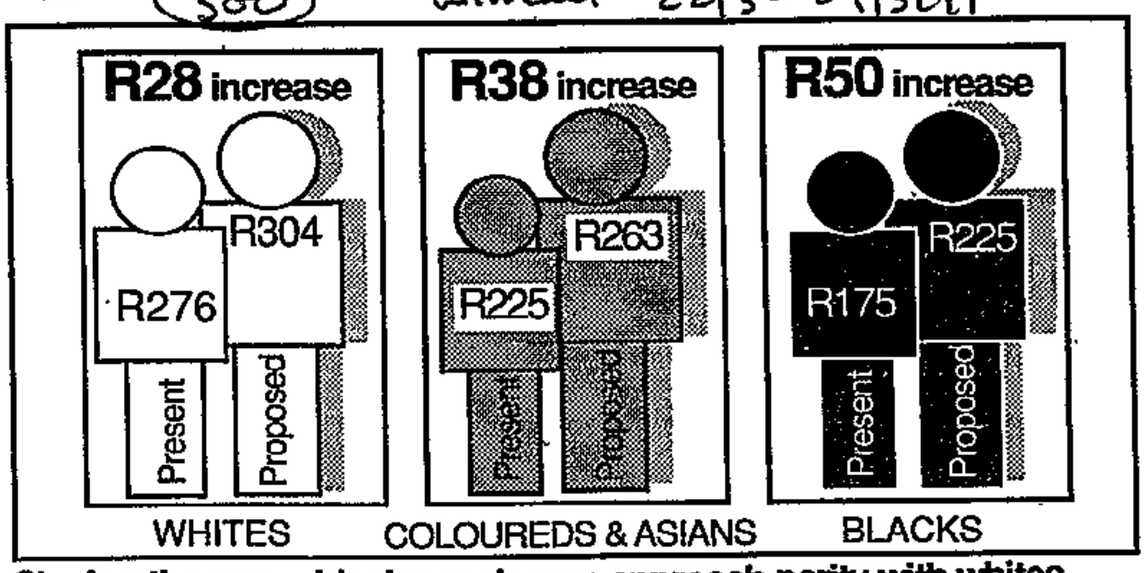
At the same time, pensions for blacks in the independent homelands and in the rest of South Africa are equalised.

Other social pensions are also being increased, and in certain categories parity is being introduced in one step.

Du Plessis also noted in his speech that the findings of the Mouton Committee probing retirement provision had found the means test militated against personal saving.

He ruled out the abolition of the means test, but said it would be reviewed and more efficiently applied.

He also said a start would be made in equalising the ages at which men and women would qualify for pensions, over 10 years, so that eventually both men and women would qualify at 65. Now women qualify at 60.



Closing the gap ... black pensioners approach parity with whites

R4-bn needed for parity of pensions

By BLAISE HOPKINSON
Business Staff

A WHOPPING R4 billion could be needed to achieve pension parity between black and white and to review the controversial means test, says a top Department of Finance official.

At this week's annual Nedbank/Old Mutual Budget Forum panelists debated the broad topic of the Budget and a contentious point remained the inequality of pensions.

Mr Tito Mboweni of the ANC's economics department, slated the government for not seeking total parity. He warned that "the African people are still coming last" in spite of Finance Minister Mr Barend du Plessis's pledge to narrow the gap between black and white pensions.

"The people still see this as a racist thing," said Mr Mboweni.

Professor Pieter le Roux, director of the Institute for Social Development at the University of the Western Cape, branded the lack of immediate parity as mistake. He said a further R1 billion would have been required in the present Budget to achieve pension parity and this "would have sent a very important signal to the townships".

"Gone further"

Mr Gerhard Croeser, director general of the Department of Finance said more than R4 billion would be needed to achieve parity for all the country's pensioners after a review of the means test.

Mr Mboweni welcomed the cut in defence spending but said it "could have gone down further".

He questioned where the added money for social services and education would be spent and commented: "It is a pity the Budget is still caught up in the framework of apartheid South Africa".

During the debate, the head of the Reserve Bank's economic department, Dr Jaap Meijer, lashed out at the Finance Minister's failure to tackle the structural economic deficiencies which had been pin-pointed by the former minister of Administration and Economic Co-ordination, Dr Wim de Villiers who died this month.

These deficiencies included the overall tax burden, the question of direct and indirect taxation and the government's overall share of the country's economy.

The director of the School of Economics at the University of Cape Town, Professor Brian Kantor, said he wanted to see the VAT rate rise at an inverse proportion to the tax on individuals.

He said VAT had led to an increase in the burden of direct taxation and added the government should have taken the opportunity of getting rid of the import surcharge — which he regarded as "a bad tax".

More and cheaper imports were required to increase competition within South Africa, said Professor Kantor.

He also accused the government of "taxing success" by imposing higher duties on beer.

Old Mutual's chief operating officer, Mr Gerhard ban Niekerk, said the Budget could herald a new growth phase as it offered some encouragement for investment. This budget was, he said, the first to separate the old from the "new" South Africa.

The MINISTER OF DEVELOPMENT AID:

Neither the Department of Development Aid nor the SA Development Trust is the functionary of State owned land. The said Trust is also not the owner of land (former black spots) from which persons were removed.

Own Affairs:

Hillbrow: facilities for aged

37. Mr L FUCHS asked the Minister of Welfare, Housing and Works:

Whether his Department is responsible for any (a) accommodation, (b) feeding, (c) health and (d) recreation facilities for the aged in Hilbrow; if so, what facilities in each case; if not, why not? Hansard 28/3/91. B535E

The MINISTER OF WELFARE, HOUSING AND WORKS:

(a) The Department is responsible for the provision of low interest loans to utility companies, local authorities and welfare organizations for the establishment of affordable housing for the aged. In addition, loans and subsidies are made available to welfare organizations that wish to establish and run homes for the aged. The Welfare organization that manages the El Kero Home for the Aged in Hillbrow is subsidized by the Department in respect of the 80 sub-economic aged persons that they care for. In addition, there are four other homes in the surrounding areas to which aged persons from Hillbrow are admitted. These are: Gerald Fitzpatrick Home, Bertrams, for 26 sub-economic women; Harmoniehof, Berea, for 80 persons of whom 70 are sub-economic; Skotness House, Doornfontein, for 42 sub-economic persons and Nazareth House, Yeoville, for 140 of whom 115 are sub-economic.

(b) According to the Constitution Act of the Republic of SA (Act 110, 1983) this Department, as far as nutrition is concerned, is responsible for nutrition education only.

(c) The Department renders a multi-disciplinary home visit service to frail aged people in the Hillbrow community. Physicians in the employ of the Department refer aged persons in homes for the aged as well as those living in the community to provincial hospitals and psychiatric community clinics for specialized treatment and nursing care after which follow up treatment is given at home or at health clinics.

(d) No. The provision of recreation facilities is not the primary responsibility of this Department. However, two service centres located in Hillbrow and Braamfontein, and which are subsidized by the Department, provide recreational and social activities for the aged.

I would like to inform the honourable member that the research project by the Human Sciences Research Council on the welfare of the aged in Hillbrow has been completed.

As a result of the HSRC study a meeting of the parties concerned with the aged in Hillbrow was held on 6 March 1991. An Action Committee was formed and this committee is exploring ways and means of advancing the interest of the aged in Hillbrow. The next meeting is planned for 19 March 1991. The SAP has undertaken to issue pamphlets concerning security measures. The possibility of group meetings, to discuss security awareness with the aged, is being examined.

INTERPELLATIONS UNDER NAME OF MEMBER

Burrows, Mr R M—
Own Affairs:
Education and Culture, 603

Carlisle, Mr R V—
General Affairs:
Home Affairs, 10

Cassim, Mr M F—
Own Affairs:
Education and Culture, 345

Chetty, Mr K—
General Affairs:
Law and Order, 681

Eglin, Mr C W—
General Affairs:
Foreign Affairs, 429

Gerber, Mr A—
Own Affairs:
Education and Culture, 36, 460

Haswell, Mr R F—
General Affairs:
Law and Order, 286
Planning, Provincial Affairs and National Housing, 65

Herandien, Mr C B—
Own Affairs:
Housing, 125

Hoon, Mr J H—
General Affairs:
Planning, Provincial Affairs and National Housing, 567

Jacobs, Adv S C—
General Affairs:
Home Affairs, 421

Landers, Mr L T—
General Affairs:
Justice, 251

Langley, Adv T—
General Affairs:
Defence, 281

Leon, Mr A J—
Own Affairs:
Budget and Local Government, 317
Education and Culture, 109

Momberg, Mr J H—
General Affairs:
National Education, 574

Mopp, Mr P A S—
Own Affairs:
Health Services and Welfare, 495

Padiachey, Mr D K—
Own Affairs:
Education and Culture, 692

Panday, Mr K—
General Affairs:
National Health, 231
Own Affairs:
Education and Culture, 56

Budget fails the companies pr

By spurning the opportunity to bridge the pensions gap Finance Minister Barend du Plessis missed his chance of a gesture of goodwill. **REG RUMNEY** looks at why the government baulked at the first hurdle

FINANCE Minister Barend du Plessis laid great stress in his Budget speech on the move towards equalising pensions being "a leap of faith" in a restrictive Budget.

And he linked final removal of racial discrimination in pension payouts to sanctions and growth.

It would have been a greater leap of faith and a symbolic gesture of goodwill in the "new South Africa" had pensions been equalised in one fell swoop.

Leaving aside for the moment the problem of how to pay for it, the arguments for immediate equalisation seem overwhelming. The paying of unequal pensions to people who pay the same rate of tax cannot be justified. Indeed the government has, despite Du Plessis attempting to attach strings, accepted equality in principle.

Why did it baulk at doing the right thing? Was it overcautiousness?

As Tito Mboweni, of the African National Congress' Department of Economic Planning, stressed the next day at the Old Mutual Budget Forum, blacks simply see the disparity as racist.

There remains a 35 percent gap between African and white pensions, and a 15,5 percent gap between white pensions and those of coloureds and Indians.

Particularly disturbing is the transfer of another R1-billion to the public service pension funds from the 1990/91 surplus after borrowing. Leaving aside the fact that government mismanagement of these funds has caused the need for such capital injections, it must stick in the throat that civil pensions were increased by 12,5 percent at the same time white state pensions went up by only 10 percent.

Pieter le Roux, director of the Institute of Social Development at the University of the Western Cape, has put forward another strong reason for equalising pensions.

"Whereas the inequalities in education and health cannot easily be eliminated overnight — there simply are not enough teachers and doctors, schools and hospitals — social pensions could be equalised simply by changing the Budget allocations."

The nub of Le Roux's argument is that in the absence of a general welfare system, and the financial impossibility of introducing one in the short run, getting better pensions is a route by which many poorer black families can be given support.

"Many a pension keeps children in the rural areas from starvation and supports their schooling."

What of the cost?

The overall increase in the amount voted for state pensions amounts to R1,325-billion. This brought the total amount devoted to social assistance to R5,982-billion, or 22,7 percent more than last year.

At the Old Mutual Budget Forum finance department director general Gerhard Croeser said the total amount involved in giving 1,6-million pensioners an extra R100 was R2-billion, given that the means test, which determines who get pensions and who doesn't, would have to be relaxed to the same extent. This would mean more pensioners and thus a higher bill.

The means test itself has been the subject of some controversy, and the Budget dismisses doing away with it, though it promises a more efficient application.

Total immediate parity and the complete removal of the means test could cost more than R4-billion, said Croeser.

Deputy Director General Finance Estiaan Calitz said that if one included equalising pensions in the TBVC states this would probably entail another R2-billion.

His point was that once population growth rates were equalised, with population growth of 2,5 percent a year, the growth in spending from that point onwards would crowd out other spending if the economy did not grow fast enough to accommodate it.

Le Roux concedes this but dubs it a "conservative technicist economic perspective".



In the pound seats ... Althc than the state handout to e

"From a purely economic p develop a strong case for go present Indian and coloured le cover basic living costs and wo den on the fiscus. Particularly possibility that the proportion

with an ever-increasing tax burden, par- ly in the lower and middle income s. Although the marginal rate of tax for d and unmarried persons has been cut by rcentage point to 43 percent, the benefits rate reduction have been offset by the re- n in rebates and the effects of fiscal drag, omenon that government considers ap- te to ignore, and which arises as a result tion pushing up the nominal amount of s and wages. A direct consequence of that individual tax collections will in- by R7-billion this year and will now con- 38,9 percent of total government reve- e revised estimate for the 1991 fiscal year percent).

greater effects of fiscal drag are borne by v and middle income earners. For exam- narried person earning R20 000 in 1991 have paid tax of R1 700 (or 8,5 percent me). The same person earning R23 000 would pay R2 290 (or 9,96 percent of). This represents an increase of tax pay-

able of 17,18 perc

A taxpayer earn have paid tax of R come). Earning R would pay R38 03 representing a pe able of 1,85 perce

A similar trend a persons and marr payable as a perce

It is doubtful that tion of VAT at a r the consumer wit When VAT is int year there is expec inflation rate, par ed reluctance to pa credits on capital consumer, and th previously subjec to VAT — such a charges, short-ter vices. Furtherm maize are not sul basic foodstuffs v will also hit the in ly avoided paying

Simply put, fisca the broader base c used to finance t rates and the VA Budget hits the l hardest and repre come as opposed supported by son South Africa.

Don knot

By REG RUMNEY

Blind demand end to pensions based on race

MR6c 4/4/84 300

By SHARON SOROUR
Labour Reporter

BLIND workers have demanded that black pensioners get the same remuneration as whites and coloured people.

Hundreds of blind workers rejected the gradual narrowing of the gap in the pensions of blacks and other groups at the second annual League of Friends of the Blind (Lofob) conference, said director Mr Philip Bam.

He said: "Blind people have demanded that pensions be equalised immediately and not gradually."

Tension building

Mr Bam said the pensions of blind black workers would increase from R175 a month to R225 a month while those of whites and coloured would increase from R276 a month to R304 a month.

"The funds must be found to equalise these disparaties and there must be a reshuffling of priorities to settle a lot of tension that is building up.

"Black blind workers are angry at the lack of earnestness on the part of the State."

Lofob's efforts over the years to have the pensions equalised had met with "very little success," Mr Bam said.

The conference, attended by more than 150 blind people, expressed support for legislation to be tabled that would compel employers to employ disabled people and especially blind and partially-sighted people.

Labour focus

Blind workers also demanded that they be included in the Workman's Compensation Act and that the "means test" be revised.

"In terms of the means test, once a blind person has an income of more than R45 a month, the monthly R276 pension is reduced by R1 for every R12 earned. This is unfair and unrealistic."

The conference focused on labour affairs and government assistance to blind people.

APARTHEID BAROMETER

PENSIONS 5/4-11/4/91

PENSIONS paid out to whites in the current financial year are 26 percent higher than pensions for people in other race groups, according to the amounts allocated in the 1991 budget. (300)

Africans willl receive R225 a month, coloureds and Indians R263 and whites R304.

Nationalising no worry, says insurance firm

Cpress 7/4/91

OLD Mutual was "not perturbed" by talk about nationalisation, the insurance giant said this week. 300

"We have no shares to be taken over," the firm's chief operating officer Gerhard van Niekerk told *City Press*, explaining the company belonged to its policyholders.

Van Niekerk said that although the company did not categorise policyholders by race, above 45 percent of its individual policyholders were black, as were the majority of members of its pension and provident funds.

The firm's 25 percent increase in total earnings the past year to a record R10,6-billion also stemmed directly from a rise in the disposable income of black people, he said, adding it had added bonuses worth R876-million to pension, provident and religious institution funds which participated in the Guaranteed Fund system.

Over the past year the benefits paid out to policyholders amounted to more than R15-million a day, with a total benefit payout of of R3,7-billion.

"It was largely because of investment results like these that the largest trade-union negotiated retirement fund in the country was placed with Old Mutual during the past financial year," he said.

The MINISTER OF FINANCE:

(1) and (2) No. The Commission did, however, recommend that although no concession with regard to tax on fringe benefits flowing from share option schemes should be granted, a limited degree of exemption must be granted in respect of benefits derived from share incentive schemes which have been approved by the Commissioner for Inland Revenue and which are created for the benefit of *all* permanent employees of a company and not only for new entrants. These recommendations were accepted, in principle, by Government. The matter is being investigated by the Commissioner for Inland Revenue in consultation with the Tax Advisory Committee and shall enjoy further consideration on completion of the investigation.

(3) The investigation will still take some time and I do not consider it advisable to make a statement before I receive a report back in this regard.

Bedfordview: new police station

*12. Mr B B GOODALL asked the Minister of Law and Order:

Whether it is intended to build a new police station in Bedfordview; if not, why not; if so, when will building operations (a) commence and (b) be completed?

B620E

The MINISTER OF LAW AND ORDER:

Yes.

(a) and (b)

The provision of the service is determined by the availability of funds. The projected tender date for a new police station in Bedfordview is September 1995.

A new planning of all South African Police accommodation requirements is presently being carried out with a view to reducing costs, i.e. state expenditure. This process can have an influence on the date.

Consequently, I cannot at this stage indicate when building operations will commence or be completed.

Abortion/sterilisation: legislation

*13. Dr Z J DE BEER asked the Minister of National Health:

(1) Whether she intends to introduce any legislation in regard to abortion and sterilization during the present session of Parliament; if not, why not; if so, (a) what legislation and (b) when;

(2) whether she has received any representations in this regard during the past 12 months; if so, (a) from whom and (b) what was (i) the nature of and (ii) her response to these representations?

B623E

The MINISTER OF NATIONAL HEALTH:

(1) No, the majority of persons who reacted to the invitation to comment, are against any amendments of the existing Abortion and Sterilisation Act, 1975;

(2) yes, representations in this regard have been received after an invitation for comments was issued to the general public on 20 March 1990,

(a) a total of 48 846 persons reacted to the invitation. This includes individuals of all population groups, several organisations and professional persons and

(b) (i) 98,62% of the persons that reacted to the invitation were against any amendments of the existing Act and

(ii) it is clear that the general public is not in favour of amendments of the Act. Therefore the decision was made not to amend the Act.

Illegitimate children: rights of access to fathers

*14. Mr L FUCHS asked the Minister of Justice:

Whether it is the intention to introduce legislation in terms of which rights of access will be granted to fathers of illegitimate children; if not, why not; if so, (a) when and (b) what is envisaged in this regard?

B644E

The MINISTER OF JUSTICE:

The rights of a father regarding his illegitimate child are at present being investigated by the

South African Law Commission and it is appropriate to await their recommendations in this regard.

Pension contributions: backlog

*15. Mr L F STOFBERG asked the Minister of Finance:†

Whether there is a backlog at present in the payment of the State's share in pension contributions; if so, (a) since when, (b) how large is the amount concerned and (c) in respect of what date is this information furnished?

B649E

The MINISTER OF FINANCE:

No.

(a) Falls away

(b) Falls away

(c) 28 February 1991

Unrest incidents: ANC/SAP

*16. Mr L F STOFBERG asked the Minister of Law and Order:†

(1) Whether the ANC has been granted permission for some of its members to accompany the South African Police to unrest incidents; if so, with effect from what date;

(2) whether an exception to the usual procedure has been made in the above-mentioned case; if so, why;

(3) whether the same concession has been granted to (a) Inkatha and (b) other political parties; if not, why not, if so, to which political parties?

B650E

The MINISTER OF LAW AND ORDER:

(1) No, no general permission has been granted.

(2) After the declaration of the unrest regulations in accordance with section 5A of Public Safety Act, (Act 3 of 1953) on 11 November 1990, which also provided for the application of a curfew in Atteridgeville, the ANC alleged that the curfew and the presence of the Operational Branch of the South African Police in Atteridgeville was stirring up animosity amongst the youth and residents of Atteridgeville. In an attempt to refute these allegations it was agreed upon with the ANC that they would appoint two lawyers. The purpose of this was that they would accompany the Police to scenes of unrest, after the Police had notified them of such incidents. In this way it could be shown to the organisation that the conduct of the Police was *bona fide* and taking place within their powers.

However, it was found that the two lawyers were pursuing the Police everywhere without invitation and without good reason. In view of this the Regional Commissioner accordingly decided not to proceed with the procedure agreed upon. No occasion had arisen, before the pursuit referred to, for the Police to contact the two lawyers.

(3) (a) and (b) No, because no such requests have as yet been addressed to the South African Police and neither has any such instance yet occurred where it was in the interest of the maintenance of law and order. If Inkatha, or any other political party deems it necessary to have discussions with the South African Police about this matter, they are welcome.

*17. Mr R F Haswell—Public Works and Land Affairs. [Question standing over.]

Atmospheric Pollution Act: amendments

*18. Mr R F HASWELL asked the Minister of National Health:

(1) Whether her Department intends motivating amendments to the Atmospheric Pollution Prevention Act, No 45 of 1965, during the current session of Parliament; if not, why not; if so,

(2) whether she will consider introducing amendments providing for (a) stricter national and regional regulations and (b) economic incentives; if not, why not?

B654E

The MINISTER OF NATIONAL HEALTH:

(1) No, the Department of National Health and Population Development is waiting for the report of the President's Council

The MINISTER OF WATER AFFAIRS AND FORESTRY:

		TRANSVAAL	NATAL	CAPE PROVINCE	ORANGE FREE STATE
(a)		133	257	127	Nil
(b)	(i)	89	251	126	Nil
	(ii)	25 211 ha	84 196 ha	29 812 ha	Nil
(c)	(i)	44	6	1	Nil

(ii) The maximum permissible area for afforestation in the relevant catchment or sub-catchment had already been fully allocated.

Public servants: retired on pension

266. Dr W J BOTHA asked the Acting Minister for Administration:† (300) Hansard 9/4/91

In respect of each salary category and the latest specified period of five years for which information is available, (a) how many public servants retired on pension, (b) how many of these officials had bought back pension and (c) (i) how many of these officials who had been promoted only once during the above-mentioned period had received such promotion in the (aa) last year of service, (bb) second-last year of service and (cc) third-last to fifth-last years of service and (ii) in which years of service had officials who had been promoted more than once during the above-mentioned period received their very last promotion before retirement?

B717E

The ACTING MINISTER FOR ADMINISTRATION:

(a) and (b) The Department of Finance has indicated that the required information is not kept on a central system and that it will take several months, at great cost, to withdraw the information from individual files.

(c) The relevant information is not available from any central record, as each department handles its own promotion matters and the Commission for Administration's recommendation is requested only in those cases that are not assigned or delegated. To obtain the information, each department will have to consult its archive records, which will be costly in terms of man-hours. If the information is still required, the question will have to be addressed to each department individually.

Broad categories: persons employed

276. Mr P H P GASTROW asked the Acting Minister for Administration:

(a) How many (i) Whites, (ii) Coloureds, (iii) Indians and (iv) Blacks were employed in the following broad categories in Departments, viz Labourers, Educators, Nursing, Services and Other Personnel and (b) what total number of persons in each race group was employed in Departments as at 30 September 1990?

(250 [illegible] lot)

B735E

The MINISTER OF STATE EXPENDITURE AND FOR REGIONAL DEVELOPMENT: Hansard 9/4/91

ANNEXURE

(a)	(i) Whites	(ii) Coloureds	(iii) Indians	(iv) Blacks
Labourers	1 140	33 428	1 453	132 143
Educators	68 437	39 188	13 139	58 624
Nursing	23 432	15 562	5 773	29 252
Services	87 466	13 685	3 871	51 428
Others	122 408	17 817	7 071	22 985
(b)	302 883	119 680	31 307	294 432

Administrator of Natal: overseas trip

279. Mr M J ELLIS asked the Minister of Planning, Provincial Affairs and National Housing: (2164)

Whether the Administrator of Natal recently went on an overseas trip to Hong Kong; if so (a) who authorised the trip, (b) what was the purpose of it, (c) who accompanied him, (d) what was the (i) duration and (ii) cost of the trip and (e) who paid for it?

Hansard 9/4/91. B739E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Yes.

(a) The Minister of Planning, Provincial Affairs and National Housing.

(b) The purpose of the overseas trip was two-fold—

(i) to encourage affluent businessmen and persons with competence and expertise in respect of labour intensive industries to resettle in Natal with a view to creating job opportunities in the region and the development of an infrastructure which will offer a high degree of training to a great number of the unskilled in Natal; and

(ii) to recruit engineers, medical personnel and persons trained in the technological field for the Natal Provincial Administration.

(c) Dr N E Howes, Director-General of the Natal Provincial Administration as well as municipal councillors, town clerks and members of the private sector.

(d) (i) 11 days.

(ii) approximately R45 000 (2164)

(e) The Natal Provincial Administration in respect of the Administrator and the Director-General. Hansard 9/4/91.

Own Affairs:

Natal Education Department: posts

51. Mr R M BURROWS asked the Minister of Education and Culture: (50)

(1) Whether, at the meeting of the Natal Education Council held on 4 March 1991, the Executive Director of Education in Natal gave an indication of the number of posts which will be abolished or declared redundant in the Natal Education Department at the end of 1991; if so, (a) what number was so indicated and (b) in which education areas will cuts be made initially; Hansard 9/4/91

(2) whether any other executive directors have indicated, in quantifiable terms, the number of posts which will be abolished or declared redundant in the provinces concerned; if so, what number in each such province;

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

B667E

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes,

(a) ± 640,

(b) pre-primary and remedial education, extra-curricular music schools and teacher training;

(2) no;

(3) no.

Warning on pension changes

By Shareen Singh

Recent changes to the Pension Fund Act might require pension fund members to make changes regarding their beneficiaries, and trustees must ensure that this is communicated to their members, Old Mutual said yesterday.

According to the amendments in the Act, self-supporting children no longer automatically qualify as dependants. If a member wishes to benefit a self-supporting child, the child must be nominated as a beneficiary in a nomination form signed on or after June 30 1989.

If a member who did not make a beneficiary nomination is survived by two children — for instance a self-supporting child of 21 and a dependent child of 19 — the dependent child will receive the entire amount.

The fact that the member may have bequeathed his entire estate to these two children in equal shares cannot be taken into account by the trustees.

Previouly, a member survived by a self-supporting estranged child was not allowed to nominate an elderly father or mother as a beneficiary, unless they proved to be dependent on him.

The child who automatically qualified as a dependant received the benefits to the exclusion of non-dependants.

However, according to the changes in the Act, a non-dependent nominee may now share in the benefits, despite the existence of other dependants.

It was important for members to understand the changes and make the necessary adjustment, Old Mutual said.

Pension fund death benefit payments in the region of half-a-million rands are not uncommon these days and if members neglect making the adjustments, the loss to a child could be substantial, the company said.

Blacks unhappy with pensions

MANY black workers are currently negotiating their way out of pension funds and substituting them for provident funds.

Lump sum payments - the essential characteristic of provident funds - is seen as far more appropriate for black workers.

In an article in Sanlam's annual *Group Benefits Review*, Mr Taffy Adler, social welfare co-ordinator at the Labour and Economic Research Centre, analysed the reasons why workers over the past 10 years had rejected pension funds in favour of provident funds.

Adler writes that until 1981 it was widely assumed that South Africans viewed pensions as a good thing.

This assumption led to the Government publishing the 1981 Preservation of Pensions Bill.

The Bill proposed to extend coverage to all workers and would prevent refunds of any pension contributions before the applicable age.

Protest

Vehement protest by black workers and widespread industrial action led to the Government withdrawing the Bill.

The general feeling was that pensions were good news only to highly paid workers who had worked for one employer for a long time. In such circumstances, pensions might be sufficient to provide for old age.

The majority of black workers, however, were unskilled or semi-skilled and poorly paid, wrote Adler.

Problem

"This in itself would make for a small portion contribution and consequently a small payout.

"Short membership of a pension fund - most blacks do not have long service at a company - tends to make a small pension accumulation even smaller," he said.

According to Adler, a further problem is that many black workers do not get even the meagre

By JOSHUA RABOROKO

pensions to which they are entitled - the result of bureaucratic theft, corruption and endless red tape.

The frequent losing and changing of jobs bring out a third factor in worker dissatisfaction with pension schemes.

When workers leave employment before pensionable age, they are generally paid out their pension contributions plus a very low rate of interest (around six percent).

The investment normally earns in excess of 20 percent interest.

Also, it can take up to six months to be paid out.

Workers

Most pension funds require a fixed contribution from workers, but allow management's contribution to float according to what is required by the fund.

"It means that companies can take a contributions holiday until their contribution is once more required to build up the reserves," said Adler.

"Sometime down the road it is entirely possible that pension funds will be so overfunded that they will no longer require company contributions except in exceptional circumstances. In effect, then, workers would be paying for their own pensions."

In contrast, the calculation of the amount due in provident funds - the sum of employer contributions, workers contributions and interest - is simple and direct.

The money comes in one amount at the point of departure. The hassle factor is thus minimised.

Benefit

"Employers, now relieved of the responsibility of underwriting future pensions in a pension fund, are more agreeable to the payment of the actual rate of return as well as their contributions as part of the withdrawal benefit before retirement," writes Adler.

An interesting recent development in this area has been trade union sponsorship of industry-wide funds. National funds on an industry basis achieve economies of scale not permitted to smaller, company-based funds.

The first of these union sponsored funds, the Chemical Industry National Provident Fund, has been in existence for three years.

Despite being vigorously opposed by employers in the industry, the fund has grown and now has 4 000 members from 20 companies.

The National Union of Mineworkers recently negotiated the industry-wide Mineworkers Provident Fund.

The South African Commercial Catering and Allied Workers Union has also announced an intention of negotiating a national fund.

Sowetan 11/4/91

Key lies in deferred compensation

THERE is an increasing demand by business and the public sector for skilled people to meet the challenges of the future SA.

This need is putting pressure on employers to not only keep existing key executives but also continue to attract high calibre people.

But key employees are often high taxpayers and a substantial portion — 43% — of any salary increase is paid to the taxman, reducing the benefit to the employee.

The answer, says Old Mutual senior legal analyst Peter Stephan, is deferred compensation.

"This gives the employer the opportunity to reward key employees without the tax implications of a salary increase.

"This benefit is so good that it has been called the 'golden handshake'."

Through this scheme, key employees receive a lump sum at retirement, or within five years of retirement date.

The first R30 000 of this lump sum pay-out is tax-free, and the remaining portion, which can be up to three times the employee's salary, is taxed at his average rate. Careful planning can ensure a low average rate.

Normally, one cannot benefit from the tax relief on this scheme unless one is at least 55 (male) or 50 (female).

But the tax authorities have the discretion to allow the tax benefits before reaching these ages in certain circumstances, such as retrenchment, loss of office, early retirement due to ill-health, or marriage, in the case of women.

AIDS 'pandemic' a major unknown for the industry

WITHOUT any doubt, AIDS is one of the most serious problems of modern times. It affects people everywhere, in their life styles, and in their life expectations.

And for that latter reason — because AIDS is expected to become a major cause of death world-wide — the disease is of enormous concern to the life assurance industry.

The simple reason is that AIDS, as it spreads, could upset the mortality tables on which all life assurers base their premiums.

Hence Liberty Life chairman Donald Gordon's apt use of the word pandemic in his recent chairman's statement, when he said "the AIDS pandemic was one of the major unknowns facing the industry.

Neither here nor overseas has the life assurance industry developed a cohesive approach to this problem. Some companies ask intrusive questions; some apply loadings; others apply exclusions.

While the macro problem is still to be addressed, here is one approach to a micro (but still serious) aspect — that of potential AIDS-associated death and disability benefit costs.

Southern Life general manager Graeme Lillie says: "For pension and provident schemes, there are two obvious approaches to insuring AIDS:

- "Either cover AIDS claims as one would any other disease; or
- "Exclude claims arising from AIDS."

Problems

The exclusion route presents several problems:

- It may be difficult to ascertain the cause of death. The death certificate will often only indicate immediate cause of death; and
- Should AIDS claimants be treated differently from claimants suffering from other diseases?

Southern Life has strongly recommended the implementation of negotiated employment policies which address the issue raised by AIDS.

Confusion over pension fund death benefits for children

Sloan 11/4/91

GILLIAN HAYNE

CHILDREN who support themselves no longer benefit automatically from pension fund death benefits and must be specifically nominated as beneficiaries, tax experts warn.

The warning follows confusion because of changes in the Pension Funds Act.

In the past, members' benefits would either pass to dependants — who included all children, whether self-supporting or not — or, in the absence of dependants, to nominees.

Dependants were now defined as spouses and children not supporting themselves. They added, also, that where funds were sufficient, the benefits could be distributed between dependants and nominees.

But one industry source complained: "Even if a self-supporting child is nominated, if the trustees do not think there is enough money to be adequately distributed between the dependants, the nominee will still not receive any benefit."

Old Mutual assistant GM Chris Newell said that any beneficiary nomination signed before June 30 1989 in favour of a person who no longer qualified as a dependant would be null and void, and the dependant would need to be re-nominated.

"Any member wishing to benefit a self-supporting child must designate the child as a nominee in terms of a nomination form signed on or after June 30 1989.

"The results of the change in legislation can be alarming. Should a member neglect to make a beneficiary nomination and, for example, be survived by two children — a self-supporting child of 21 and a dependant child of 19 — the trustees will not be able to allocate any portion of the death benefits to the 21-year-old, self-supporting child.

"The fact that the member may have bequeathed his entire estate to these two children in equal shares cannot be taken into account by the trustees. In terms of the new law, the dependant child will receive the entire death benefit, while the self-supporting child, disqualified through the member's neglect, will receive nothing," said Newell.

Business Day SURVEY

The financial services industry, of which life assurance is by far the most important component, is in a state of considerable turmoil. As we move towards the new South Africa, the playing fields are being levelled, and the goal posts are being moved. ***KEN ROMAIN*** *reports.*

Fairy godmother is not likely to feature in new South Africa

BDay 11/4/91

NORWICH Life MD Charles Davies believes the industry should openly commit itself to change.

"The country is under pressure to change, but this time the pressure does not come from outside. It comes from within and the will to free society by political enfranchisement and the empowerment of its people to freely express their own aspirations and move towards prosperity.

BS 300 Recognise

"While this augers well for the future, a prerequisite for a life assurer to participate in this process is for it to recognise its own values and openly commit itself to becoming a part of the challenge and pain involved in developing an environment for all South Africans to prosper."

This means there is no place for tokenism or plausible rhetoric but only real action, says Davies.

If a company wishes to foster the democratisation process it must ensure that its personnel and its policies reflect the society in which it operates, without either prejudice or cynicism.

Education cannot continue to form part of a social responsibility budget. It must have a purpose and strategy of its own so that financial support ceases to be charity but becomes an investment in educated people necessary to meet the challenges ahead.

Davies says there is pressure to devote policyholders' funds to the public good, although there is resistance to this. Reality will show that this country needs to mobilise all its resources to meet the vacuums so apparent — including homelessness, unemployment, inadequate education and health care — unless there is a foreign "fairy godmother" who wants to take over responsibility, which he doubts.

"The life assurance industry must become involved and cannot abrogate its integral involvement in the society. On the other hand it must demand and exercise prudence in its



CHARLES DAVIES

employment of the funds entrusted to it by policyholders and pension fund investors.

"In other words, it can't indiscriminatly ignore the responsibility it has to ensure reasonable returns to its clients, but it must also not take the easy way out and sit on the sidelines.

"The point is that life assurers must accept responsibility to commitment and to really participate, while the politicians must avoid the temptation of greed and irresponsible solutions," says Davies.

New laws benefit policies for young

BDay 11/4/91 300

CHANGES in the Insurance Act in regard to children's policies have had a major effect on the sales of this type of assurance.

The two main areas are education policies taken out on the life of a very young child in order to, hopefully, pay the private school fees in the future, and life and/or endowment policies designed to give the child a jump-start in life.

Before the recent changes, investment in children's life and pure endowment policies was effectively restricted to R125 per family per month.

Now, up to R104 per month per child of five years and younger is possible, and up to R312 per month per child from ages 6 to 13.

These figures are calculated by Sanlam on the basis of the combined result of the maximum death cover allowed by the Insurance Act on children's policies and the minumum level of death cover to qualify for a standard policy as defined by the sixth schedule to the Insurance Act.

Sanlam's figures for children's policies from October 1990 to February 1991 show significant increases over the same period a year earlier.

According to marketing actuary Jacques de Villiers, the number of policies sold rose by 53%, while the total annual premiums were more than doubled.

The average premium per policy increased by almost one-third.

De Villiers says: "The figures show the big need of parents to provide for their children's future. The amendments to the Insurance Act last year made this easier for them and were a step in the right direction."

Upsurge

Not surprisingly, the amendments to the Act have led to an upsurge in educational policies.

Liberty Life, looking at the changes in terms of cover rather than premium, says that the ceiling on life cover on minors has been raised from R250 to R10 000 on children up to the age of six, and from R500 to R30 000 on children between 6 and 14 years. It has brought out a Child's Education Policy.

FOCUS: *You can't see your medical file — but insurance firms do*

Insurance and privacy

w/mail 5/4-11/4/91.

300

CRITICAL CONSUMER



Pat Sidley

SOUTH AFRICAN consumers of health services have no legal right to the information doctors have about them.

In terms of rules within the profession, doctors are obliged to tell patients of the diagnosis and treatment and to furnish some reports of tests, but these are not legal obligations.

However, the information — accurate or not — doctors have on their files can land up on insurance companies' computers and be sent to other companies wanting the information. This could affect the granting of life insurance policies, bonds and other financial transactions.

At no stage would the consumer have any legal right to see the information, to have it altered if it is wrong or being wrongly construed, or to have the information wiped out of a storage system.

The problem begins in the consulting rooms, where the doctor is making notes in a patient's file. If that doctor should botch his diagnosis, the patient would have no right to his notes — a position confirmed in a case in the Eastern Cape division of the supreme court.

A patient applying for life insurance would most likely sign a consent form allowing information in the file to be passed on to the insurance company. This can have disastrous consequences for a patient applying for life cover.

According to doctors, if the patient was tested for a venereal disease some years ago and then more recently for Aids, despite the fact that the tests came back negative, the insurance company's risks department will form a picture of a person whose lifestyle is a risk. While insurance companies spoken to this week tended to say it was "not quite so simple", this position was confirmed by Jurie Wessels of the Life Officers' Association in Cape Town — the association which represents the industry.

A misdiagnosis or misunderstanding could mean higher insurance premiums or a refusal by an insurance firm to insure a patient.

One doctor who works for an insurance company put the following scenario to Critical Consumer: Say for argument's sake every time a patient had a twinge in the chest, the doctor wrote "pneumonia" in the file as a sort of shorthand indication. Some way down the line, the information lands up in an insurance company's hands and the applicant is seen as a risk.

The premium is then loaded or the application is turned down. So the patient applies for life cover to another company, which asks about any other applications the person may have made; the information is made available by one company to the other, and the process continues.

Throughout all of this the patient/applicant may have no idea of what is happening or why.

According to the insurance company doctor, much of the information requested by and furnished to insurance firms is not necessary and constitutes an invasion of privacy. This information is not only seen by the medical officer of the company, who is bound by various oaths to secrecy — it is seen by the underwriters who assess the risk.

The industry spokesmen, who told *The Weekly Mail* several times that doctors were the best judge of the medical history of a patient and were never wrong, said underwriters had to see the information because only they, or risk assessors, could know the risks involved; doctors lacked that knowledge.

According to the industry, there are various protocols worked out between the insurance industry and the Medical Association of South Africa which govern the way in which the information may be used, but these "protocols" lack consumers' input.

The industry has a point when it states, as several of its spokesmen did this week, that nobody has a right to insurance and insurance is a business like any other. If risks are taken incompetently then existing policyholders stand to lose and their rights have to be protected too.

The industry is also emphatic that an applicant who believes an injustice to have been done can ask for the position to be corrected. But the applicant may not know what has happened.

This Critical Consumer believes that while constitutions for the "new South Africa" are being discussed, some protection of individual rights to information about oneself should be enshrined.

Pensions fiasco looms

By STEFAANS BRUMMER, Staff Reporter

THOUSANDS of Cape residents are likely to go without pensions and welfare allowances next month because of alleged Provincial Administration mismanagement which may also have cost taxpayers a considerable sum in payments to unqualified people.

It is alleged that between a third and a quarter of pensions and welfare payments to blacks in the Cape have not been reviewed as required by law and that payments will be cut off while the situation is rectified.

But these will include payments to many *bona fide* recipients who, unaware that they should have applied for their pensions or allowances to be renewed, could be in for a shock next payday.

Democratic Party provincial affairs spokesman Mr Jan van Eck has described the situation as a "fiasco", warning that cutting off pensions would be "callous in the extreme and send shockwaves through the townships".

Removed from payroll

The Transvaal Provincial Administration, which co-ordinates provincial pension and allowance payments at national level, is said to have asked the four provincial administrations last year to apply more strictly the regulation under the Social Penions Act requiring payments to be reviewed periodically.

Review is deemed necessary to prevent, for example, payments to dead people being collected by proxy, disability grants to people who have recovered or child support where children no longer need of assistance.

The onus is on the recipient to apply for review after a reminder from the province. The province has been administering black pensions since 1987.

The Argus learnt that earlier this month the CPA's Directorate of Community Administration began removing tens of thousands of names from its payroll.

The majority had not applied for their pensions or allowances to be reviewed but had been getting monthly payments anyway.

A list, dated February 26, sent to the CPA by the TPA, was said to have contained about 38 000 names — between a quarter and a third of the payroll. The CPA refused to confirm or deny the figure, except to say there was a "considerable backlog".

The Argus learnt that the CPA intended to stop payments to people on the list by next payday, between May 2 and 17 depending on the area. Most are disability grants but certain classes of welfare allowances are also involved.

The CPA refused to disclose how long they had been paying pensions which technically should have been stopped, or what amounts were involved.

Based on disability grants of R175 and welfare allowances between R41 and R175 the 38 000 payments could involve more than R4 million a month.

Limited reviews

But Black Sash pensions expert Mrs Sue van der Merwe, who liaises with the CPA over payment problems, pointed out that in many cases recipients would be entitled to their pensions and allowances and had merely failed to apply for review out of ignorance.

CPA spokesman Mr P J Fourie said: "All social pensions and allowances are subject to review once every six months.

"However, due to the magnitude of this task and a lack of manpower, reviews could only be carried out on a limited scale up to now. This has resulted in a considerable backlog, which is now being attended to.

Democratic Party provincial affairs spokesman Mr Jan van Eck called on the Administrator, Mr Kobus Meiring, to appoint a commission of inquiry immediately to ensure that "the wastage of taxpayers' money is stopped" and that "steps taken to rectify this mess" did not affect deserving recipients.

"This wastage is shocking if one bears in mind that provincial hospital and medical services have virtually been brought to their knees as a result of massive cutbacks.

Thousands may not get pensions

Star 16/4/91

(300)

CAPE TOWN — A tragic "fiasco" in which thousands of Cape residents may go without pensions and welfare allowances next month has been blamed on mismanagement by the provincial administration.

Millions of rands in taxpayers' money is believed to have been paid in pensions and grants to disqualified people.

It is alleged that between a third and a quarter of pensions and welfare payments to blacks in the Cape have not been reviewed as required by law.

Payments will be cut off while the situation is rectified. But many bona fide recipients, unaware they should have applied for their payments to be renewed, could be in for a shock next payday.

The Transvaal Provincial Administration, which co-ordinates provincial pension and allowance payments at national level, is said to have asked the four provincial administrations last year to apply the review regulation more strictly.

Review is deemed necessary to prevent, for example, payments to dead people being collected by proxy.

A Cape Town newspaper learnt earlier this month that the Cape Provincial Adminstration's Directorate of Community Administration had begun removing tens of thousands of names from its payroll.

A list, dated February 26, sent to the CPA by the TPA, was said to have contained about 38 000 names — between a quarter and a third of the payroll. The CPA says there is a "considerable backlog".

The paper learnt that the CPA intends to stop payments to people on the list between May 2 and 17. — Sapa.

Shaping our destiny

Sowetan 18/4/91. (300)

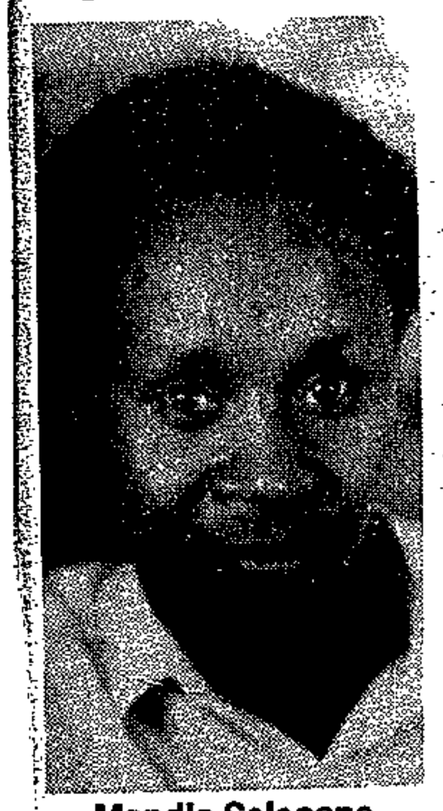
ACA puts focus on care for the aged

SENIOR citizens have a right to socialise and act as full members of society like everybody else, a long-serving social worker, Mary Mbuli, told a seminar on social welfare.

By MOKGADI PELA

The seminar, which was organised by the Women's Desk of the Advice Centres Association, took place at the Lutheran Centre in Soweto and brought together a wide range of experts.

Mbuli said it should be appreciated that the elderly "were once young like us. It's unfair to neglect them because they have now lost their sprightly energy.



Mandla Seleoane

"This reminds me of the capitalist society which is only interested in a person for as long as they can exploit their labour.

"Let's not deprive the aged of their rights. Two years ago we had two elderly couples getting married in Soweto. We should look at our grandparents as an extension of the family because after all they still guide us," Mbuli added.

Delivering the keynote address, Rose Ngwenya of Imbeleko Women's Organisation said the welfare of black people would depend on psychological instead of physical liberation.

"Psychological liberation produces a stable and healthy mental state. This will result in a community having confidence in itself and being self-reliant."

Master of Ceremonies and labour expert Mandla Seleoane said:

"I have often observed that if a black worker visits an office accompanied by a white junior, black receptionists automatically assume that your white colleague is your senior and address him as such."

Coronation Hospital specialist Dr Yusuf Veriava said unlike a hairdo, health was not a luxury.

Caring

"There should be a type of health system that doesn't tax people. It's the responsibility of the Government to provide health care to its citizens.

"By privatising health, the Government is abdicating its responsibility."

Veriava said all sectors of society should strengthen the public sector so much that the private sector hospitals were forced to disappear.

He added that the current dual system of public health and private health facilities was unacceptable.

Phindi Mavuso, of the Independent Living Centre in Mofolo, a campaigner for the rights of people with disabilities, said it was pathetic to notice that "able-bodied people discriminate against the disabled".

Mavuso said the attitude of the family changed if the child was born with a disability. "Friends will not be allowed to see the child. The child will not be accomodated in any activities of the family. It has always been said a child born with a disability is a curse. It will grow isolated from her age group."

She said community-based structures, transport, education and employment should be accessible to the disabled community.

She added that awareness raising was necessary to change the situation.

Ishmael Mkhabela, a community organiser at the Wilgespruit Fellowship Centre, said: "There is a sense in which we regard social welfare as the benevolence of the State instead of a right."

He said the social welfare department had a rich heritage of arrogance. "For instance, if we invite the Minister of Social Welfare to our seminar the first thing he says is 'What can I do?'

" What we need is participation by the masses in shaping their destiny. We need to arm ourselves with power and not slogans," Mkhabela said.

Patience Maisela said it was important to acknowledge the good aspects of our traditional society.

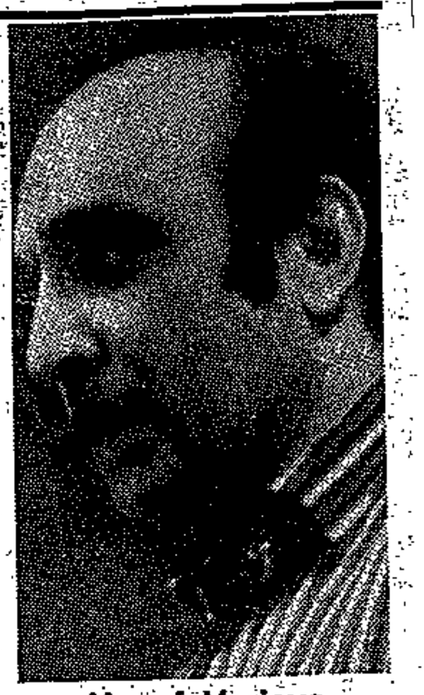
"In the past we had no destitute or widows because of polygamy. We did not need old age homes as the aged were part of an extended family.

"Blacks had a sense of belonging.

"It was colonisation with its attendant segragationist laws that destroyed the family structure and eroded our self-respect. The essence of our being was eroded as we became individualistic in our struggle to make a living," Maisela said.

Pearl Mbekwa, an attorney in Germiston, said the role of institutions like ACA was to act as a check against buraucratical ills.

She echoed Veriava's feelings that ACA could help expand demands that patients could be making.



Yusuf Veriava

On the role of Educare and Pre-Schools in society, Mbuli said they were an excellent institution to incalcate a feeling of sharing among kids.

She said all members of the community should be literate and equipped with special skills to be able to get productive employment.

UNIT TRUSTS

Big rush for two new schemes

Market response to the two unit trust schemes linked to endowment or retirement annuity investments offered by Sage Life has been exceptional — and Multilink and Sagelink are the two top performers among the seven investment vehicles offered by Sage.

The big advantage of the schemes, says marketing communications manager Michael Belling, is flexibility.

"The client decides what he can afford to invest and what life cover he requires — and we allocate the funds accordingly. The lower the life cover — which may go right down to zero — the greater the investment in unit trusts..."

Another advantage of the RA is it provides a valuable opportunity to buy unit trusts with pre-tax income.

"Our calculations indicate that, at the end of the day, the tax benefit of buying unit trusts this way is enormous. A person paying a high marginal rate of income tax can aquire his unit trusts for as much as a 40 percent discount," he says.

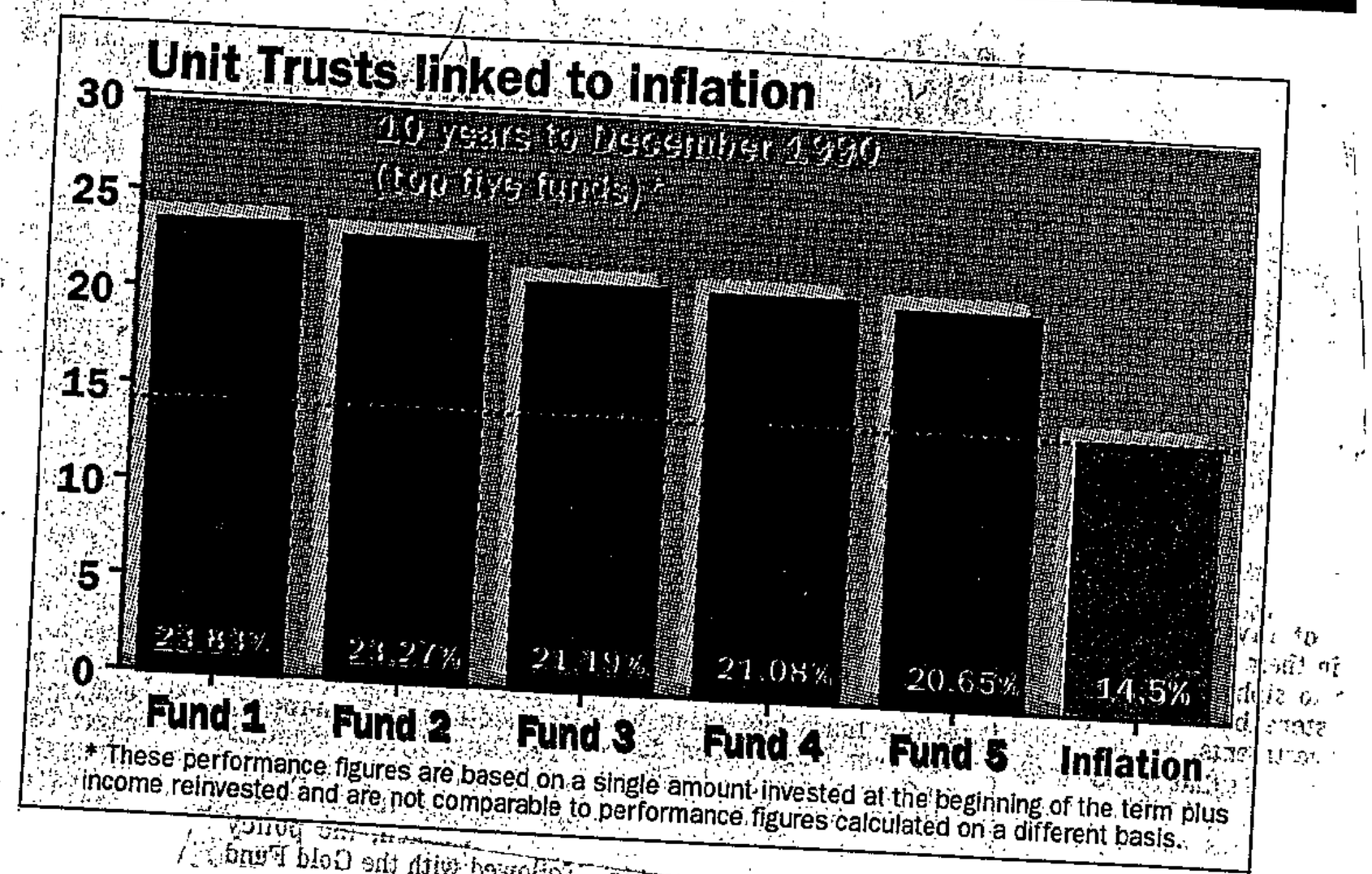
"This saving is enhanced by the fact that investors are acquiring units at a discount, since our bulk buying facility eliminates the usual 5 percent initial charge."

Multitrust is a unique product which enables investors to put money into the full range of unit trusts — and not only those in the Sage portfolio.

"The chances are that over the long term the performance of all good trusts will even out — but through Multitrust we enable our long term investors to benefit from the performance of those which perform best over the short term," says Mr Belling.

SageLink invests in the broadly based Sage Fund and the Sage Resources Fund.

"Our primary objective is to provide long term growth in both capital and after-tax income that far outperforms inflation. And a substantial overseas investment element in the portfolio gives it an added strength."



* These performance figures are based on a single amount invested at the beginning of the term plus income reinvested and are not comparable to performance figures calculated on a different basis.

Rent control: Old, poor will still be protected

JOHANNESBURG. — The conditional phasing-out of rent control will be completed this year, according to the Minister for Housing in the House of Assembly, Mr Sam de Beer.

He said that on the completion, rent control would apply only to premises that were occupied by people who qualified for continued protection on the grounds of income and age.

At present, rent control applies to premises occupied before October 21, 1949, and to premises occupied by protected tenants, identified on grounds of income and age.

Rent control had been lifted conditionally from 52 568 out of 70 813 premises in declared "white" areas since February 1987.

Prescribed income limits to qualify for continued protection are to be raised from June 1 this year. Married tenants or tenants with dependants will have to earn a gross monthly income not exceeding R2 000, and single tenants without dependants, R1 200. — Sapa

FM 19/4/91 300

PENSIONS FM 19/4/91 300

DIVORCE PROBLEMS

Problems with the Divorce Amendment Act 1989, mainly arising from pension rights, are being re-examined by the Law Commission.

Since 1989, pension interests may be included in a divorce settlement. These can be the largest asset in a member spouse's estate but what legislators intended — to help the just division of assets — has introduced complex problems. These have been reviewed by the Life Offices Association, Pensions Institute, Department of Justice and the Commissioner for Inland Revenue.

Chris Newell, assistant GM at Old Mutual's employee benefits division, says while the Act prescribes a method of valuing pension interests, the non-member spouse may claim only a portion of these. A successful claim will be paid only under normal pension conditions — on retirement, death or termination of service of the member spouse.

That could be many years away.

Newell also says: "It appears that any claim by a non-member spouse must be proportional to contributions made for the duration of the marriage. The status of contributions before the date of marriage is unclear."

A major actuarial problem arises, says Southern Life assistant GM Nigel Scott. Courts tend to divide existing withdrawal benefits. While many funds define these as members' contributions paid plus modest interest, a few include employer contributions after a period of service.

In the first case, the non-member spouse stands to be further prejudiced because actual values at pay-out date will be very different. The Act makes no provision for interest meanwhile. So the settlement's real value could dwindle to a meaningless sum.

Retirement annuities, says Scott, are more equitable. In separating these rights, an interest rate, now 18,5%, is applied. But estimating future interest rates is something bankers cannot do, so legislators have an even worse chance.

The most equitable solution may be to separate the funds of the spouses at settlement time, allowing each to grow separately but with the member's fund enjoying the sole benefit of future contributions. Even this, says Scott, is fraught with actuarial and administrative difficulties.

A court is not empowered to order a pension fund to pay interest in addition to the capital amount of the claim. It can order the member to pay interest on an outstanding claim, though courts have rarely done so.

Given the inflation rate, the difference between a court's notional rates of interest and actual rates, and the period which may elapse before a claim is settled, there could be enormous disparities between the intent of a court's asset division and its effect.

Tax division at the end of the day is another problem. Though the Department of Justice and Revenue have agreed a claim in terms of a court order is not taxable, the rights accruing to the member-spouse are taxable in the normal way. Whether the non-member share is paid as a proportion, after the whole has been taxed, has been subject to inconsistent interpretations.

A view from Sanlam was the Law Commission could quickly tidy some problems identified by life offices. Fundamental difficulties will not be addressed for some months. ■

HOUSE OF ASSEMBLY

QUESTIONS

†Indicates translated version.

For written reply:

General Affairs:

Air pollution levels

265. Mr R J LORIMER asked the Minister of National Health: Hansard 19/4/91

(1) Whether any results are available from tests for air pollution levels carried out by her Department, local authorities, the Council for Scientific and Industrial Research and/or any other research institutes in 1989 and 1990; if so, what are these results;

(2) whether these results indicate an increase in the level of pollution over previous years; if not, what are the relevant details; if so, to what extent;

(3) whether any action is contemplated in the light of these results; if so, what action?

B715E

The MINISTER OF NATIONAL HEALTH:

(1) Yes,results from tests for air pollution levels by various organizations are available for 1989 and 1990; sulphur dioxide was continuously measured at 115 and smoke at 150 monitoring stations. The details are available on computer. Since some parameters are measured hourly the result is too voluminous to produce in an answer. Details for any area can be supplied by the Department on request;

(2) the results vary — most levels remain constant, a number decreased and in a few instances an increase was recorded. The levels are all within internationally acceptable limits and do not constitute a health risk or a risk to the environment;

(3) no.

Social old-age pensions

296. Mr B B GOODALL asked the Minister of National Health: Hansard 19/4/91

(a) What total amount has been budgeted to be spent on social old-age pensions in the 1991-92 financial year and (b) how much of this amount will be and/or has been allocated (i) to each (aa) own affairs administration, (bb) province, (cc) self-governing territory and (dd) independent Black state and (ii) for any other specified purposes?

300 B764E

The MINISTER OF NATIONAL HEALTH:

(a) R3 640 422 351 and

(b) (i) (aa)

Administrations:	
House of Assembly	R504 891 000
House of Representatives	345 463 640
House of Delegates	99 443 000,

(bb)

Provinces:	
Transvaal	R558 593 000
Cape	203 930 000
Natal	140 884 700
OFS	115 480 000,

(cc)

Self-governing regions:	
Qwaqwa	R42 606 000
KwaNdebele	39 800 700
KaNgwane	60 677 100
Gazankulu	111 658 500
Lebowa	369 959 940
KwaZulu	709 254 900

and

(dd)

TBVC States:	
Transkei	R190 839 764
Bophuthatswana	65 845 583
Venda	31 782 300
Ciskei	49 312 224

and

(ii) amounts budgeted for attendance allowances are included in the above-mentioned figures.

INTERPELLATIONS UNDER NAME OF MEMBER

Burrows, Mr R M—
Own Affairs:
Education and Culture, 603, 1064

Carlisle, Mr R V—
General Affairs:
Home Affairs, 10

Cassim, Mr M F—
Own Affairs:
Education and Culture, 345

Chetty, Mr K—
General Affairs:
Law and Order, 681

Eglin, Mr C W—
General Affairs:
Foreign Affairs, 429

Gerber, Mr A—
Own Affairs:
Education and Culture, 36, 460

Haswell, Mr R F—
General Affairs:
Law and Order, 286
Planning, Provincial Affairs and National Housing, 65

Herandien, Mr C B—
Own Affairs:
Housing, 125

Hoon, Mr J H—
General Affairs:
Planning, Provincial Affairs and National Housing, 567

Jacobs, Adv S C—
General Affairs:
Home Affairs, 421

Landers, Mr L T—
General Affairs:
Justice, 251

Langley, Adv T—
General Affairs:
Defence, 281
Own Affairs:
Agricultural Development, 891

Leon, Mr A J—
Own Affairs:
Budget and Local Government, 317
Education and Culture, 109

Lorimer, Mr R J—
General Affairs:
Planning, Provincial Affairs and National Housing, 848

Momberg, Mr J H—
General Affairs:
Law and Order, 1042
National Education, 574

Mopp, Mr P A S—
Own Affairs:
Health Services and Welfare, 495

Padiachey, Mr D K—
Own Affairs:
Education and Culture, 692

'Society's underbelly' main target of killers





By DALE KNEEN, Weekend Argus Reporter

The soft underbelly of society — the elderly — are under siege with six vicious attacks on senior citizens within 48 hours this week.

Six died and several more were brutally injured.

And it will get worse unless people are jolted out of their carefree attitude. Police say one problem is people who simply believe it can't happen to them.

Police have a clear warning for elderly people: You may be the next murder victim.

"Elderly people who believe they will not be victims of crime are probably the most vulnerable targets," said police spokesman Captain Attie Laubscher.

He was reacting to this week's spate of attacks.

■ An 82-year-old Darling man, Mr Christiaan Pienaar, was found dead with his feet and hands bound and a belt tied around his neck on Wednesday.

Mr Pienaar's car, a television set and other household goods were missing. The car was recovered in bushes in Mamre and a 26-year-old man was arrested.

■ An Queenstown couple, Mr Dennis Ardren, 62, and his wife Shirley, 59, were shot and killed with a small-calibre gun on Wednesday night.

Mr Ardren was speaking to the police on the telephone when he was shot. The two lived on a smallholding outside the town.

■ Mrs Harriet van Dyk, 72, of Johannesburg, was killed and her husband, Mr Johan van Dyk, 70, was beaten by intruders on Thursday morning.

Mr van Dyk's legs were tied up by the intruders after he lost consciousness from the beating of his attackers.

■ The bruised body of a Bronkhorstspruit farmer, Mr William Henry Milner, 77, was found in his home on Tuesday. His hands and feet bound with wire on Tuesday.

Police believe Mr Milner was clubbed to death with a metal pipe. His attackers cut the telephone wires and apparently got in through a window.

■ A 72-year-old woman, Mrs Ivy Dene Hilda Freeman, and her daughter, Miss Patricia Freeman, 38, were assaulted in a farmhouse at Eston in Natal.

■ Mrs Delores Texeira de Freitas, 66, of Johannesburg, was strangled in the bathroom of her home on Thursday night after the killers entered through an unlocked front door.

Police said she was also stabbed in the eye with a sharp object. The possibility that she was raped is also being investigated.

Her husband told police that when he arrived home he found the security door and front door were closed but not locked and the house had been ransacked.

Mr De Freitas was attacked in the house earlier this month and the two incidents may be linked, police said.

How the elderly can prevent attacks

Weekend Argus Reporter

IT is sad, but true: the elderly are particularly vulnerable to confidence tricksters, muggers and burglars.

However, simple precautions can be taken to minimise the risk without having to retreat behind razor-wire fortifications, say police. Some of the advice they offer amounts to simple common sense, but a lot of it has particular relevance to the elderly.

Apart from the usual anti-intruder precautions such as barring the windows, locking and possibly bolting doors, several other security methods are suggested. Security grilles across doors are recommended, as are dogs and, possibly, burglar alarms.

Avoid casual labourers

Police advise against employing casual help at home.

Beware of strangers with wonderful offers or unusual inquiries, or of people who attempt to win your confidence for no apparent reason, say police.

Where possible, elderly people should not live alone. Family and friends should pay unexpected visits to scare off would-be attackers.

Telephones are essential, and regular calls should be made.

Pension day provides easy pickings for criminals. If possible, arrange for your pension to be paid directly into a bank account. For those who carry handbags: don't hook the strap over your shoulder unless you are strong and healthy.

Bagsnatchers often act with brute force and speed and this can result in serious injury to their victimes when a bag that has been hooked in this manner is jerked away.

Public transport is relatively safe, but even there precautions should be taken.

Keep doors locked

Avoid bus stops where you have to sit alone and wait. Avoid poorly-lit or lonely subway. Be observant when boarding a bus or train, paying particular attention to whether any passengers are acting suspiciously.

If you are driving, keep doors locked and windows closed and park in well-lit areas.

Elderly people who live in isolated areas such as farms are particularly vulnerable. They are "a great source of anxiety to the police" and attacks on them are increasing at an "alarming" rate, according police.

If living in the sticks is unavoidable, at least take in a lodger, young couple or relatives, they advise.

■ **These and many more hints on safety can be found in the police booklet, *Safety For Senior Citizens.***

Star 24/4/91.

Metalworkers get provident choice

Finance Staff 300 40

One of the biggest pension funds in the country, the R4 billion Metal Industries Group Pension Fund, is to enable its members to take their retirement benefits in a lump sum provident basis.

Establishment of the provident fund on May 1 follows two years of negotiations between trade unions in the metal and engineering industries and the employers' organisation the Steel and Engineering Industries Federation of SA (Seifsa), says Harvey Pearce, director of Metal Industries Funds Administration.

"The establishment of this fund marks an important step in the history of negotiated benefits in South Africa," he said.

"Members of the pension fund will have one year from May 1 this year to decide whether they wish to transfer to the provident fund. The pension fund will continue to operate and pay pensions for life to members and thereafter for life to their spouses."

Moses Mayekiso, general secretary of the National Union of Metalworkers of SA (Numsa), described establishment of the fund as a major achievment for metal industry workers.

The provident fund will be jointly controlled by trustees elected by the unions and employers, as is the pension fund.

The about 10 000 Seifsa members employ about 240 000 workers.

Metal industry unveils new provident fund

B10an 3 4/4/92

30D

RSV

LESLEY LAMBERT

CAPE TOWN — The metal and engineering industries will launch a provident fund next week to give members of the R4bn Metal Industries' Group Pension Fund — one of the largest funds in SA — the option of an alternative form of pension.

From May 1, the fund's 240 000 members will have the option to transfer their contributions to the new Metal Industries' Provident Fund which was promulgated on Friday.

It has taken the Steel and Engineering Industries' Federation and eight trade unions in the metal sector two years to negotiate the new fund.

Change

About 60% of the members are expected to take up the option to transfer to the provident fund. By doing so, they will have the opportunity to take their full pension benefits in a lump sum when they resign or retire.

Metal Industries Funds' administration director Harvey Pearce said yesterday that members had been given two years, from May 1990 to May 1992, to decide whether they wanted to transfer their contributions.

New members would have to choose the fund they wished to join but would be given three months to change their minds.

The pension fund, which was established as a non-contributory fund in 1966 and converted to a contributory fund in 1978, would remain operational for those who did not wish to transfer. The fund's actuarial soundness had been confirmed in a recent evaluation, he said.

The new provident fund would be jointly managed by trustees elected by the trade unions and employers. National Union of Mineworkers of SA (Numsa) shop steward Johannes Bokasa was elected the first chairman of the fund's management board.

Provident funds became the favoured pension vehicles of many trade unions after government published a controversial Pensions Bill in 1981 to establish the preservation of pensions.

Many workers threatened to withdraw from their pension funds at the time and provident funds were established as an alternative, enabling them to take their full benefits in a lump sum after retirment rather than a monthly pension.

Pearce and Numsa general secretary Moses Mayekiso said the new fund marked an important step in the history of negotiated benefits in SA.

USINESS

Steelmen's negotiations finally bear fruit

Sowetan 25/4/91

By JOSHUA RABOROKO

THE new Metal Industries Provident Fund will start on May Day after two years of negotiations between the employer's organisation - Steel and Enginecring Industries Federation of South Africa (Seifsa) - and trade unions in the metal and engineering industries.

The establishment of this fund marks an important step in the history of negotiated benefits in the country.

The director of the Metal Industries Funds (administration), Mr Harvey Pearce, said: "Members of the Metal Industries Group fund will have one year from May 1 to decide whether they wish to transfer to the Provident Fund.

"The Pension Fund, currently one of the largest funds in South Africa with assets of R4-billion, will continue to operate and pay pensions for life to members and thereafter for life to their spouses."

The National Union of Metalworkers of South Africa welcomed the move.

mental standards had been carried out and submitted to the Department.

(a) When the offers were considered during July 1988.

(b) The Regional Architect recommended the offer by Kapbro Industrial Complex (Pty) Ltd as the most viable proposition received.

Mr W J DIETRICH: Mr Chairman, may I ask the hon the Minister a supplementary question?

The MINISTER OF HOUSING: Mr Chairman, the hon member will have to put his question in writing because the matter is of such a technical nature that I am afraid I will not be able to answer him.

For written reply:

Own Affairs:

De Novo: statistics and details

21. Mr T R GEORGE asked the Minister of Health Services and Welfare:

(1) (a) What is the nature of the institution named De Novo, (b) what is its average annual intake of patients, (c) what kinds of treatment does it offer to patients and (d) (i) in respect of the latest specified 12-month period for which information is available, what percentage of the patients admitted was treated (aa) successfully and (bb) unsuccessfully and (ii) when is treatment regarded as having been successful;

(2) whether new clothes are issued to patients on being admitted to this institution; if not, (a) why not and (b) (i) what type of clothes is issued and (ii) how many items of such clothing are issued per patient;

(3) whether the personnel at this institution are required to read letters addressed to patients before handing them over; if not, what procedure is followed in this regard; if so, why; Hansard 30/4/91.

(4) whether the patients are examined medically on a regular basis; if so, at what intervals; if not, why not;

(5) (a)(i) what forms of recreation are there for the patients at this institution and (ii) at what intervals are they available to patients, (b) what types of cutlery and crockery are provided and (c) what facilities are there for receiving visitors?

C91E

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) (a) A rehabilitation centre for alcoholics. Hansard 30/4/91

(b) 748 persons.

(c) Mainly social welfare. Also assessment, groupwork, individual interviews, occupational training under the auspices of the Western Cape Training Centre and health services.

(d) (i) (aa) 30%

(bb) 40%

(ii) When a person abstains from alcoholic drink for a period of one year.

(2) (a) Yes.

(b) (i) A complete uniform and sport-attire: This includes underwear, working clothes and "Sunday best".

(ii) One pair per person.

(3) Yes. Regulation of the Rehabilitation Services Act: 1 of 1971. Regulation 11G prescribes that all incoming and outward mail should be scrutinised by an official.

(4) Yes. At the time of admission of the person and thereafter regularly as requested by the patient. Finally just before being discharged.

(5) (a) (i) Indoor and outdoor sports

(ii) Indoors: Daily

Outdoor: Twice a week

(b) Knives, forks, spoons, mugs and plates

(c) Visitor's cubicles.

HOUSE OF DELEGATES

QUESTIONS

†Indicates translated version.

For oral reply:

General Affairs:

Questions standing over from Tuesday, 16 April 1991:

Reservoir Hills: police station

*1. Mr K PANDAY asked the Minister of Law and Order:

Whether he intends establishing a police station or a satellite police station in Reservoir Hills, Durban; if not, why not; if so, (a) when and (b) what are the further details in this regard?

D82E

The DEPUTY MINISTER OF LAW AND ORDER:

Yes.

(a) and (b)

As soon as a suitable site has been identified a temporary police station, which will operate from the Sydenham Police Station, will become operational in Reservoir Hills.

Social pensioners: means test

*2. Mr N JUMUNA asked the Minister of National Health: Hansard 30/4/91

(1) Whether she intends dispensing with the means test for social-pension purposes in respect of persons over the age of 80; if not, why not; if so, when;

(2) whether she will make a statement on the matter? (300)

D83E

The MINISTER OF NATIONAL HEALTH:

(1) The means test is reviewed on every occasion when the adjustment of social pensions is considered. At present there is no intention to dispense with the means test totally for persons over the age of 80 years;

(2) no. Hansard 30/4/91 (300)

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising from the answer of the hon the Minister of National Health, is the hon the Minister prepared to take the customs and the cultural habits of various communities into consideration in respect of the application of the means test?

The MINISTER OF NATIONAL HEALTH: Mr Chairman, the hon member may put forward the motivation which will be considered when the means test is reviewed in the future.

Bayview: police station

*3. Mr K CHETTY asked the Minister of Law and Order:

Whether he intends establishing a police station in Bayview, Chatsworth; if not, why not; if so, what are the relevant details?

D84E

The DEPUTY MINISTER OF LAW AND ORDER:

Yes, a temporary Police Station, consisting of prefabricated units, is at present being erected on the corner of Funfair and Turnstone Streets and will become operational as soon as possible. The station will function from the Chatsworth police station.

Mr K CHETTY: Mr Chairman, first of all I want to welcome the hon the Deputy Minister of Law and Order. This is his first visit to this Chamber since being appointed to his new portfolio. At the same time we want to put on record our sincere thanks to the hon the Minister for heeding our request by giving us the police station.

The CHAIRMAN OF THE HOUSE: Order! The hon member should ask a supplementary question.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the reply of the hon the Deputy Minister, firstly is he aware that such an official announcement has already been made by the chairman of the Southern Durban LAC? Secondly, is it not correct to say that what is being done in Bayview is the result of the efforts of the hon member for Chatsworth Central?

Schools in Cape Province: closure

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

(1) Whether any schools in the Cape Province have been advised that they will or may be closed in 1991; if so, (a) which schools, (b) when will final decisions be made and (c) what is the maximum number of pupils these schools could accommodate;

(2) whether his Department has made a projection of the effect the adoption of one of the new models and the admission of children of other races will have on the closure of these schools; if not, why not; if so, with what result?

B869E

†The MINISTER OF EDUCATION AND CULTURE:

(1) Yes,

(a) and (b) since the matter is still under consideration and talks with the interested parties are still taking place, the information is not available at present,

(c) approximately 2 800;

(2) when a school decides to adopt a new model the influence that it may have on the existing as well as the potential pupil numbers of the school, is taken into account.

Social old-age pensions: backlog

*4. Mr K M ANDREW asked the Minister of Welfare, Housing and Works:

Whether there is any backlog in the handling of (a) new applications and (b) queries in respect of social old-age pensions; if so, (i) why, (ii) what is the extent of the backlog and (iii) what steps are being taken to remedy the position?

B870E

The MINISTER OF WELFARE, HOUSING AND WORKS:

(a) Yes.

(b) Yes.

(i) More than 50% of the present personnel corps have less than 12 months experience and are still being trained.

(ii) Should no additional applications or queries be received, it would be possible to eliminate the exsisting backlog within three months.

(iii) (a) Staff training receives preferential attention.

(b) New and additional computer equipment is currently being installed to expedite the processing of cases.

(c) New applications and urgent queries are screened and where possible dealt with immediately.

(d) Everything possible is being done to expedite the decentralisation of social pensions and grants to the various regions.

Educational institutions fully financed

*5. Mr R M BURROWS asked the Minister of Education and Culture:

With reference to his reply to Question No 1 on 9 April 1991, what are the names of the educational institutions that are fully financed by his Department and have fewer than 50% plus 1 registered White pupils or students?

B874E

†The MINISTER OF EDUCATION AND CULTURE:

I do not consider it to be in the interests of the educational institution concerned, or education in general to divulge the name.

For written reply:

General Affairs:

State pension fund: money

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

(a) What amount of money is there in each specified State pension fund, (b) what percentage of each pension contribution is made by the (i) individual and (ii) State and (c) in respect of what date is this information furnished?

B568E

The MINISTER OF FINANCE:

(a) Government Service Pension Fund R23 324 979 002
Associated Institutions Pension Fund R3 884 883 056
Temporary Employees Pension Fund R2 545 815 899
Associated Institutions Provident Fund R9 738 360
Pension Fund for Persons in Authorities' Service R2 495 327 481
Superannuation Fund for Persons in Authorities' Service R119 975 020

(b) (i) Government Service Pension Fund 26,68
Associated Institutions Pension Fund 32,89
Temporary Employees Pension Fund 33,33
Associated Institutions Provident Fund 40,00
Pension Fund for Persons in Authorities' Service 32,89
Superannuation Fund for Persons in Authorities' Service 43,48

(ii) Government Service Pension Fund 73,32
Associated Institutions Pension Fund 67,11
Temporary Employees Pension Fund 66,67
Associated Institutions Provident Fund 60,00
Pension Fund for Persons in Authorities' Service 67,11
Superannuation Fund for Persons in Authorities' Service 56,52

(c) 31 March 1990.

State pension schemes

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

(a) How many State pension schemes were there as at the latest specified date for which information is available, (b) what are their names and (c) what was the (i) State's contribution in respect of, and (ii) total value of the assets held by, each of these schemes as at that date?

B569E

The MINISTER OF FINANCE:

(a) Three as at 28 February 1991

(b) Members of Parliament and Political Office-bearers Pension Scheme
Members of Statutory Bodies Pension Scheme
Military Pension Scheme

(c) As benefits payable by the schemes are financed from the State Revenue Fund, no employer contributions are made by the State. The amounts mentioned hereafter therefore represent the total expenditure of the benefits paid out of Revenue 1989/90 financial year.

(i) Pension Scheme for Members of Parliament and Political Office-bearers R46 921 229
Pension Scheme for members of Statutory Bodies R492 992
Military Pension Scheme R50 708 339

(ii) Nil.

University of the North: White staff

232. Dr W J BOTHA asked the Minister of Education and Training:†

(1) Whether the State has at any time since the establishment of the University of the North given any oral and/or written assurances in respect of job security to the White staff of this university; if so, (a) when and (b) what did the assurances comprise;

(2) whether these assurances still apply; if not, (a) when and (b) why did the assurances fall away; if so,

(3) whether he will make a statement on these assurances;

(4) whether the staff of this university have been informed that the assurances have fallen away; if so, (a) in what way and (b) when; if not, why not?

B619E

The MINISTER OF EDUCATION AND TRAINING:

(1) Yes.

(a) 1968 and 1973

Elderly need your help

300

By Jacqueline Myburgh

Star 2/5/91

Sharpeville, near Vereeniging, is known to most people for the violence that wracked the township on March 21, 1960.

There is a brighter side to Sharpeville, however, in the form of an old age relief centre that cares for each one of the 255 elderly people in the township.

Times are tough, though, and Calvin Moeketsi, a clerk at a brick manufacturing company and director of the Ikageng Care for the Aged, says his organisation is being forced to operate on half its budget because his funds are drying up.

Winter is upon us, and the elderly in Sharpeville are facing a crisis, in that Mr Moeketsi will not be able to provide them with enough coal to keep them warm during the cold months.

Volunteers

He is desperate for funds to purchase the R19 000 worth of coal needed to warm the homes of the pensioners who are forced to survive on R175 a month.

Mr Moeketsi and his team of volunteers have been supplying coal, mealie meal and blankets to the elderly in Sharpeville since 1984.

"We also have to get medical care for the aged," Mr Moeketsi said.

One Sharpeville resident who will need extra care this winter is Jacobeth Nkolo. She is more than 100 years old and sick in bed.

She does not speak, but lies staring at the wall all day long. Her granddaughter Jaconitte worries about the old lady's health this winter, and needs blankets to keep her warm.

Maria Sabalele (86) has lived alone since her husband died. She also sits alone at home all day long.

There are others: Miriam Dabula, Miriam Motetesi, Dora Maetso ... all of them lonely old people with little company and few pleasures in life.

Please help the elderly of Sharpeville and other townships where there is no heating to make it through this winter. Your contribution to Operation Snowball will go towards the purchase of thousands of blankets for distribution to the poor during the cold months. Send your donation to Operation Snowball, P O Box 1014, Johannesburg 2000.



Winter sun ... Miriam Motetesi (80) is one of 255 elderly people in Sharpeville needing warmth this winter. Picture: Stephen Davimes

The MINISTER OF EDUCATION AND CULTURE:

(1) Yes, barring certain exemptions

(a) the provisions of section 14, read with items 2 and 14 of Schedule 1 to the Constitution that education is an own affair, also the stipulations of the National Education Policy Act and the Education Affairs Act,

(b) with the promulgation of the legislation;

(2) yes, while the present Constitution remains in force;

(3) no.

†Mr H D K VAN DER MERWE: Mr Speaker, arising from the hon the Minister's reply, I would like to know how he is going to tell Steynsrus tomorrow evening that a school may not be constituted on the basis of race or population group.

†The MINISTER: Mr Speaker, I shall tell the truth to Steynsrus as I have always done in this House. [Interjections.]

Mr R V CARLISLE: Mr Speaker, arising out of the hon the Minister's reply to the second part of the question, could I ask whether this would also apply to new applicants, in other words children born after the date of the repeal of the Act, and whether they, when they are old enough, would be entitled to go to any institution under control of that hon Minister from the date of the repeal.

†The MINISTER: Mr Speaker, it applies for as long as the present Constitution is in force. The hon member is speaking now of six or seven years hence and I have an idea that we will by then most probably have a new constitution and a new dispensation. Regulations will then apply in terms of the new constitution.

†Mr P C CRONJÉ: Mr Speaker, further arising from the hon the Minister's reply, what would the situation be in respect of many people returning here whose children were not classified in other countries?

†The MINISTER: Mr Speaker, the Acts on education are based on the Constitution. They are not based on the powers of the Population Registration Act, the Group Areas Act or whatever other Act. For that reason it has no direct effect. Therefore my reasoning is that a change in respect of education could come about only when the Constitution is changed.

†Mr H D K VAN DER MERWE: Mr Speaker, further arising from the reply of the hon the Minister, I would like to ask him whether a school, in the light of NP policy, may consist of only White children.

†The MINISTER: Mr Speaker, as I said in my reply, the Constitution provides that State schools under my Department are primarily for Whites. The Acts on education confirm it. The National Education Policy Act, as well as other Acts that have to do with education, provides that it is for Whites. But then the regulation, arising from these Acts, stipulates that the Minister has a certain discretion in respect of exceptions. That has been so for years.

In this way for instance diplomats' children who are not White have been allowed in State schools for years now. It also applies to the future, except of course where a certain school has decided to adopt one of the three models. If it has selected an option, it would be able to render service according to paragraph 14 of Schedule I to the Constitution where the service principle is confirmed in the Constitution. [Interjections.]

†Mr P C CRONJÉ: Mr Speaker, further arising from the reply of the hon the Minister, I do not think he has fully understood. [Interjections.] What happens in the case of children of exiles who were born outside the Republic and are not classified?

†The MINISTER: Mr Speaker, by virtue of the Minister's discretionary powers, he could examine the case and grant admission for such children to an ordinary State school, but then it would be by virtue of his discretionary powers. [Interjections.]

Hiring out of school facilities: moneys raised

*2. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether moneys raised by schools hiring out their facilities are transmitted to the State Revenue Account; if not, what procedure is followed in this regard; if so,

(2) whether he has drawn up a new policy in regard to stopping the transmission of moneys so raised to the said account; if not, why not; if so, (a) what is the new policy and (b) from what date will it be implemented;

(3) whether any statutory bodies have been consulted on this matter; if so, (a) what statutory bodies, and (b) what was their reaction, in each case? B902E

†The MINISTER OF EDUCATION AND CULTURE:

(1) Yes;

(2) no, the retention of funds generated by schools is currently being investigated;

(3) no.

Mr P G SOAL: Mr Speaker, if the hon the Minister gives an undertaking not to accept speaking engagements in the Transvaal on a Tuesday, I shall attempt to ensure that the hon member for Pinetown is present on question day. [Interjections.]

For written reply:

General Affairs:

Growth in money supply

54. Dr W J BOTHA asked the Minister of Finance:†

(a) What was the (i) estimated and (ii) real growth in the money supply for each financial year since 1980-81 and (b) what was the (i) rate of inflation and (ii) real growth rate of the economy for each of these financial years? B77E

The MINISTER OF FINANCE:

(a) (i) No official estimates exist for the growth in the money supply. Since 1986, however, the following guidelines were set for growth in the broadly defined money concept M3:

1985/86	16% to 20%
1986/87	14% to 18%
1987/88	12% to 16%
1988/89	14% to 18%
1989/90	11% to 15%
1990/91	8% to 12%

A "guideline year" extends from the fourth quarter of a year to the fourth quarter of the following year.

(ii)

1980/81	24,8%
1981/82	15,1%
1982/83	18,1%
1983/84	14,4%
1984/85	16,5%
1985/86	11,1%
1986/87	10,6%
1987/88	21,8%
1988/89	26,2%
1989/90	20,0%
1990/91	12,0%

(b) (i) and (ii)

Fiscal year	*Real growth rate*	*Rate of inflation*
1980/81	6,6%	14,4%
1981/82	4,8%	14,8%
1982/83	(–) 2,2%	14,7%
1983/84	0,7%	11,3%
1984/85	3,4%	12,9%
1985/86	(–) 2,4%	17,3%
1986/87	1,8%	17,9%
1987/88	2,4%	15,5%
1988/89	4,0%	12,8%
1989/90	1,3%	15,0%
1990/91	(not available yet)	14,2%

Government Service Pension Fund: bonds

193. Mr L F STOFBERG asked the Minister of Finance:†

(1) (a) What is the size of the assets of the Government Service Pension Fund invested at market value in bonds other than Government bonds, (b) what amount is invested in Government bonds, (c) what is the size of the assets invested in other ways and (d) what is the cash balance of the fund;

(2) what, in each of the latest five years for which information is available, was the size of the (a) pension contribution receipts of the fund, (b) contributions by the State to the fund and (c) receipts of the fund from investments;

(3) what, in each of the above-mentioned years, was the total amount (a) incurred in direct costs for the administration and maintenance of the fund and (b) paid out in (i) pensions and (ii) retirement bonuses;

(4) in respect of what date is this information furnished? B545E

The MINISTER OF FINANCE:

(1) (a) Bonds (stocks) as at 31/12/1990 — R2 990 397 000

(b) Government bonds (stocks) as at 31/12/1990 — R18 450 660 000

(c) Other investments (money market securities and cash) as at 31/12/1990 — R6 142 214 000

(d) Cash balance as at 31/03/1990 — R8 211 859

(2) (a) *Pension contribution receipts (members' contributions)*

1985/86 — R392 803 151
1986/87 — R474 827 249
1987/88 — R578 612 050
1988/89 — R656 825 162
1989/90 — R778 820 030

(b) *State contributions*

1985/86 — R1 080 074 653
1986/87 — R1 305 550 568
1987/88 — R1 590 942 661
1988/89 — R1 802 494 498
1989/90 — R2 143 353 859

(c) *Receipts from investments*

1985/86 — R1 028 087 033
1986/87 — R1 459 261 469
1987/88 — R1 787 467 215
1988/89 — R2 248 846 824
1989/90 — R3 307 126 876

(3) (a) Direct costs for the administration and maintenance which were debited to the fund. Amounts represent the costs for the actuarial assessment and regional establishment levy.

1985/86 — —
1986/87 — R 151 315
1987/88 — R 6 450
1988/89 — R 34 305
1989/90 — R4 320 253

The bulk of the direct costs is financed out of the Department's vote.

(b) (i) *Pensions (annuities)*

1985/86 — R 596 168 561
1986/87 — R 714 430 932
1987/88 — R 879 738 428
1988/89 — R 988 603 012
1989/90 — R1 154 949 493

(ii) *Retirement bonuses (gratuities, benefits paid on resignation and payments to estates)*

1985/86 — R379 377 947
1986/87 — R448 588 328
1987/88 — R496 751 235
1988/89 — R570 117 638
1989/90 — R720 976 896

(4) The date of the information furnished is as at 31 March 1990 unless otherwise mentioned.

Voters' list: names of White deceased persons

267. Dr W J BOTHA asked the Minister of Home Affairs:†

(1) (a) What procedure is followed in removing White deceased persons from the voters' list and (b) how long does this take; Hansard 7/5/91

(2) whether lists of White deceased persons with the same particulars that appear on the voters' list are made available to political parties, if not, why not; if so, what is the average time this takes;

(3) how many White (a) persons of 18 years and older have died since the voters' list for the general election of 1989 closed and (b) deceased persons have been removed from the voters' list since the voters' list for the said election closed;

(4) in respect of what date is this information furnished?

B718E

The MINISTER OF HOME AFFAIRS:

(1) (a) During the processing of a complete death notice for the updating of the Population Register the names of such deceased persons are identified automatically by computer for deletion from the voters' list.

(b) As voters' lists are amended on a monthly basis, the deletion normally takes place during the month in which the notice is received.

(2) Yes. Particulars of inter alia deceased White voters are made available monthly per electoral division to all registered political parties by means of a list of deletions.

(3) (a) 61 494 deaths in respect of White South African citizens 18 years and older are registered with the Department for the period concerned.

(b) 56 191

The difference between the figures in (a) and (b) is because all the deceased are not registered voters whose particulars appeared in the voters' lists.

The difference of 5 303 is made up as follows:

4 296 pensioners without identity numbers.

376 persons over 18 in possession of old identity cards.

631 persons over 18 without any form of identification.

(4) The period 1 June 1989 (voters' lists for the general election of 1989 closed on 31 May 1989) until 28 February 1991.

SA citizenship

314. Mr P G SOAL asked the Minister of Home Affairs:

(1) How many Blacks in each independent Black state regained their South African citizenship in 1990 in terms of the provisions of the National States Citizenship Amendment Act, No 13 of 1978;

(2) whether any applications were refused; if so, (a) how many from each state, and (b) why, in each case?

Hansard 7/5/91. B794E

The MINISTER OF HOME AFFAIRS:

(1) Owing to the provisions of the Restoration of South African Citizenship Act, 1986 (Act 73 of 1986), which came into effect on 1 July 1986, no Black of any of the independent states applied in terms of section 3 of the National States Citizenship Act, 1970 (Act 26 of 1970), as amended by the National States Citizenship Amendment Act, 1978 (Act 13 of 1978) for South African citizenship during 1990.

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

University students registered in 1990

324. Mr K M ANDREW asked the Minister of Education and Training:

(a) How many (i) White, (ii) Coloured, (iii) Asian and (iv) Black students were registered in 1990 at each university falling under the control of his Department, and (b) how many of these students were first-year students, in each case?

B846E

The MINISTER OF EDUCATION AND TRAINING:

	(i) *White*	(ii) *Coloured*	(iii) *Asian*	(iv) *Black*
The North				
(a)	25	7	6	10 588
(b)	5	7	3	4 504
Zululand				
(a)	48	2	15	5 196
(b)	13	1	3	1 410
Medunsa				
(a)	235	18	117	1 649
(b)	20	5	24	509
Vista				
(a)	106	251	28	24 399
(b)	26	113	13	7 492

Tax concessions: amount lost

325. Mr K M ANDREW asked the Minister of Finance: Hansard 7/5/91

What is the total amount of tax lost or expected to be lost as a result of tax concessions granted to decentralised or deconcentrated industries in respect of the year ended 31 March 1990?

B847E

The MINISTER OF FINANCE:

It is estimated that the tax lost as a result of the granting of concessions to industries in decentralised or deconcentrated areas will amount to R19,0 million for the financial year ended 31 March 1990. Final figures are not available as many assessments, especially in respect of companies, have yet to be processed.

The original estimate of R1 million for the year ended 31 March 1989 has been increased to an amount of R21 million in the light of further information now available.

teacher available, then we would take anybody who applied to our schools. That is a categoric and very clear statement. If that situation exists in respect of housing, I am sure the hon the Minister of Housing will apply the same rule. There is one rule for everybody in the Ministers' Council of the House of Delegates.

The hon the Leader of the Official Opposition is trying to state that we have different policies, but that is erroneous. He is trying to throw a red herring in our path by stating that we have so much extra housing that we can take it away and give it to the Blacks, but that is misleading. He is trying to give hope where there is no hope of obtaining a house at all.

Right now we have the tricameral system in South Africa in which this Government is involved and which has good standing. As such, monetary allocations are made for housing and education in this particular Administration. Therefore we do not have the money to build homes for Blacks, much as we would have liked to. We want to share, but we can only share what we have. If we do not have, we cannot share. [Interjections.]

Indian land was taken in Cato Manor, as was the case throughout the country. In Durban there are 18 000 people on the waiting list. [Interjections.] I would like to ask the hon member for Central Rand . . .

The CHAIRMAN OF THE HOUSE: Order! I cannot allow private discussions across the floor of the House. Hon members must understand that. The hon the Minister may proceed.

The LEADER OF THE OFFICIAL OPPOSITION: That hon Minister is an ass!

The MINISTER: I understand the hon the Leader of the Official Opposition, being an ass himself . . .

Mr K CHETTY: Mr Chairman, on a point of order: Is it parliamentary for the hon the Leader of the Official Opposition to call the hon the Minister an ass?

The CHAIRMAN OF THE HOUSE: Order! Did the hon the Leader of the Official Opposition say that?

The LEADER OF THE OFFICIAL OPPOSITION: That is what I said, Sir. His own members are laughing at him, because they regard him as an ass. He speaks like an ass. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! The hon the Leader of the Official Opposition must withdraw that.

The LEADER OF THE OFFICIAL OPPOSITION: I withdraw it unconditionally, Mr Chairman.

The MINISTER: Mr Chairman . . . [Time expired.]

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, space in a school is not the only argument. A child in school needs a teacher, textbooks, other amenities and facilities. The hon the Minister of Education and Culture has been crying in every newspaper in South Africa that there is a tremendous shortage of funds. I think if there is one Minister of the Ministers' Council who has embarrassed his party and the hon the Chairman of the Ministers' Council in an act of superficial ostentation—if he understands what that means—it is that hon Minister. Let us tell South Africa that we have allocated land to non-Indians and let us accept that fact, but the hon the Chairman of the Ministers' Council must control his Minister of Education and Culture who, as an individualist, is trying to present to South Africa the picture that he is changing, but that his Ministers' Council is not.

Let us agree, as the policy of the House of Delegates, that we have projects in the pipeline to complete for the benefit of the members of the Indian community who suffered as a result of the Group Areas Act. Therefore I propose, not as an act of negative criticism, but as an act of positive criticism, that we determine a policy for the House of Delegates. [Time expired.]

The MINISTER OF HOUSING: Mr Chairman . . . [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! I want to tell hon members . . . [Interjections.] Order! Did the hon the Leader of the Official Opposition call the hon the Minister a rogue?

The LEADER OF THE OFFICIAL OPPOSITION: Sir, he is stealing from the community! [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! The hon the Leader of the Official Opposition must immediately withdraw that.

The LEADER OF THE OFFICIAL OPPOSITION: I withdraw it, Sir.

The CHAIRMAN OF THE HOUSE: Order! I want to appeal to hon members if they are going to rise on points of order and what have you during interpellations, to keep in mind that we have limited time for speeches. We cannot allow that sort of disorder to continue.

The MINISTER: Mr Chairman, my appeal to all hon members present here is: Let us not make housing an issue for debate and, in so doing, create impressions and give people hopes that we cannot satisfy.

At the present time the Administration has more than enough applications for housing to satisfy the needs of the underprivileged in our own society, and that is the charge that we have to answer. However, I am hoping that in due course and wherever it is possible, if in some way we can assist in providing housing for some unfortunate group of people, as we have done in Mariannhill, we will try to assist them, but my primary responsibility and that of this House is to build homes for the thousands of people who are wait-listed and who depend on us to provide them with homes. We are planning townships and homes. If, for some reason or other, the members of the Indian community decide they do not want those homes, the homes can go to those next on the list. However, what we need in this debate is an understanding of our problems.

Mr D SAKALINGUM: Mr Chairman, is the hon the Minister prepared to take a question?

The CHAIRMAN OF THE HOUSE: Order! Is the hon the Minister prepared to take a question?

The MINISTER: No, Sir.

The LEADER OF THE OFFICIAL OPPOSITION: Watch out for the Judas behind you!

The CHAIRMAN OF THE HOUSE: Order! That hon member must resume his seat. The hon the Minister may proceed.

The MINISTER: Here in my report is an indication of the fact that we have released land and made it available to other people so that they can develop it for their own community. That is a manifestation of a genuine desire to assist and to understand the plight of other people. However, I think charity begins at home and for some time into the future priority must be given to the provision of homes for those people in the lower-income group who are dependent on us for the provision of homes. [Interjections.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Pension payments: irregularities

*1. Mr M RAJAB asked the Minister of Health Services and Welfare:

(1) Whether allegations of irregularities in pension payments in Glencoe and other Northern Natal towns are being investigated by his Department; if not, why not; if so, what are the relevant details;

(2) whether he has received correspondence from the Glencoe and District Indian Child Welfare Society concerning a press statement in this regard: if so, what was (a) the purport of and (b) his reaction to this correspondence;

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

D114E

The MINISTER OF HEALTH SERVICES AND WELFARE:

(1) Yes. I must add that investigations into irregularities are not confined to Glencoe and other Northern Natal towns but take place wherever they occur. As this particular matter is very sensitive, it is expected that the investigation will not be completed in the near future. Details will be made available to the hon member for Springfield on the completion of the investigation.

(2) Yes.

(a) General dissatisfaction with and rebuttal of the article published in the Northern Natal Courier on 8 March 1991.

(b) I requested my Department to investigate the matter as indicated in the reply to (1) above.

(3) No.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, has he received any complaints

about irregularities in his Department in respect of the discontinuation of social grants? Secondly, has he influenced his Department to allocate pensions to certain friends of his who did not qualify? [Interjections.]

The CHAIRMAN OF THE HOUSE: Order!

The MINISTER OF HEALTH SERVICES AND WELFARE: Mr Chairman, the hon the Leader of the Official Opposition is raising certain matters which are not on the Question Paper. He can write to me, and he will get a reply. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order!

Mr D SAKALINGUM: Mr Chairman, arising out of the hon the Minister's reply, is he aware of Mr Veeran, and does he know that I am going to take a collection tin around?

The CHAIRMAN OF THE HOUSE: Order! I just want to help the hon the member for Lenasia West. If the hon member has a question arising out of the reply given by the hon the Minister, this would be the appropriate time to put it, but I do not think the hon the Minister is in a position to remember various names. I therefore think the hon member should submit a new question or write to the hon the Minister.

Mr D SAKALINGUM: No, Mr Chairman, the hon the Minister knows the name and he knows what I am talking about.

The CHAIRMAN OF THE HOUSE: Order! Does the hon the Minister of Health Services and Welfare wish to respond to the hon member?

The MINISTER: Mr Chairman, may I appeal to you. The question put to me concerns irregularities in Glencoe in Northern Natal. New elements are being introduced and I have no difficulty in answering questions about them if hon members write to me or see me in my office in this connection. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! I have already given the hon member an outline of what he is supposed to be asking. He cannot come here and ask questions for which the hon the Minister is not prepared insofar as they do not arise from the reply to the main question.

Pre-primary education: policy

*2. Mr M ABRAHAM asked the Minister of Education and Culture:

(1) Whether his Department has a policy in respect of the provision of pre-primary education to children of the pre-primary school year; if not, why not; if so, what is this policy;

(2) whether his Department has made th policy public; if not, why not; if so, (a when and (b) in what manner?

The MINISTER OF EDUCATION AND CU TURE:

(1) Yes

Pre-primary education is catered for by

Pre-primary schools

Readiness classes and

Bridging Module Readiness Classes (BMRC)

Pre-primary schools

These are *private* schools run for gain o on a non-profit-making basis by certain organisations.

Non-profit-making organisations receiv per capita grant-in-aid subsidy, building subsidy and subsidy for the purchase of furniture, equipment and apparatus.

Readiness classes

Readiness classes are run by non-profit-making organisations in the community.

Permission is granted for the use of classrooms, free of charge, on the school premises, from two to four hours per day.

A wage subsidy is paid to supplement the salary of personnel employed.

Bridging Module Readiness Classes (BMRC)

The BMRCs offer free education at pre-primary level in the schools where the pupils are admitted as an integral part of the school enrolment. The duration of the school day in these classes is the same as for the pupils in classes one and two.

The availability of classroom accommodation was one of the deciding factors in the selection of schools for the establishment of BMR classes.

(2) Yes.

(a) and (b)

The policy of the Department in respect of pre-primary education is made known through circulars, relevant sections in the Handbook for Principals and through the Indians Education Act No 61 of 1965.

Such information/regulations are also made known to persons and/or organisations concerned with the provision of pre-primary educational services, upon application for a particular service.

It must be pointed out that as pre-primary education is not funded by the State, its provision in all Departments of Education is dependent on the availability of funds.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, arising out of the hon the Minister's reply, does he have any knowledge of how many BMRCs were established in the last financial year?

The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, that is a pertinent and specific question and I would suggest that the hon the Leader of the Official Opposition puts it in writing to my Department where we will supply him with the answer.

The LEADER OF THE OFFICIAL OPPOSITION: Further arising out of the hon the Minister's reply, he referred to the availability of classroom accommodation. Is he aware of the fact that in the past two financial years his Department has suspended the expansion of BMRCs because of the question of funds and that there is no question of the availability of classrooms, particularly in the light of the fact that the hon the Minister stated in the debate on the interpellation that classes were given to other non-Indians, because of the availability of classrooms . . .

The CHAIRMAN OF THE HOUSE: Order! That is a very lengthy supplementary question.

The LEADER OF THE OFFICIAL OPPOSITION: He is contradicting himself and he is really what I classified him as earlier on, which is unparliamentary. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order! Now I must tell the hon the Leader of the Official Opposition that this insinuation is uncalled for. If he persists in continuing in this vein, I shall have to call upon him to apologise to the hon the Minister. The hon the Minister may proceed.

The LEADER OF THE OFFICIAL OPPOSITION: I crave your indulgence, Mr Chairman, but he has contradicted himself very seriously.

The CHAIRMAN OF THE HOUSE: Order! That does not give the hon the Leader of the Official Opposition any cause to call the hon the Minister all sorts of names, or to make insinuations. The hon the Minister may proceed.

The MINISTER: Mr Chairman, I do not really mind what the hon the Leader of the Official Opposition called me; his mentality is such that if that is acceptable to him, I do not mind. [Interjections.]

The CHAIRMAN OF THE HOUSE: Order!

The MINISTER: I would like to explain to the House that there is no contradiction. The contradiction is in the mind of the perceiver. This is the situation: BMRC classes need a proper classroom. If we took additional pupils into classrooms, it would mean that there would be four or five spaces in different classes, in different schools, in different locations.

Therefore, accepting other groups of people in our classrooms does not mean to say we have space for BMRC classes. BMRC classes need a complete classroom, a whole unit, and this is not available throughout that region. The hon the Leader of the Official Opposition, not being a true educator and not understanding education administration, does not know what he is talking about. [Interjections.] He is so confused that he is wasting our time.

Ladysmith: low-cost/self-build houses

*3. Mr S PACHAI asked the Minister of Housing: Hansard 7/5/91

(1) Whether the Housing Development Board is financing approximately 60 low-cost and 168 self-build houses in Ladysmith; if so, for persons in which income category are these houses intended;

(2) whether, in the allocation of these houses, priority is given to persons on the official waiting list; if not, why not; if so,

(3) whether the allocation of these houses has been or will be made public; if not, why not; if so, in what manner;

PENSIONS FM 10/5/91 300

CHANGES COMING

Two possible structures for a compulsory national pension scheme have been presented to the Institute of Life & Pension Advisers (Ilpa). Both would offer minimal benefits.

They were outlined at Ilpa's annual convention last week in Durban by Sage Life executive director Colin Tomsett. He agreed that, in theory, the present system could continue, subject only to compulsory membership and regulations to preserve pensions, but believes this is unlikely. More probable, he says, is nationalisation of the industry or a State scheme; alternatively, State-regulated schemes "for the common good of all."

The ANC and Cosatu want a compulsory

continue

national retirement scheme. The Mouton Committee is also investigating the feasibility of this; its steering committee is again considering the implications this week.

Tomsett says nationalisation would mean that retirement benefits would be low and the same for all. The State would set post-retirement increases. There would be no early withdrawal benefits and this would preserve pension benefits.

The scheme could be either funded (like the current, controversial, scheme for government employees) or on the pay-as-you-go system common for State schemes abroad. Tomsett would expect such a scheme to be centrally administered by the State.

He notes that pay-as-you-go schemes can run into trouble when demographics change. When birth rates drop sharply in Europe a lower base of economically active people is eventually left supporting the pensions of a large ageing population.

Also, he cautions, there is a temptation (to which at least one homeland has apparently succumbed) for a government to tap pension fund cash flow to meet urgent financial needs. In due course the shortfall has to be met from increased tax.

The other structure would see employee benefit schemes managed and administered in the private sector but regulated by the State to ensure that all actively employed have benefits for old age or disability and for their dependants in the event of death.

There would still have to be some form of State pension in the early years of this system to cater, among other things, for people who have not been in the new structure long enough to accumulate benefits.

Variable levels

Benefit levels would be variable, negotiated between employers and workers, subject to a minimum set by the State, which would probably also set minimum post-retirement increases. Again, membership would be compulsory, with no withdrawal benefits.

Tomsett envisages investment staying in the private sector but with a return to some form of government-prescribed asset, for housing, education and other social needs.

The regulated structure offers flexibility. It would still enable employers to offer competitive packages, including employee benefits. Trade unions, which regard retirement funds as part of employee packages, would continue to represent members' interests.

But neither structure would satisfy advocates of provident funds, where withdrawal benefits come in a lump sum. Whether either structure will be seen as the solution depends, probably, on the committee's recommendations and whether a scheme can be feasibly funded.

Collections from the informal sector will be problematic. It would still be necessary to provide social benefits for those who have not worked, either formally or informally. And it will be necessary to plan for disability pensions on a scale never contemplated until now, because of the looming Aids explosion.

It's significant that an influential figure in the private pensions industry can now publicly discuss nationalisation without any expression of revulsion. Next week, the debate moves to Cape Town, to the convention of the Pensions Institute. Ironically, a keynote speech there will be about *deregulation* of pensions in the UK. ■

Pension fund strictures are set to change

LINDA ENSOR

CAPE TOWN — Changes to prudential investment guidelines for pension funds, allowing funds to invest in futures and options, would be promulgated in the next few weeks, Financial Services Board director Piet Badenhorst said yesterday. (300)

In an interview at the Pensions Institute annual congress, Badenhorst said the limitations on investments in futures and options related to total exposure in investment categories, rather than to percentage of the total assets which could be invested. BIDay 14/5/91

Yesterday Greenwich Futures MD Brian Coyne said he was very excited by the development, which would boost the industry. He said pension fund managers would find they could hedge their portfolios against upward and downward movements in the market. In equities, they could invest in futures on the all gold index, the all share index and the industrial index.

Badenhorst said including futures and options in the investment guidelines was a difficult exercise in formulation as the exposure on a small investment in premium was great. "It was for this reason that we focused on the extent of the exposure rather than on the level of the investment."

In terms of the new guidelines, a future or option exposure should not exceed the maximum the fund is allowed to invest in the category.

Badenhorst said other changes relating to the amount which could be invested in property and equities had increased the extent to which pension funds could invest in shares.

Goodall hits at govt attitude to pensions

BIDay 14/8/91 300

LINDA ENSOR

CAPE TOWN — Grave concern about the call for life offices and pension funds to contribute to the new SA was expressed yesterday by DP MP for Edenvale and party spokesman on welfare and pensions Brian Goodall.

Speaking at the annual congress of the Pensions Institute, Goodall said the prime function of pension fund managers was to provide adequate benefits for their members. Pension funds were already contributing to social development through their investments, he said.

"We have had official pension funds which subsidised government expenditure. We have deficits which could take till 2030 to come right. The SATS pension fund tried to encourage home ownership and invested 62,4% of its funds in home loans. Today taxpayers are guaranteeing R17bn of debt."

On the other hand, Goodall said, government's laissez faire approach to pension provision had led to R885m being withdrawn from pension funds on resignation in 1986. Today, had it kept pace with inflation it would be R1,3bn.

Goodall said that if the trend of the past 12 years continued, by the year 2000 social old age and disability pensions could cost about R25,5bn a year.

● See Page 7

Make their winter a bit warmer

Star 15/5/91. (300)



Lucky one . . . Stephen Mtimkulu (84), at least has a roof over his head.

By Jacqueline Myburgh

Stephen Mtimkulu (84) has lived in the Soweto Home for the Aged for two years.

Although he is there because his only daughter threw him out of her home in Mshenguville squatter camp, he is still one of the lucky ones.

There are more than 60 000 old-age pensioners living in Soweto — these are registered and receive a pension of R175 each month. But, in addition, there are the thousands of destitute elderly who do not collect a pension each month because they do not have an ID book.

A spokesman for the National Council for the Care of the Aged said it was impossible to know exactly how many of these cases there were.



The Star Operation Snowball

Most of them lived in Johannesburg, sleeping in bus shelters and begging for food. Many have been rejected by their children, or worked in white homes and have been left with nothing when their employers moved house or retired.

Kenke Mtshali, administrator of the Soweto Home, said she and her staff had managed to help 44 of these people, offering them food and accomodation in the Central Western Jabavu Home.

The set-up at the Soweto Home for the Aged is a sign of the times, however. The modern and comfortable institution is equipped to accomodate 144 old-age pensioners, ranging from the robust to the frail.

But financial constraints since the home's opening in 1988 meant that the frail wing — with equipment especially suited to the care of the infirm — had never been used.

The situation is not likely to improve in the near future, either, she said. Funds are drying up, and the Government subsidy of R75 per person was not sufficient for the old people's needs.

One of Mrs Mtshali's biggest headaches is her electricity bill. Following construction of the old-age home, a bill of R48 000 arrived! Monthly payments of R2 000 are not making much of a dent in the outstanding amount.

With winter making itself felt, heating is going to be a big problem at the Soweto Home for the Aged. There are two heaters in each room of the complex, but using them would push the institution's electricity bill through the roof.

Your contribution to Operation Snowball will go towards the purchase of hundreds of blankets which we will distribute to the Soweto Home, and other needy people. Please send your donation to Operation Snowball, PO Box 1014, Johannesburg 2000.

Guidelines for direction on agenda Mouton

300

Bloem 15/5/91

LINDA ENSOR

CAPE TOWN — A set of guidelines to provide direction for pension funds on various matters, including investments, is under consideration by the Mouton Committee of Inquiry into a system of retirement provision for SA.

Committee chairman Prof Wynand Mouton said the guidelines were necessary as it would be inappropriate to force uniformity of practice on all funds in view of "the widely differing circumstances and views of South Africans".

He said if the guidelines were formulated, a permanent body or committee would become necessary to monitor developments and provide guidance in future.

In an interview after his speech, Mouton said the guidelines would be very broad and would relate inter alia to the economic impact of pension funds; investment guidelines taking into account the social situation in SA; the accessability of funds during a person's lifetime; the recommended retirement age; and the duties of pension fund trustees.

In his speech Mouton said the committee was also giving consideration to the creation of a fund — in addition to a national compulsory pension scheme — for low income earners to enable them or their employers to make ad hoc contributions to supplement their old age pensions.

Mouton said a four-tier model of retirement provision had been adopted by the committee, including social assistance and national schemes; occupational and employer sponsored schemes; individual retirement insurance and other types of individual provision.

The committee had so far concentrated its attention on the first two tiers.

Mouton said if implemented the proposal for a compulsory national pension fund would cost the state R3bn more on the basis of 1990 contributions.

If the state abolished the means test, the scheme would give each person over 65 years of age R300 a month on request.

PENSIONS CONI

Major review for pension fund laws

B1004 15/5/91.

300

LINDA ENSOR

CAPE TOWN — Fundamental changes in the administration and management of pension funds were in the offing, Financial Services Board director Piet Badenhorst told delegates at the Pensions Institute's annual congress yesterday.

He said legislation was being discussed with the pension fund industry to prevent the misappropriation of contributions by intermediaries.

"More timeous disclosure of information as regards the receipt, retention or dealing by the various role players with the contributions and assets of a fund seems to be overdue," Badenhorst said. A revised Pensions Act was required to simplify and clarify the existing Act and to codify the duties of trustees and intermediaries.

He said proposals would be made for the adoption of set of standard rules applicable to all pension funds and that this would considerably reduce the workload of government controllers.

"The present system of scrutinising and registration has become too cumbersome to be dealt with efficiently in view of the great volume of documentation involved."

As regards the management of funds, the role of trustees should be clarified and codified, specifically with regard to the composition of the board of trustees, their fiduciary duties and the participation of member representatives.

Steps to augment the monitoring of funds' financial soundness were also being considered by the board.

He said proposals for more meaningful financial returns had been circulated.

New regulations regarding investment limits were to be promulgated soon and the question of guaranteeing benefits was under consideration.



BADENHORST . . . "system cumbersome".

PENSION FUNDS Fm 17/5/91.

TAXING SAVERS

300

Trade unionists and socialist politicians realise all too well that their political powers would be enhanced if they had greater influence over the resources of existing pension funds, both private and public. But nothing would be quite as potent in their hands as a compulsory State pension scheme.

These are matters that have been raised in recent weeks at the Institute of Life & Pension Advisers' convention in Durban and at the Pensions Institute of SA's congress in Cape Town. They are likely to gain in controversy as the reform process gathers pace and while the economy is jerking along on a plateau of minimal growth.

SA has an unfortunate history of pension fund resources being used by the State for its own purposes. By forcing private-sector funds to place a proportion of their investments in official securities yielding returns at below market rates, Pretoria has been able to borrow cheaply for its apartheid purposes. One outcome is the persistent rate of inflation that is so impoverishing us.

Having been brazen enough to tap pension funds (through prescribed investments) outside its immediate control, government was hardly likely to be less delicate in using public-sector pension funds for its own purposes. The secretary of the former Public Debt Commissioners used to be open about the fact that at times he was required to invest these funds in a manner that was not always in the long-term interest of future pensioners.

Fortunately, Pretoria has moved some way from those old and bad habits. But they had made impression enough on the investment community and those who knew what was happening for there to be a storm when in the Eighties government proposed a State pension fund.

This was shelved in favour of compulsory pension transferability which, in turn, was opposed by black trade unions. Black workers preferred the reduced future security offered by provident funds, but higher cash payouts on resignation. So compulsory transferability was dropped and provident funds became the favoured means of mollifying trade unions.

The parrot cry now is for the considerable resources of all these pension funds to be invested in what are glibly referred to as more productive investments to get the economy moving again and increase the number of jobs available to the unemployed. Simultaneously there is a move to channel some of these resources into spending on housing and other worthy social projects. Indeed, Finance Minister Barend du Plessis echoed these words at the pensions congress in Cape Town this week.

This all sounds very socially acceptable and caring. But as often happens with economics and investment, what appears to be socially desirable is often, on closer scrutiny, the cause of economic decline and social deprivation.

The problem is not that pension funds are investing in unproductive investments that are too safe. It is that we have insufficient savings because for too long government, for its own purpose, forced interest rates to levels too far below the prevailing rate of inflation. Simply put, they taxed savers to pay for apartheid.

Now, by suggesting that savers (through pension funds) invest in high-risk or non-productive social projects, they want to tax them to mitigate the social harm that years of apartheid have brought.

But the matter does not rest there. None of this would be necessary if government stabilised prices (for government and government alone is the cause of inflation) and reduced taxes to stimulate investment — once, of course, it has brought some peace to the townships. For not only do we suffer from a steeply progressive tax structure, but the total level of tax on each rand earned (some accountants say it could be as high as 75c in the rand) is far higher than in our major trading partners. No wonder investors are recalcitrant and that we have exchange controls to keep capital in by force of law.

Pension funds cash flows into the equity market *are* going into productive investments. They *do* form part of an upward spiral of industrial share prices. But these high share prices enabled quoted companies to borrow more capital from shareholders at lower cost. The reason that not enough companies are doing so needs to be sought, not in the imperfection of the share market, but in other factors.

Endemic unrest, injudicious talk of nationalisation and wealth redistribution and high and uncertain taxes are the areas those who want to see increased and more productive investment should examine more critically.

In humane societies certain social pensions for the aged, indigent and unwell have to be a direct cost on the taxpayer. But a compulsory State pension fund is a very different matter. Not only does it deprive ordinary people of the right to decide for themselves to what degree they wish to provide for their old age, but inevitably the cost on the fiscus becomes too much as government uses high pension benefits to secure voter support. At that stage there is invariably pressure for the entire pensions industry to be nationalised to bolster the State fund's solvency.

The investments of a State fund can all too easily be used by government as a mechanism for clandestine nationalisation. So instead of the State's share of total output reducing and thus increasing the efficiency of the economy and fostering growth, the opposite trend is reinforced.

There is no doubt that the pensions industry has been abused in this country by the apartheid government. But for future governments to continue that abuse would not only be morally indefensible but economically debilitating. The cost of social upliftment must be carried by all taxpayers, not just by those who, despite heavy odds, have been judicious enough to make provision for their old age. ■

Miners' pension funds boosted

Business Times Reporter

ST Times (Bus Times

LONG-TERM investments helped two of South Africa's largest pension funds, Mine Officials and Mine Employees, to sound returns in the past five years. (920)

The funds, whose market capitalisations come to more than R10-billion, are managed by the Management Corporation under chief executive Barry Botes. (300)

Both funds are more than 40 years old. In the past five years the return on assets on each fund has averaged more than 22% a year, but 1990 was difficult. 19/5/91

Mr Botes says fund membership by gold miners has dropped, but that of coal, platinum and base metal miners has stabilised the position. Contributions received from members and benefits awarded to pensioners were in line with each other. Pensions were increased by at least 14,4% at the beginning of this year.

Retrenched members with five years' service are repaid their own contributions plus 1% for each year of membership, and 80% of the contributions made by employers.

(2) whether this report will be made public; if not, why not; if so, (a) when and (b) in what manner;

(3) whether she will make a statement on the matter?

D134E

The MINISTER OF TRANSPORT (for the Minister of National Health):

(1) Yes, the recommendations of this report are at present being evaluated by a committee of Ministers;

(2) at this stage it is not possible to say what steps the government will take;

(3) falls away.

Mr M RAJAB: Mr Chairman, arising out of the reply given by the hon the Minister, may I draw his attention to the fact that my question specifically asks what the findings and the recommendations of the report were.

The MINISTER OF TRANSPORT: Mr Chairman, I think the hon member is referring to the second part of his question. The answer of the hon the Minister of National Health is as follows: At this stage it is not possible to say what steps the Government will take, because at this time they are still evaluating this report drawn up by the late Minister for Administration and Economic Co-ordination.

Tala Valley: hormonal herbicides

*4. Mr N JUMUNA asked the Minister of Agriculture:

(1) Whether his Department intends, as a result of the controversy surrounding hormonal herbicides in agriculture, to determine why vegetable farmers in the Tala Valley are quitting; if not, why not; if so, when;

(2) whether he will make a statement on the subject of hormonal herbicides?

D147E

The MINISTER OF AGRICULTURE:

(1) Yes. Officials in the Department of Agriculture and in the Department of Agricultural Development are investigating all possible factors affecting the vegetable production of farmers in the Tala Valley.

(2) Yes. A scientific information day on this subject will be held at the Cedara Agricultural College, Pietermaritzburg, on 3 June 1991, at which meeting I will make a statement based on all the facts available.

State pension schemes: privatisation

*5. Mr E JOOSAB asked the Minister of Finance:

(1) Whether he intends privatising any State pension schemes; if not, why not; if so, (a) which pension schemes and (b) when;

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

D148E

The DEPUTY MINISTER OF FINANCE:

(1) I recently announced that a committee of experts from the private sector had been appointed to advise the Government on the best future structure and siting of the Government Pension Funds. Until the Committee has finalised its business and the Government has considered its recommendations, no conclusive answer can be given to the honourable member's question.

(2) No.

Lenasia: squatter/transit camp

*6. Mr D K PADIACHEY asked the Minister of Planning, Provincial Affairs and National Housing:

(1) Whether the squatter camp situated in Lenasia Extensions 9 and 10 has been declared a transit camp; if so, when;

(2) whether all the conditions for a squatter camp to be declared a transit camp have been complied with in regard to the above-mentioned camp; if not, why not; if so, what are these conditions;

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

D149E

The DEPUTY MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1) Yes. 28 November 1990.

(2) Yes. The conditions have been complied with. It must be declared in the Official Gazette by the local authority. That has been complied with. It was, however, established at a later stage that the land description, according to the Deeds Office, is not correct.

The matter is being investigated urgently with a view to rectifying it.

(3) No.

INTERPELLATION

Own affairs:

The sign * indicates a translation. The sign †, used subsequently in the same interpellation, indicates the original language.

Housing consultant: hours of work/payment

1. The LEADER OF THE OFFICIAL OPPOSITION asked the Minister of Housing:

(a) How many hours of work had the housing consultant performed since his appointment up to the latest specified date for which information is available and

(b) how much was he paid during this period?

D159E.INT

The MINISTER OF HOUSING: Mr Chairman, in the 13 departmental housing projects—excluding 21 local authority projects—at present under construction, we employ 15 housing consultants who all work at a percentage fee and not at an hourly rate. I therefore have to accept that the hon the Leader of the Official Opposition is referring to the financial and management consultant, Mr D V H Hall, who was the subject of questions in this House on 19 March 1991.

If this is correct, the information requested is 910¼ hours and R136 537,50 up to 15 May 1991. In evaluating this information, certain factors have to be considered carefully. These involve the effective time worked, the cost of the time and the benefits thus derived. The consultant during the period worked an average of 63 hours per week, which is well above the average working week of the senior staff in the Public Service.

During this period the consultant had to evaluate commitments of R539 million and prioritise them; evaluate the Housing Development Board's submissions and approvals of R127 million; advise on the affordability of commitments and potential savings; advise on the regularising of work procedures and tender evaluations; initiate new structures to manage projects; advise on the Housing Development Fund expenditure for 1991-92 and the next two years; advise on cost-saving methods, advise on procedures to recover outstanding debt; and advise on the economics of projects to be started.

During the period the consultant, through his expertise in analysing the R127 million worth of projects mentioned saved the Administration an identified R11 255 000. The savings to date can thus be calculated at 8,8% of the project cost or 82 times the fees paid to date. In housing terms this means an extra 400 homes for our people. If we can continue in this we way, will be able to squeeze close to 900 extra housing units out of our available funds for housing. This must be considered as favourable to the Administration.

I would like to briefly indicate the savings that were made, but unfortunately I do not have the information here. A list with the break-down of the figures of the exact savings can be made available to hon members who are interested.

The LEADER OF THE OFFICIAL OPPOSITION: Mr Chairman, it is unfortunate that this interpellation has come up in the middle of the housing debate, but I do not think there was any negative intention. It is a question of public accountability which is the main issue.

I want to place on record that I am not going to pass judgement on the decision to appoint a consultant. As I indicated during the debate on housing, I shall comment only at the end of the financial year.

However, what we must place on record is that savings as a result of thorough scrutiny by architects and our quantity surveyors at our head office have been an ongoing exercise from the time a housing department was established in South Africa. I remember in the times of the SA Indian Council one official boasted that, as a result of thoroughly examining the plans, he was able to suggest certain reductions to local authorities, and in one particular project—without the appointment of a consultant—there was a reduction of R2 million in the overall allocation.

education Acts, namely the National Education Policy Act and the Education Affairs Act. [Interjections.] Those two Acts determine that education under the Department of Education and Culture, Administration: House of Assembly is for Whites only. [Interjections.]

The hon member for Pinetown referred to the House of Representatives and the House of Delegates and he argued that my saying that this was based on the Constitution, was not true. The hon member should just be slightly more clever than he thinks he is. If he would go and read paragraph 14 of Schedule 1 of the Constitution which contains the service principle, in conjunction with section 16 . . . [Interjections.]

Wait a minute. He will then see that any Minister responsible for education in a specific House has the right to provide service after specific agreements with other Ministers and with the approval of the State President. [Time expired.]

*Mr J H HOON: Mr Chairman, the hon the Minister recently said in this Chamber that parents who adopted model B could utilise the admission measures to keep their school a White school. In its propaganda the NP adopted the principle of open schools and persuaded parents to accept model B. It was stated that if a Black majority government should ultimately come about in South Africa, parents would then retain the right to admit only White children to those particular schools under those circumstances. The hon the Minister destroyed that hope in his reply which he gave to these NP parents today. [Interjections.] NP parents accepted model B under this pretext with the intention of reserving their school for White children only. Many schools did that.

The NP has now opened its membership to people of colour, who can now buy houses in White residential areas and live there; they can even belong to the same NP branch as hon members. [Interjections.] The Population Registration Act is now being repealed. The references to Whites, Coloured and Asian and Black are now being removed from South Africa's legislation, because they are racist and discriminatory in terms of the NP standpoint.

I now want to ask whether there is any way in which separate schools for Whites can be maintained in the new South Africa, except by means of the unaffordably expensive option of a private school. [Interjections.]

The hon the Minister gave the answer to that. He said no, even in Kuruman where the control boards consist of conservative people who want to keep their school White, the Government will ultimately force parents to throw open their school to members of their party. [Time expired.]

*Mr A GERBER: Mr Chairman, I will try to simplify it even further for the hon the Minister. [Interjections.] Neither the Constitution, nor the National Education Policy Act, nor the Education Affairs Act determine who is White and who is not White.

If a pupil were therefore to arrive at a school and he had not been classified and he applied to be admitted to a White school, then we want to know on what grounds such a child could be refused, even if he were Black. That is the question to which the hon the Minister has given no answer this afternoon. That is the simple question to which we want an answer. [Interjections.] He can give it to us now. [Interjections.]

*The MINISTER OF EDUCATION AND CULTURE: Mr Chairman, allow me first of all to reply to the hon member for Kuruman about his model B.

*Mr J H HOON: It is your model B. [Interjections.]

*The MINISTER: The Government's model B, which is an excellent additional model . . . [Interjections.] Yes, we proudly take responsibility for it. The fact is, when a school community decides to choose model B, they have the right to determine the admission requirements within the larger requirements of the law. Such a management board could therefore decide under the present system either to admit children of colour or not. It is their right to do so, and there is no problem with that.

However, I have often said in public that I did not understand how a school community could decide to choose model B if they wanted to do so to reserve the school for Whites, because according to the status quo, Government schools are for Whites only.

The hon member asked about the future. I want to say again categorically that in the future, in the new dispensation, race and colour will not play a

role. It will definitely be true that schools will not be able to remain exclusively White on the grounds of colour, but they will be able to practise their own type of education on the grounds of equal values. These values are, for example, mother tongue, Christianity, culture and so on. It would therefore be practically as well as theoretically possible for a school in a specific community where there are only Whites to consist of only Whites. However, this would not be on the grounds of the fact that their colour was White. We must accept that in the new dispensation; that is the way it will be. [Time expired.]

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Whites: State housing assistance

*1. Mr P G SOAL asked the Minister of Welfare, 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?

B1013E

The MINISTER OF EDUCATION AND CULTURE (for the Minister of Welfare, Housing and Works):

An amount of R86 080 544 was spent by the Development and Housing Board during the 1990/91 financial year in respect of housing assistance.

Aged Whites' accommodation: State assistance

*2. Mr P G SOAL asked the Minister of Welfare, 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 1990?

B1015E

†The MINISTER OF EDUCATION AND CULTURE (for the Minister of Welfare, Housing and Works):

One project was built during 1990, namely Dewetshof consisting of 86 single and 15 double flats for Category A aged persons.

The loan amount approved by the Development and Housing Board for this project, amounts to R5 100 213.

For written reply:

General Affairs:

Regional Services Council: chairmen/pensions

321. Mr W J BOTHA asked the Minister of Planning, Provincial Affairs and National Housing:†

(1) (a) How many serving chairmen of regional services councils (i) receive a pension for service previously rendered in a government body and (ii) do not receive such a pension and (b) in respect of what date is this information furnished;

(2) whether a chairman of a regional services council who receives a pension from a government body and has rendered only one day's service and dies, qualifies for a pension; if so, in terms of what statutory provisions and/or regulations;

(3) what requirements must a chairman of a regional services council satisfy in order to qualify for a pension?

B835E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

Cape Province:

(1) (a) (i) Four.

(ii) Seventeen.

(b) 25 April 1991.

(2) No.

(3) The remuneration package of regional services council chairmen does not provide for pension benefits.

Orange Free State:

(1) (a) (i) Three.

(ii) One.

(b) 24 April 1991.

(2) No.

(3) The remuneration package of regional services council chairmen does not provide for pension benefits.

Transvaal:

(1) (a) (i) Four.

(ii) Eight.

(b) 30 April 1991.

(2) No.

(3) The remuneration package of regional services council chairmen does not provide for pension benefits.

Natal:

(1) (a) There are no regional services councils in Natal, but with regard to joint services boards, which were instituted in terms of the KwaZulu and Natal Joint Services Act, 1990, the position is as follows:

(i) The Chairman of the Zululand Joint Services Board is in receipt of a pension from the KwaZulu Government.

(ii) The Chairman of the Natal Midlands and Thukela Joint Services Boards both receive Parliamentary pensions. The Port Natal-Ebhowe Joint Services Board Chairman receives a pension from the Natal Joint Municipal Pension Fund.

(b) 29 April 1991.

(2) There is no pension scheme for chairmen of joint services boards.

(3) Falls away.

Dr Nelson R Mandela High School

323. Mr J VAN ECK asked the Minister of Education and Training:

(1) Whether, as at 8 April 1991, the Dr Nelson R Mandela High School in Crossroads had any (a) word processors and printers, (b) photocopiers, (c) roneo machines, (d) overhead projectors, (e) overhead projector screens, (f) computers, (g) sport equipment, (h) desks, (i) typewriters and (j) chairs; if so, how many of each;

(2) whether, as at the above date, this school needed more of any of the items referred to above; if so, (a) how many of each and (b) what is the cost or estimated cost of the items needed?

B841E

The MINISTER OF EDUCATION AND TRAINING:

(1) (a) No
(b) One (1)
(c) One (1)
(d) No
(e) Four (4)
(f) No
(g) Soccer: Ball: (1)
Netball: Ball: (1)
Athletics: High jump apparatus: (1 set)
Javelins: (1)
Shot put: (1 ball)
Discus: (1 disc)
Starter's pistol: (1)
Tape measure: (2)
Volley Ball: Ball: (1)
Standards and net: (1 set)
(h) 483 double tables
(i) No
(j) 1 020 (laboratory chairs not included)
(2) (a) Overhead projectors: (5)

Sports equipment:
Rugby: Balls: (2)
Cricket: Wickets: (2 sets)
Balls: (4)
Bats: (10)
Table Tennis: Table top: (1)
Balls: (6)
Rackets: (6)
Soccer: Balls: (2)
Netball: Ball: (1)
Athletics: Foam rubber for landing (high jump): (1 ball)
Javelins: (300 double tables)
Shot put: (70)
Furniture: (600)
Typewriters:
Chairs:
(b) ± R80 500,00

Self-governing territories: citizenship certificates

334. Mr P G SOAL asked the Minister of Home Affairs:

How many citizenship certificates (a) (i) had been issued and (ii) remained to be issued as at 31 December 1990, and (b) were issued in 1990, to citizens of each self-governing territory?

B892E

The MINISTER OF HOME AFFAIRS:

	(a) (i)	(a) (ii)	(b)
KwaZulu	1 611 231	1 573 229	457
Lebowa	278 321	1 164 343	0
Qwaqwa	171 822	866 064	2 065
Gazankulu	98 444	416 522	0
KaNgwane	4 574	536 663	0
KwaNdebele	47 190	324 082	5 714

The figures furnished under (a) (ii) are projections based on the 1985 census figures as supplied by the Central Statistical Service. The figures will be adjusted pending the results of the census survey presently being undertaken.

Pretoria: telephones/private post boxes

335. Mr P G SOAL asked the Minister for Economic Co-ordination and Public Enterprises:

Whether any applications for (a) telephone services and (b) private post boxes were outstanding in the Pretoria area as at the latest specified date for which figures are available; if so, (i) how many and (ii) when is it anticipated that the backlog will be eliminated?

B893E

The MINISTER FOR ECONOMIC CO-ORDINATION AND PUBLIC ENTERPRISES:

(a) Yes;

(i) 4 853 as at 30 April 1991, and

(ii) approximately 3 503 of the waiting applicants will be provided with telephone service during the current financial year. It is at this stage not possible to indicate when the requirements of the remaining applicants, whose applications are being deferred due to insufficient capacity in certain exchanges, will be met.

(b) Yes;

(i) 1 631 as at 30 April 1991 (Alkantrant 23, Groenkloof 305, Brooklyn 150, Pretoria North 70, Onderstepoort 6, Rosslyn 500, Silverton 200, Valhalla 30, Villieria 150, Lynn East 50, Verwoerdburg 35, Olifantsfontein 32 and Hennopsmeer 80).

(ii) Alkantrant—Negotiations are in progress for the erection of a mail collection point to serve the residents of Newlands and Erasmuskloof which will relieve the demand for private boxes at Alkantrant. The anticipated completion date is not yet available.

want to return to South Africa. However for the hon member's information it can be mentioned that this year, up to and including 2 May 1991, 637 exiles returned under the banner of the ANC and 20 by mediation of the National Co-ordinating Committee for the Repatriation of South African Exiles.

(c) The Internal Security Act, 1982, which regulates the declaration of organisations as unlawful and the suspension of such orders, is not administered by the Department of Home Affairs.

Govt Service Pension Fund: prescribed investment

*2. Mr W J D VAN WYK asked the Minister of Finance:†

Whether the Government Service Pension Fund is under any obligation to invest its funds in a prescribed way; if so, (a) how do these funds have to be invested and (b) at what prescribed percentages?

B965E

†The MINISTER OF FINANCE:

Yes.

(a) The Regulations promulgated in terms of the Government Service Pension Act, 1973, stipulates that all investments of surplus funds must be made by the Public Investment Commissioners.

(b) The Public Investment Commissioners' Act, 1984, prescribes that at least 75 percent of all funds must be invested in government stock whilst a maximum of 25 percent of all such funds may be invested in semi-government stock.

†Mr P J PAULUS: Mr Chairman, arising out of the hon the Minister's reply, can he tell us what the average interest yield of these funds is?

†The MINISTER: Mr Chairman, if the hon member will have that question put on the Question Paper, I shall give him a proper explanation. I do not go around with those averages in my head, because they change from day to day.

†Adv S C JACOBS: Do not be sarcastic.

†The MINISTER: Active trading takes place and it depends on the series that are issued. Of course there are hon members on that side who do not understand such things. However I am talking to the hon member for Carletonville now. I shall give him this information privately with pleasure, or if he has a question put on the Question Paper.

There is a very encouraging tendency of a rise in yield, firstly because there has been active trading in the last few years, and secondly, because relatively large amounts have been contracted out for management by private sector institutions whose full-time job it is to manage such portfolios. I shall give it to the hon member with pleasure.

It also depends what pension fund he is talking about. If the hon member's question is specific I can give him a specific reply.

Mr B B GOODALL: Mr Chairman, arising out of the hon the Minister's reply I would like to ask him if any discussions are taking place between the Department of Finance and the IDC as to whether it is possible for the State pension funds to buy the share portfolios of the IDC to free that money for industrial development and to allow the State pension funds to diversify their investments.

The MINISTER: Mr Chairman, I must say this is an idea which has a lot of merit. We have certainly discussed that issue among ourselves internally. Obviously we have not had a discussion with the IDC on it. What is necessary, in the first place, is to change the Act to make it possible for the pension funds to invest in that kind of instrument. It certainly is a very productive idea.

Housing units for rental: statistics/planning

*3. Mr J J WALSH asked the Minister of Planning, Provincial Affairs and National Housing:

(1) Whether his Department keeps statistics of the number of housing units available for rental in the Republic; if not, on what basis does his Department plan the building of such premises;

(2) whether any steps are being taken to increase the number of low-cost housing units for rental; if not, why not; if so, what steps;

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

B977E

The MINISTER OF PLANNING, PROVINCIAL AFFAIRS AND NATIONAL HOUSING:

(1) Yes, in respect of housing units erected for the Black population group within the RSA by means of State funds. Housing for Whites, Coloureds and Indians are being dealt with by the various own affairs administrations.

(2) The Government adopted the policy early in the eighties that no further houses for Blacks would be erected by the State for rental purposes and existing letting units are let with the option to purchase. The State acquires as first priority land and provides as many as possible serviced stands which are thereafter made available to individuals. Such individuals may then erect an own affordable dwelling by means of own capital or a loan from a financial institution as well as financial assistance from their employers.

(3) A statement is not regarded as necessary.

Mr J J WALSH: Mr Chairman, arising out of the hon the Minister's reply, if I understood him correctly he said that statistics for the other Administrations were held by them. May I just ask, in terms of planning national housing, which I understood this portfolio to cover, whether it is not necessary for all statistics to be brought together for the purpose of a national housing policy?

The MINISTER: Mr Chairman, I think that is a valid point. We are working in that direction. We are making provision for computer services to centralise the data, but we are also waiting for the report of the South African Housing Advisory Council on a new dispensation and for their advice to the Government as to how we should handle housing in the new South Africa. I hope from that advice we will also have a clearer indication of the way in which we want to go.

Civil pensions: increase/adjustment

*4. Mr K M ANDREW asked the Minister of Finance:

(1) Whether civil pensions were increased with effect from 1 April 1991; if so, by what percentage;

(2) whether special adjustments were made in respect of any groups of civil pensioners; if not, why not; if so, (a) in respect of which groups and (b) what adjustments were made?

B984E

†The MINISTER OF FINANCE:

(1) Yes, 12,5 percent.

(2) Yes.

(a) and (b) As specific groups of pensioners who retired in certain years, have experienced greater backlogs as against the increase in the consumer price index than others, further differentiated adjustments according to year of retirement were granted to these groups over and above the 12,5 percent. These adjustments differ significantly from the differentiated increases of preivous years (such as the addition of an extra 1 percent in respect of each completed year after retirement), having been structured taking into account both the pension fund concerned and the increases already granted to the various groups subsequent to retirement. The aim of the adjustment was to bring the various groups of civil pensioners to a uniform level corresponding to roughly 70% of the rise in the consumer price index subsequent to retirement. In many cases the growth in the pensions concerned already equalled or bettered this guideline, and these groups therefore received only the minimum increase of 12,5%.

†Dr W J SNYMAN: Mr Chairman, arising from the hon the Minister's reply, a few years ago there were rumours that the pensions of civil pensioners widows would be raised to 75% of their husbands' pension. Is there any such plan in this regard?

†The MINISTER: Mr Chairman, that is a very reasonable request by the widows and one would very much like to grant it. At this stage, however, the financial implications of doing so are so

enormous, that, purely from the Government's point of view of correspondingly financing the fund, we have not yet been able to consider granting it. Hence the matter is under consideration and if I remember correctly— I have to try to recall a report of some time ago — the implication was that the fund would have to be financed by an additional R3 billion or more to raise it from 50% to 75%. It is extremely difficult to do so at this stage. We are in any case looking at the total structure of pension funds and the financing of such funds and the matter of widows' pensions is high on the priority list as it is a very real problem. We will want to attend to it, and in the not too distant future a decision will be taken on the matter.

Nevertheless I doubt whether it will be possible to do it in a one-sided manner. There will have to be negotiations. By "one-sided" I mean that the adjustment be made solely on the side of the employer, namely the Government. Calculations will have to be made and there will have to be negotiations with the employees to establish whether they will be prepared to make a substantial contribution on their side in order to accomplish this.

†An HON MEMBER: Just see how decent he is now!

Meyerton messenger of the court: post vacant

*5. Mr W L VAN DER MERWE asked the Minister of Justice:†

(1) Whether the post of messenger of the court at Meyerton is vacant; if so, (a) why and (b) since when;

(2) whether any applications for this post have been received; if so, how many;

(3) whether any recommendations have been made in respect of these applications; if so, (a) by whom and (b) what were the recommendations;

(4) whether this post has been filled temporarily; if so, when is it expected that a permanent appointment will be made?

B985E

The DEPUTY MINISTER OF JUSTICE:

(1) No. (a) and (b) fall away.

(2) Yes.

Five applications were received.

(3) Yes.

(a) Recommendations were made by various persons and bodies.

(b) As the recommendations are confidential it is not advisable to disclose this information.

(4) Yes. A permanent appointment was made on 17 May 1991.

Public meeting of certain political party: SAP video

*6. Mr A GERBER asked the Minister of Law and Order:†

(1) Whether the South African Police have made a video recording of a public meeting of a certain political party, whose name has been furnished to the Police for the purpose of the Minister's reply, which was held at Welkom on 2 May 1991; if so, (a) for what purpose and (b) what is the name of the party concerned;

(2) whether it is the policy of the Government to make video recordings of all public political meetings;

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

B993E

†The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) Because the South African Police was in possession of information that the meeting could possibly be disrupted, resulting in criminal offences such as malicious damage to property and assault, members of the Force had this aid available to record evidence on tape if an offence should be committed. Single cuts were made of occurrences during the meeting which indicated that those present could become violent and become disruptive. No offence was committed by anybody present, and the recorded material was destroyed after the meeting. The matter was discussed with the hon member for the Welkom constituency who indicated that he is satisfied with the handling of the matter.

(b) The Conservative Party.

(2) No, but the South African Police do make video recordings in those cases where law and order might be threatened.

(3) Yes, aids of this nature play an important role in respect of identification and submission of proof in criminal cases, and are used by the South African Police to enable them to perform their duties in terms of section 5 of the Police Act, 1958 (Act 7 of 1958). These functions are *inter alia*:

— the preservation of the internal security of the Republic;

— the maintenance of law and order;

— the investigation of any offence or alleged offence; and

— the prevention of crime.

Because the South African Police are accused timely and untimely of partiality, and even incitement to the commission of crimes, video recordings are also made during gatherings of persons, with the purpose of proving accusations of this nature to be unfounded.

†Mr A GERBER: Mr Chairman, arising out of the hon the Minister's reply, namely that it was expected that the meeting could possibly be broken up, I would like to know how many policemen were present at the meeting.

†The MINISTER: Mr Chairman, I do not have that information at my disposal at the moment. If the hon the member is really interested he can have it put on the Question Paper. I will then give him the correct figure. I thought the hon member would thank me because we protected him so that he could hold his meeting in peace! [Interjections.]

†Adv S C JACOBS: Mr Chairman, further arising out of the hon the Minister's reply, can he tell us who would be of the opinion that that meeting would be broken up by violence, on the basis of which the Police applied certain protective measures? [Interjections.]

†The MINISTER: Mr Chairman, the Minister was not there. It is the hon member for Brits who held the meeting. [Interjections.] We had information that possible disruption of his meeting could occur. [Interjections.] Now he is angry with me because we looked after him. I cannot understand him at all. [Interjections.]

†Mr A GERBER: Mr Chairman, further arising out of the hon the Minister's reply, we would like to know who gave him the information and whether the CP requested that the policemen be present. [Interjections.]

†The MINISTER: Mr Chairman, it is not the hon member for Overvaal who gave us the information. I would like to confirm that. We had access to information that there could possibly be problems and we took precautions so that the hon member's meeting could be peaceful.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Certain right-wing organisation: protest march in Soweto

*7. Mr A GERBER asked the Minister of Law and Order:†

(1) Whether a certain right-wing organisation, particulars of which have been furnished to the South African Police for the purpose of the Minister's reply, recently applied to hold a protest march in Soweto; if so, what (a) is the name of this organisation and (b) are the particulars of the application;

(2) whether the application was granted; if so, for what reasons; if not, why not;

(3) whether it is the policy of the Police that Whites may not hold protest marches in Black cities;

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

B994E

The MINISTER OF LAW AND ORDER:

(1) Yes.

(a) "Resistance against Communism".

(b) Application was made for a march on 9 May 1991 by approximately 29 000 people from the NASREC showgrounds to Diepkloof.

(2) As a result of insufficient information in the application, the Magistrate of Johannesburg referred it back to the applicants for further particulars. As a result of an

No cash for pensioners

Crisis at payout points add to hardships, danger

Sowetan 22/5/91 (300)

THOUSANDS of elderly Soweto residents are physically suffering because of delays in receiving their pensions

By SUSAN MILLER

Apart from their food running out, they are out of pocket every day as they pay taxi fares for fruitless visits to the pay-points. Sometimes they cannot pay the taxi-fare home and are stranded at the pay-points.

Others put their lives on the line, leaving home before dawn and walking in the darkness so that they can get to the front of

These hardships for the eldery are further aggravated by cold wintry mornings and the fact that there are no shelters available.

The pay-points in Soweto have been surrounded by long queues of pensioners who are angry at the delays. They are concerned that they may not get their pensions at all this month.

People queueing at a pay-out point in White City, Jabavu, on Monday said they had been return on the third of next month to get their pensions.

They said the officials had told them 'there was no more money in the Reserve Bank' and therefore they could not get their pensions.

An elderly couple outside the pay-point said that without any money they would have to drink water until they could get their pensions.

An official at the office, a Sgt Nimrod, confirmed that the payout had been delayed by two days.



An overspill of pensioners who waited in vain for a payout at White City. Jabavu.
Pic: PATTY MOENG

the queue. Some of the aged even sleep at the pay-points.

told by Transvaal Provincial Adminstration (TPA) officials to



rs Margaret Mbatha (67) and Mrs Mita Ngema 3) waiting patiently at White City . There are) shelters provided and they wore blankets) keep themselves warm. Pic: PATTY MOENG

...e sa... t...s was be-cause of the violence in the townships.

He said the money ran out on Friday last week and all pension vouchers were cancelled.

Long wait

Many of the pensioners in the queue yesterday had been waiting since last week to receive their money. Some had been waiting at the the office since 4am.

Susan Senatte (76) said she had gone to the office ever day last week. She said she was desperate as she had to pay her rent or electricity bill.

"What are we going to live on?, "she asked

Sowetan visited a pension payout point at Zola A last week and found many pensioners angry. The queue at 10.30am was still about 800-strong and most of the people had been there since the early hours of the morning. Many had also been there every day last week.

Mrs Moipone Evodiah Nkosi (61) said there was always a queue.

She said that many of the people were scared when they arrived in the early morning as it was still dark.

She said she wanted to join a bank and have her pension placed directly into her account but was told by the TPA paymaster that there were no more application forms left.

Many pensioners appeared ill, according to Mrs Crane Mathe (72) of Emdeni. She said she suffered with her feet and the walk to the centre had made her back ache as well. She said she also suffered from the long wait and standing for hours in queues while waiting for the payout. "I have been coming here since Monday and every time they tell me that the money is finished".

TPA officials at the Zola pay-point appeared to pay scant attention to the pensioners' plight and the TPA paymaster there was abrupt to them.

Guards

The point was obviously understaffed with only the paymaster and two women working on computers from the TPA. Two policemen stood guarding the money while two "helpers" took fingerprints and ordered the queue to keep moving.

Many of the pensioners suffered from the disorginisation at the centre.

Mrs Mary Maseko (53) who was there to collect her husband's pension, and Mrs Christina Matoti (68), said they had had their fingerprints taken the previous Monday and had handed in their ID books on the same day. They were told to return the next day to collect their money.

They said they had still had not received it and were scared not to return in case the TPA thought that they had already been paid out.

"No-one will tell us what to do now,"said Maseko.

A worker who said he belonged to a concerned group said: "People sometimes sleep here in order to be first in the queue and this causes problems for us".

TPA Director of Welfare Development, a Mr Riley, was unavailable for comment.

* A Soweto pensioner, Mr Richard Khanyile, died in the hall at the Zola collection point. His sister-in-law, Mrs Dorcas Khanyile, said it was the third time in a week he had tried to collect his pension.

[redacted]



Part of the at least 800-strong queue waiting for their pensions at Zola A. They had been waiting since the early hours of the morning.

Pic: PAT SEBOKO

Violence delays pensions

300

Sowetan 27/5/91

By SUSAN MILLER

THE Transvaal Provincial Administration (TPA) yesterday claimed delays in pension payments had been caused by the violence in the townships.

TPA spokesman Ms Elsabe Ferreira said payment of pensions had taken place smoothly this year except for the incidents highlighted in the *Sowetan* last week.

She said the TPA was aware of the needs of the pensioners "and sunshades had been erected for their convenience at some of the pay points".

Volunteers

The TPA was already busy making arrangements to establish two additional payout points outside Soweto, she said.

Ferreira emphasised that it was not necessary for pensioners to queue from so early and that adequate time was allocated for the paying of the pensioners.

She appealed for more volunteers to come forward "to help with this great task".

Silvermine hopes to raise R20 million from resales

Argus 30/5/91

300

By MAGGIE ROWLEY
Business Staff

SILVERMINE Retirement Village in Noordhoek is aiming to raise more than R20 million through resales in the next 15 years, which would help contain levy increases, says Mr Carl Scheppening, chairman of the controlling ARP & P Noordhoek Development Trust.

He said the scheme was now well over its difficulties and had bypassed levy increases this year.

Last year residents took over full control of the shareblock company and the Turst, which owned the land, after the village ran into financial difficulties.

The debts incurred by the previous management had been settled by way of an interest bearing loan scheme whereby residents had been asked to pay an average of R15 000 each.

"It was a voluntary scheme, but the response was incredible, with more than 95 percent of villagers participating and paying between R1 000 and R100 000 each," he said.

When the residents took control the major debt facing the village was with Concor. Although owed about R3,5 million, Concor had settled for about R1,5 million.

"Under the agreement with the previous management, Concor would have been paid out of the profit of sales, which could have taken many years for them to recoup what they were owed. We offered them a cash settlement, which they agreed to."

Mr Scheppening said the scheme had provided the village with sufficient capital to avoid a levy increase this year.

One of the problems affecting the scheme had been the high cost of providing two satellite communal buildings over and above the central clubhouse facilities. These had been expensive and under used and one of the buildings was now being converted into bedsitters.

"These bedsitters will accommodate some of the frailer residents who wish to gear down to smaller quarters, but are not candidates for the frail care centre."

According to the regulations of the village, residents receive 100 percent of their initial purchase price when they resell their units. Any profit on the sale is ploughed back into the Trust company and is used to offset rising running costs and as such to contain levy increases.

"Resales are achieving market related figures far in excess of the initial purchase price and we are conservatively budgeting for about R20 million to be raised through resales within the next 15 years or so," he said.

He said when they took over the management of the village, the financial records had been in a shambles and they had to install new software to run the accounting programme.

"However the village is now definitely over the hump and, with nearly 100 people on the waiting list, is looking ahead to a stable financial future."

Mr Scheppening is also managing director of the Cape Town branch of Russell Marriott Boyd Trust.

More than just a pension needed

Star 1/6/91.

300

Money Matters

MAGNUS HEYSTEK



MOST people who are fortunate enough to have employment in the formal sector, belong to a company pension or provident fund.

This is quite often one of the attractions of joining a particular company, alongside the other perks like a car, housing allowance, canteen facilities and other fringe benefits.

But it often lulls people into a false sense of security as far as financial provision for their old age is concerned.

And by the time they realise that they are actually going to reach retirement age one day, it is normally too late.

A male retiring at the age of 65 today would, on average live for another nine years while a woman aged 65 can expect to be around for another 12 to 13 years. And these figures are growing all the time due to improved health care and better diets. But people are still retiring at the same age.

If current life-span trends continue, a man aged 25 today has a very good chance of reaching 80.

This makes retirement planning even more important than ever before. People who fail to recognise it are heading for poverty one day.

Job changes

In most instances a person would have to have been a member of a particular pension fund for about 50 years to retire on a pension roughly equivalent to final salary.

But, very few people stay with any pension fund that long. In fact, this happens only in very few cases.

People change their jobs quite often during a lifetime, as is their right to do so. Job mobility is also important for economic productivity and career satisfaction.

As a result of moving around — on average five times during someone's career — pension benefits are inadequate.

According to pension industry spokesmen the average South African in formal employment has only about 15 years of retirement benefits built up by the time he retires, which, of course, means a sharp drop in income for the retiree.

Someone who has been with a particular pension fund for 15 years will retire on a pension roughly equivalent to about 30 percent of final salary.

Hopefully by that time one's needs and financial responsibilities will be far less, but in many cases people going on retirement have to use a large portion of their commutable pension payment (the portion that is paid in cash) to settle debts like a car and even a house.

This is where the problem begins. And believe me, from what I can gather speaking to pensioners, it's a slow and relentness slide into poverty.

Inflation rate

Unlike a person earning a salary who can look forward to having an annual increase at a rate roughly in line with the inflation rate, increases in pension benefits have severely lagged the inflation rate.

The average annual increase in pensions in recent years has been somewhere between 6 and 10 percent. For someone already starting a retirement with a sharp drop in income this means a further gradual erosion of living standards.

And even though pensioners officially have a slightly lower rate of inflation (an assumption that can be questioned), the cost of living, simply put, makes living longer a living hell. Someone recently described retirement as a race between inflation and death. And this is very true.

But careful planning can avoid this happening. For the next couple of weeks I'll be concentrating on the various ways of planning for retirement. It need not be an all-consuming exercise — just a bit of foresight and discipline.

Alongside the traditional investment instruments like retirement annuities, which very few people still fail to understand, I'll also be looking at alternative investments that can help to supplement one's pension one day.

Provident fund breakthrough in metal industry

C/Pres 2/6/91

300

Special Correspondent

THE campaign by trade unions to persuade companies to provide for a provident fund for unschooled labourers instead of a pension fund, gained momentum with the recent establishment of a provident fund in the metal industry.

The launching of this fund offers the possibility to members of the Metal Industry Group Pension Fund (MIGPF) – one of the largest funds in South Africa and valued at about R4-billion – of an alternative fund for the payment of pensions. This new provident fund is specifically aimed at unschooled labourers and became effective on May 1.

According to Seifsa it is expected that about 60 percent of the 240 000 members, who contribute to the MIGPF, will switch to the new provident fund. The biggest advantage of the provident fund would be that workers receive their full pension benefits at retirement or resignation in a single large amount.

It took two years of negotiations for Seifsa and the eight trade unions in the metal industry to reach an agreement.

Numsa general secretary Moses Mayekiso said the new fund is an "important step forward in the history of negotiated benefits in South Africa".

The introduction of a provident fund in the furniture industry is also an important issue on the agenda of Saccawu this year.

Joshua Doore managing director David Sussman said Saccawu had already approached them with the proposal that a provident fund be formed.

"Saccawu is negotiationg with other big employers in the industry about the creation of such a fund. When they have agreed, the details of such a step can then be negotiated," he said.

The issue of pension funds versus provident funds has been a concern of most trade unions since 1981 when the government proposed legislation aimed at the protection of pension funds. This drew the attention of trade unions to the benefits which traditional pension funds offer, in particular, to unschooled labourers.



Important step . . . Numsa general secretary Moses Mayekiso.

The new Pensions Act was strongly opposed by various trade unions which called strikes in protest against its introduction.

These trade unions submitted objections against existing pension funds and proposed a number of alternatives. One of the most important points of criticism was that pension funds were devised for "First World" workers, while most of the members of the trade unions still live in "Third World" circumstances.

Prof Andrew Levy of labour consultants Andrew Levy, Johan Piron and Associates, said other points of criticism against pension funds include:

■ Most workers don't ever expect to receive benefits other than a repayment of their own contributions, plus a small additional amount from the pension funds.

■ Should a worker be dismissed, his first priority is to take care of his family. When his unemployment benefits have been used, he needs money. It is therefore important that a dismissed worker should also be eligible for a portion of the money invested on his behalf by the company. Payments should also include full interest earned on the money.

■ The biggest priority for an unschooled worker is not to save for his own retirement, but to pay for housing for his family and the education of his children. Workers made it clear that they expect a provident fund to take into account the needs of its members during years of employment.

■ The death rate among black workers is on average higher than among whites and it is discriminatory to let black workers retire at the same age as white workers. An earlier retirement age is preferable for most unschooled black workers because the type of work they do – often manual work – is too strenuous for a worker older than 65. A provident fund would enable them to retire at 55 or later.

■ At retirement a black worker needs a large sum of money which could be used to buy, at present prices, a small business. The monthly payment of his pension would not cover, for instance, his return to a homeland.

■ Should a member of a provident fund be dismissed before reaching retirement age, he is eligible for a repayment of all his contributions, plus a percentage of the employer's contributions, plus full interest calculated on the number of years of service.

■ Should a member of a provident fund die, his dependents receive a single sum – usually three times his annual salary – plus his contributions, his employer's contributions and interest.

■ Provident funds can also provide that a worker going on temporary leave or being temporarily absent from work (with or without payment) could remain a member of the fund.

Labour experts contend that the advantages of a provident fund for employers are:

■ Strengthening of a postive attitude towards the company; and

■ Improved labour relations because the trade union is involved in the management of the fund.

It is understandable that employers would often consider the long-term benefits of a pension fund to be more advantageous to the well-being of employees than the bulk payment of a provident fund.

But such an employer must always take into consideration that the needs of a schooled white worker and those of an unschooled black worker are different.

For black workers the provident fund is a more flexible and more attractive option which can satisfy a variety of short-term and long-term needs.

State funds face new discipline

B Day 6/6/91

300

LESLEY LAMBERT

CAPE TOWN — State pension funds may soon comply with the same financial disciplines as private funds, if amendments to the Financial Institutions Act are passed.

Proposed amendments in the Financial Institutions Second Amendment Bill, tabled in Parliament yesterday, will enable state funds to appoint boards of trustees and to apply for registration in terms of the Pension Funds Act of 1956.

The State President will be empowered to amend or repeal the Pension Funds Act in order to accommodate the state funds which are currently controlled by statute.

The board of trustees will apply for registration. Funds which are registered will become corporate bodies, privately managed and subject to the same financial disciplines as other funds.

They will have to undergo regular actuarial evaluations and private audits and will have to disclose their financial statements to the Registrar of Financial Institutions.

Financially unsound state funds will be required to submit plans to the Registrar of Financial Institutions containing measures aimed at strengthening their financial position.

The Registrar will approve only the applications of funds whose plans he believes will be feasible in the longer term.

The state's obligations to pension funds which are registered will be transferred to the funds, along with all members and financial liabilities, according to a memorandum attached to the Bill.

Membership will remain intact, although provision is being made for the State President to approve changes.

Provision will be made, where necessary, for the funds to take transfer of their assets, the memorandum states.

If the amendments are approved, they will help to improve the financial position of state funds, many of which have been operating at an actuarial loss.

A second amendment in the Bill recommends greater protection of insurance policyholders' funds in the case of insolvency.

It recommends an amendment to the Insurance Act of 1943 to increase the amount of life policy funds which creditors cannot claim from R10 000 to R30 000.

Black pension increase

CT 4/6/91

(300)

THE Cape's budget is to be increased by R39,8 million to a total of R3 665,7m for the 1991/2 financial year to make provision for increased pensions and welfare grants to blacks.

According to the supplementary estimate of expenditure for the province, which was tabled in Parliament yesterday, an additional amount of R19,5m has provided for black old-age pensions, which will now cost R223,4m.

These increases fall under the community services vote in the Cape provincial budget.

State pension funds 'must be eased into JSE'

(-300)

B1 Dec

10/6/91

LINDA ENSOR

CAPE TOWN — The freeing of government pension funds to invest on the JSE would have to be done gradually, Finance Director-General Gerhard Croeser said at the weekend.

More than R10bn in annual cash flow from state pension funds could hit the financial markets once the funds are not required to have all their investments in government stock and semi-gilts.

A government-appointed private sector committee to investigate the effect of this cash flow on the financial sector is expected to report by about end-September.

Legislation putting public sector funds on the same footing as the private sector could be passed in the current session of Parliament.

The committee's preliminary report formed the basis for enabling legislation tabled as the Financial Institutions Second Amendment Bill in Parliament last week.

The Bill provides for state pension funds to be made subject to the Pensions Funds Act when the President so decides.

Croeser said the funds would probably continue to invest "a lot" in government and semi-government stock. The cash flows of pension funds if released onto equity, property and other markets would push up prices considerably, especially share prices, because of the shortage of scrip.

The committee will also advise on how to deal with the R30bn deficit in state pension funds.

"If the yield from the funds' diversified investments increased, it might be possible to get rid of the deficit over a number of years without increasing members' contributions or reducing the benefits," Croeser said, adding that with a yield of 2%-3% plus capital gains, the funds could be made into a saleable proposition.

Private sector funds are allowed nine years to take care of any deficits they may have.

Croeser did not foresee that lifting prescribed requirements would have much effect on government's funding of the Budget deficit by the sale of stock to state pension funds.

Problem

Their cash flow was so large, he said, that they would have to continue investing in government and semi-government stock, and there were other funds available to buy the paper.

"We could do our financing without any problem," he said.

Market-related rates were being paid on government paper and government policy had been to keep funding through the Treasury at arms' length from investing through the Public Investment Commission.

Croeser said enabling legislation would be passed before completion of the investigation to speed up the process of getting state pension funds run on private sector lines. He said the funds were not the type of business which should be run by government and that it was better for them to be dealt with on freer principles.

It was possible, he said, that outside consultants might be brought in to handle investments by state pension funds in property and unit trusts.

controlled basis in accordance with legislation. Citizens of South Africa who turn to those countries to exercise this practice there, can thus not be prosecuted under South African law.

Mr P G SOAL: Mr speaker, arising from the reply of the hon the Minister I want to ask him a question. Taking into account his statement that there is a desire for gambling and that while this gambling is taking place liquor is consumed and taxes evaded, would it not be desirable to consider licensing gambling in South Africa so that the people who want to gamble may do so?

The MINISTER: Mr Speaker, I think this matter was discussed in this House on a previous occasion by my colleague the hon the Minister of Justice and some other hon colleagues. This is a matter that is being considered at the moment.

Mr A J LEON: Mr Speaker, further arising from the reply of the hon the Minister, would he not acknowledge that this gambling raid on casinos took place three days after his own debate in the Other Place where he gave an assurance to Parliament and to South Africa that the SA Police would be reorganising their priorities to concentrate on the combating of serious crime, and can he satisfactorily explain why 182 policemen were involved, in some cases for up to six months, in planning and executing a raid of this kind when there are robbers and murderers running around in the streets undetected?

The MINISTER: Mr Speaker, as I have explained to the hon member and to the House, we regard this as a serious crime, and that is why we did our duty. That is all we did.

New questions:

Old-age homes/subsidies: disparities

*1. Mrs C H CHARLEWOOD asked the Minister of National Health:

(1) Whether, in view of the ongoing repeal of discriminatory legislation, she will disclose why there is still considerable disparity in the (a) subsidies paid in respect of, and (b) number of subsidised, old-age homes for the different population groups; if not, why not; if so, what are the reasons, in each case;

(2) whether she intends taking steps to desegregate old-age homes and abolish disparities in the subsidies paid in respect of the different population groups; if not, why not; if so, (a) what steps and (b) when?

B1066E

†The MINISTER OF NATIONAL HEALTH:

(1) (a) The subsidy amount is determined on the running cost of a particular group of homes for the aged. In this connection affordable social security is continuously considered and a sliding scale on actual expenditure is now being considered and

(b) the need for homes for the aged is determined by communities themselves and belong to private enterprises. The State has limited control over the extent of the provision. The construction of homes for the aged is no longer considered the only effective care-aid action. The attendant's allowance for the care in the community of a aged person in receipt of a social grant is already the same for all population groups;

(2) no, almost all the homes for the aged are in the possession of private welfare organisations and the State is therefore not endowed with the power to prescribe to them who should be admitted. It should, however, be borne in mind that the homes are established on the specific need in a given community. It has already been decided that, as funds become available, commensurable services will be subsidised on a comparable basis.

†Dr W J SNYMAN: Mr Speaker, arising out of the hon the Minister's reply, she said that the admittance requirements were in the hands of private organisations. Now I just want to ask—there are four fully State-controlled homes for the elderly—whether the State, in the cases in which it determines the admittance requirements, intends opening up those facilities to all.

†The MINISTER: Mr Speaker, the hon the Minister of Welfare, Housing and Work answered this question in full during his reply to a previous question put by hon members. [Interjections.]

Expansion of SAP

*2. Mr P G SOAL asked the Minister of Law and Order:

Whether he made a statement on or about 11 December 1990 that he wished to expand the South African Police Force by approximately 10 000 members by 30 June 1991; if so, (a) how many policemen have been recruited to the Police Force since that date, (b) how many are still in training and (c) in respect of what date is this information furnished?

B1072E

The MINISTER OF LAW AND ORDER:

Yes.

(a) 11 920 (Inclusive of Municipal Police, Police Assistants and National Servicemen).

(b) 9 222.
4 408 members, which includes members of the Municipal Police and Police Assistants, are receiving training.
4 814 members are being employed, pending their training, at police stations and offices.

(c) For the period 1 December 1990 until 22 May 1991.

Note: After the number of members who have left the Force due to, *inter alia*, superannuation, discharges and conclusion of national service are accounted for, the expansion of the Force still shows a gain of 10 417 members during the specified period.

Mr P G SOAL: Mr Speaker, arising out of the reply of the hon the Minister, may I compliment him on his reply and say how pleased I am that the size of the SA Police Force is going to be increased to this extent. However, I want to ask him whether he will give an undertaking that, to the best of his ability, he will employ as many of these people as possible as "bobbies on the beat". [Interjections.]

The MINISTER: Mr Speaker, I will gladly give this assurance, because I also believe in this. [Interjections.]

†Mr P W COETZER: Mr Speaker, further arising out of the hon the Minister's reply and particularly in the light of the request of the hon member for Johannesburg-North just now, I wish to ask the hon the Minister whether he is aware of a so-called Operation Strong Arm of the CP which is specifically aimed at intimidating people and whether he is aware that, in line with this . . .

†The SPEAKER: Order! Unfortunately it has nothing to do with the Question now before this House. [Interjections.]

Vaal River: water fern

*3. Adv J R DE VILLE asked the Minister of Water Affairs and Forestry:†

(1) Whether the water fern (*Azolla filiculoides*) occurs in the Vaal River at Standerton; if so, (a) to what extent and (b) what dangers does it present to the Vaal River system;

(2) whether any steps are being taken or are to be taken to control the occurrence of this fern; if not, why not; if so, (a) what steps and (b) when?

B1074E

†The MINISTER OF WATER AFFAIRS AND FORESTRY:

(1) Yes, at times.

(a) & (b) The extent and occurrence varies and thusfar it has not created any danger in the Vaal River system. The occurrence of the water ferm is, nevertheless, continuously monitored.

(2) No, not at the moment, as it is Departmental policy to take steps only when Government water works are endangered —which is not the case at present. The ferns die in winter and the normal wave and flow action results in the disintegration and subsequent destruction of the ferms. In the meantime research into biological control is being undertaken with the view to the application thereof, should its application be successful and Departmental action is justified. Individual riparian owners can undertake the eradication of water plants themselves, if such plants are a nuisance to them. The Department is willing to provide, on application, interested parties with advice and information.

N-W Tvl: national park

*4. Mr R J LORIMER asked the Minister of Environment Affairs:

(1) Whether any investigation has taken place in regard to the feasibility of estab-

State pension funds face new disciplines

By LESLEY LAMBERT

STATE pension funds may soon have to comply with the same financial disciplines as private funds, if amendments to the Financial Institutions Act are passed.

Proposed amendments in the Financial Institutions Second Amendment Bill, tabled in Parliament yesterday, will enable state funds to appoint Boards of Trustees and to apply for registration in terms of the Pension Funds Act of 1956.

The State President will be empowered to amend or repeal the Pension Funds Act in order to accommodate the State funds which are currently controlled by Statute.

The Board of Trustees will have to apply for registration. Funds which are registered will become corporate bodies, privately managed and subject to the same financial disciplines as other funds.

They will have to undergo regular actuarial evaluations and private audits and disclose their financial statements to the Registrar of Financial Institutions.

Financially unsound State funds will be required to submit plans to the Registrar with measures aimed at strengthening their financial position.

A second amendment in the Bill recommends greater protection of insurance policyholders' funds in the case of insolvency.



Crash victim . . . Barry Phokompe, 22, ponders the future without legs.

Labourer fights for 'lost wages' after losing legs

(302)

C/P news 9/6/91

(1087)

By DAN DHLAMINI

A YOUNG man who lost his legs in a road accident is fighting an uphill struggle for wages and compensation.

Barry Phokompe, 22, lost both legs when a truck owned by his employers overturned at Roodepoort on March 22.

Phokompe, who was discharged from hospital two weeks ago, claims his employer, Bert's Bricks, refuses to back-pay him his salary of R95 a week as demanded by the Workmen's Compensation Act.

He said that following recent City Press inquiries he has received a cheque from the company "totalling R50 a week back dated from April".

"But before City Press made inquiries on my behalf the company had paid me only occasional pocket money cheques of between R10 and R17."

Phokompe is one of nine labourers employed by Bert's Bricks to have been injured in the accident, which also claimed the life of Lazarus Bovula.

A Bert's Bricks truck driver, Moses Bovula, told City Press this week that company director Gerald van der Merwe had in the past "ignored three of my warnings that the brakes were faulty on the truck which crashed".

Another employee injured in the crash, Joseph Plaatjie, told City Press he was ordered to resume duties "despite my condition".

He claimed he was also asked to sign a Workmen's Compensation Act form stating that he had received R290 when he had "in fact received only R200".

Van der Merwe was "abroad and not available for comment" when City Press phoned the company this week.

But a spokesman for the company's attorneys, Desiree Jordaan, denied "all allegations by Phokompe".

She threatened legal action against City Press if the newspaper published a report showing Van der Merwe "in a bad light while he is out of the country".

Jordaan confirmed however that her firm was "handling the accident claims of Phokompe".

SCHEDULE 5

AID TO OTHER INDEPENDENT AFRICAN STATES

	1)* 1988/89	1)* 1989/90	2)** 1990/91
	R	R	R
A. DIRECT FINANCIAL ASSISTANCE			
A.1 Non-recoverable financial assistance			
Comores	819 600	681 866	—
Mozambique	5 000 000	2 800 000	—
Malawi	45 996	3 187	1 943
TOTAL	5 865 596	3 485 053	1 943
B. TRANSFER PAYMENTS	—	—	—
C. Loans from RSA (Project Aid)			
Comores	4 494 486	5 014 111	3 320 331
Mozambique	1 950 000	1 050 000	1 757 448
Malawi	8 106 147	141 846	—
Swaziland	9 000 000	—	—
Lesotho	—	379 760	—
TOTAL:	23 550 633	6 585 717	5 077 779
D. TECHNICAL AND OTHER ASSISTANCE			
D.1 MANPOWER PROVISION			
Swaziland	561 111	616 109	805 080
Comores	44 925	119 417	61 123
Equatorial Guinea	27 462	376 150	317 201
Lesotho	—	26 063	97 874
Malawi	—	—	439 194
Namibia	—	77 629	1 702 181
Togo	—	—	67 261
Ivory Coast	—	—	99 721
Gabon	26 890	534 973	169 482
TOTAL:	660 388	1 750 341	3 759 117

	1)* 1988/89	1)* 1989/90	2)** 1990/91
	R	R	R
D.2 TECHNICAL ASSISTANCE			
Lesotho	807 698	824 239	1 842 821
Swaziland	1 626 999	1 347 151	1 997 910
Central African Republic	18 700	—	—
Gabon	219 549	1 849 268	40 585
Ivory Coast	344 072	120 744	491 822
Malawi	1 245 822	2 517 970	1 680 200
Zimbabwe	29 760	—	—
Equatorial Guinea	2 007 009	1 414 448	96 862
Angola	90 162	—	250 000
Mozambique	1 530 327	2 224 434	2 431 251
Zambia	1 237	2 679	23 500
Zaire	18 639	695 961	247 082
Cape Verde	532 428	439 050	19 933
Comores	1 807 767	1 013 410	747 160
International Organisations: SARCCUS	175 031	276 539	163 223
Africa: GENERAL	—	1 487 474	4 267 142
TOTAL:	10 455 200	14 213 367	14 299 491
GRAND TOTAL	40 531 817	26 034 478	23 138 330

NOTES:

* 1) Actual expenditure

** 2) Estimated expenditure

Old-age homes: number of places

368. Mrs C H CHARLEWOOD asked the Minister of National Health:

Whether her Department has statistics on the number of places at old-age homes for all population groups in the Republic; if not, why not; if so, (a) how many places are there in old-age homes for (i) Blacks, (ii) Whites, (iii) Coloureds and (iv) Indians and (b) in respect of what date is this information furnished?

B996E

The MINISTER OF NATIONAL HEALTH:

No, this is an own affairs matter and each department or administration provides in its specific group's needs;

(a) relevant information obtained is:

(i) 1 200,

(ii) 31 720,

(iii) all institutions are open to all population groups, relevant statistics can therefore not be furnished and

(iv) 328 and

(b) 21 May 1991.

Harms Commission: amounts paid for transcription

408. Adv C D DE JAGER asked the Minister of Justice:†

With reference to his reply to Question No 89 on 8 May 1991 and the amounts paid to Vlok Recordings for the transcription of the proceedings of the Harms Commission with regard to its investigation into certain alleged murders, (a) at what rate did Vlok Recordings tender for the work (i) per day for an operator, (ii) per day or per month for the provision of recording machines and (iii) per folio for transcription and (b) how is the amount of R7 370,20 made up, regard being had to the basis of tender? B1075E

The MINISTER OF JUSTICE:

(a) (i) R50 per day per operatrix.

(ii) R25 per day or portion thereof plus R6 per cassette.

(iii) R3,04 per page plus R1,66 per page additional in respect of a running transcript.

(b) The amount is made up as follows:

(i)	Operatrix for the making of the recording	55 days at R50 per day	R2 750,00
(ii)	Hiring of Lanier recording machine and 10 microphones	55 days at R25 per day	R1 375,00
(iii)	Cassette tapes for recording	119 cassettes at R6 per cassette	R714,00
(iv)	Copy of transcriptions: Pretoria and London proceedings (2 free copies supplied)	4 052 pages at 30 cents per page	R1 215,60
(v)	Additional copies of certain volumes	656 pages at 30 cent per page	R196,80
(vi)	Original typing, checking and binding of the report	170 pages at R5,00 per page	R850,00
(vii)	Six copies of the report	1 020 pages at 12 cents per page	R122,40
(viii)	Computer discs	6 discs at R2,75 each	R16,50
(ix)	Certified copies of volumes 26, 27, 28, 29 and 30 of the record for the Commercial Crime Unit, the South African Police and John Vorster Square	433 pages at 30 cent per page	R129,90
			R7 370,20

Education budget: details

422. Mr J H MOMBERG asked the Minister of Education and Training:

(1) What (a) amount and (b) percentage of the education budget of his Department was spent in the Republic on (i) pre-primary, (ii) primary, (iii) secondary and (iv) tertiary education during the latest specified 12-month period for which figures are available;

(2) whether any part of his Department's education budget was spent on pre-primary, primary, secondary and tertiary education in (a) Qwaqwa and (b) KwaZulu during the period referred to above; if so, (i) what were the relevant amounts and (ii) what percentage of his Department's total expenditure on education for the period concerned did each such amount constitute;

(3) whether his Department has statistics on the amounts spent on pre-primary, primary, secondary and tertiary education by the (a) Qwaqwa and (b) KwaZulu Department of Education and Culture during the above period; if so, (i) what were the relevant amounts and (ii) what percentage of each of these Departments' total expenditure on education did each such amount constitute? B1105E

The MINISTER OF EDUCATION AND TRAINING:

Since the Department's accounts for 1990/91 have not yet been finalised, accurate amounts for 1990/91 cannot be submitted at this stage. Information figures for the 1989/90 financial year are supplied:

		(a)	(b)
(1)	(i)	R695 936,30	,04%
	(ii)	R970 395 069,95	49,61%
	(iii)	R590 184 613,99	30,17%
	(iv)	R281 015 748,53	14,37%

(2) No.

(3) No.

Management training: amount spent

423. Mr J H MOMBERG asked the Minister of Education and Training:

What (a) amount and (b) percentage of the education budget of his Department was spent on management training during the latest specified 12-month period for which figures are available? B1107E

The MINISTER OF EDUCATION AND TRAINING:

(a) R4 380 188,16

(b) 0,22%

Note:

The information is based on the estimated expenditure for the 1990/91 financial year.

Cholera: cases/deaths

424. Mr M J ELLIS asked the Minister of National Health:

How many (a) cases of and (b) deaths from cholera were reported in respect of each race group in each province in 1990? B1108E

The MINISTER OF NATIONAL HEALTH:

(a) Notified cases of cholera in 1990 RSA (as on 3 June 1991)

Province	Population Group Indian	Black	Coloured	White
Cape Province	0	0	0	0
Natal	0	1	0	0
Orange Free State	0	0	0	0
Transvaal	0	0	0	0 and

(b) no deaths due to cholera were notified in 1990.

Note:

This case was not bacteriologically proven.

Poliomyelitis: cases/deaths

425. Mr M J ELLIS asked the Minister of National Health:

(1) How many (a) cases of and (b) deaths from poliomyelitis were reported in respect of each race group in each province in 1990;

(2) how many persons of each race group were immunised against poliomyelitis in each province in 1989? B1109E

The MINISTER OF NATIONAL HEALTH:

(1) (a) Notified cases of poliomyelitis in 1990 RSA (as on 3 June 1991)

Province	Population Group Indian	Black	Coloured	White
Cape Province	0	0	0	0
Natal	0	0	0	0
Orange Free State	0	0	0	0
Transvaal	0	2	0	1 and

(b) no deaths due to poliomyelitis were notified in 1990.

(2) the total number of children less than one year of age who received a third dose of poliomyelitis vaccine in the RSA, 1989

Province	Population Group Indian	Black	Coloured	White
Cape Province	581	58 649	108 129	21 013
Natal	15 402	68 672	2 431	6 426

Retirement village's progress is queried

ARCHITECTS have been called on to give the Simon's Town municipality and the Simonsrus Association a progress report on the proposed old age village near the town's golf course.

The chairman of the association, Alderman Harry Dilley, said although an agreement between the municipality, the developers and the association had been signed some time ago and the scheme had been given the go-ahead, it had not yet "reached the nuts-and-bolts stage".

He said: "Until now we've just been getting the feel of the market and have had a tremendous response from all over." He stressed that units were to be sold under sectional title, thereby protecting the purchasers' money.

Consisting of a number of cottages and a central building with double and single bedrooms, the Simon's Bay Retirement Village will be built gradually over the next five years.

Mr Dilley said: "We are concerned that both the wealthy and not so fortunate are catered for — we hope a complete cross-section of the community will be able to live there."

He said that a portion of the purchase price of the units would be paid into a special trust fund which would be used to buy units or ensure that people were kept housed.

There will be a report back at the association's annual meeting next month.

the KTC-case on the days on which he worked on other cases. For other cases in which he acted on behalf of the Minister of Law and Order or the South African Police he naturally, also did not charge a higher fee than that which he could charge according to the fees agreed upon for the KTC-case.

For some of these cases he, in fact, charged a fee which was less than the fees agreed upon.

(a) and (b) Fall away.

Government Service Pension Fund: interest rate

447. Mr P J PAULUS asked the Minister of Finance:†

(1) What interest rate did the Government Service Pension Fund receive in each financial year from 1984-85 up to and including 1990-91 in respect of funds invested in (a) Government securities and (b) semi-Government securities;

(2) whether a change of policy regarding investment possibilities is being considered; if not, why not; if so, what are the relevant details?

B1162E

The MINISTER OF FINANCE:

(1) (a) and (b)

Interest rates in respect of funds invested in Government securities and semi-Government securities, are not individually available.

1984-85	11,5%
1985-86	12,5%
1986-87	13,3%
1986-88	13,7%
1988-89	13,9%
1989-90	14,8%
1990-91	14,8%

(2) I recently announced that a Committee of experts in the private sector had been appointed to advise the Government on the future structure and siting of the Government Pension Funds. The investment policy inevitably forms part of the Committee's assignment and until such time as it has finalised its business and the Government has considered its recommendations, no conclusive answer can be given.

Squatters in Germiston: attack by Whites

448. Mr D H M GIBSON asked the Minister of Law and Order:

(1) Whether he or the South African Police have been informed of an alleged attack by a group of Whites on squatters at Old Goedehoop High School in Railway Street, Germiston, on or about 2 June 1991; if not, why not; if so,

(2) whether an investigation into this incident is taking place; if not, why not; if so, what progress has been made in this investigation;

(3) whether any (a) suspects have been identified, (b) arrests have been made and (c) charges have been laid in connection with this incident; if not, why not; if so, (i) how many in each case and (ii) what is the nature of the charges;

(4) whether any squatters were injured in this attack; if so, (a) how many and (b) what was the nature of the injuries;

(5) whether he or the Police intend taking any action to prevent further similar attacks; if not, why not; if so, what action?

B1163E

The MINISTER OF LAW AND ORDER:

(1) Yes.

(2) Yes, the matter is being investigated and numerous arrests have already been made.

(3) (a) Yes.

(b) Yes.

(c) Yes.

(i) and (ii)

The case is still being investigated, but six identified suspects have already been arrested for public violence.

(4) (a) and (b).

Yes, 5 squatters sustained superficial wounds.

(5) Yes, the functions of the South African Police are, inter alia, the maintenance of law and order and the prevention of crime. This implies that the task of the South African Police is at all time directed at, inter alia, protecting all persons against attacks by other persons, irrespective of who may be responsible for such attacks. This principle is applied consistently.

Should law and order be disturbed in any manner—also attacks on civilians—the Police will take steps to act against any transgressions of the law.

Note:

The squatters have already vacated the Ou Goedehoop High School in terms of a court order, in that the Messenger of the Court acted in terms of an eviction order to remove them.

Newlands police station: child abuse reported

449. Mrs C H CHARLEWOOD asked the Minister of Law and Order:

(1) Whether a case of alleged child abuse involving a 9-year-old girl and a White couple was reported at the Newlands police station; if so, when;

(2) whether an investigation into this incident is taking place; if not, why not; if so, what progress has been made in this investigation;

(3) whether there are any suspects in this case; if so,

(4) whether any arrests have been made in connection with this incident; if not, why not; if so, (a) how many, (b) when, (c) what are the names of the persons so arrested and (d) what is the nature of the charges being laid against them?

B1164E

The MINISTER OF LAW AND ORDER:

(1) No, but there was a case of alleged rape reported at the Parkview Police Station on 19 March 1991, which was investigated by the Child Protection Unit at the General Johan Coetzee Police Station.

(2) Yes, after conclusion of the investigation the case docket was submitted to the Senior Public Prosecutor in Johannesburg.

(3) Yes.

(4) Yes.

(a) 2 Persons.

(b) 11 April 1991.

(c) Since the Senior Public Prosecutor has declined prosecution, it is not regarded to be in the interest of these persons to make their names known.

(d) A charge of alleged rape was investigated.

Infant mortality rate

451. Mr M J ELLIS asked the Minister of National Health:

What was the infant mortality rate for (a) Blacks, (b) Whites, (c) Coloureds and (d) Indians in (i) urban and (ii) rural areas in South Africa in 1990?

B1166E

The MINISTER OF NATIONAL HEALTH:

Infant mortality rates for 1990 are not yet available. The following table contains infant mortality rates for 1988 and 1989. The Department of National Health and Population Development has no seperate rates available for urban and rural areas in South Africa.

Infant mortality rates (per 1 000 live births) South Africa

Year	*Population Group*			
	Indian	*Black*	*Coloured*	*White*
1988	17,4	57,4	57,5	13,2
1989	12,2	n/a	35,1	8,6

Note: n/a = not available.

Typhoid: cases of/deaths

452. Mr M J ELLIS asked the Minister of National Health:

How many (a) cases of and (b) deaths from typhoid were reported in respect of each race group in each province in 1990?

B1167E

The MINISTER OF NATIONAL HEALTH:

(a) Notified cases of typhoid fever in 1990 RSA (as on 7 June 1991)

has a big story to tell about democracy. He now wants to know how many NPs have been nominated by the farmers' unions, but if democracy always triumphs, why does he not want to accept that? What kind of democrat is he then? What kind of person is he?

As a Deputy Minister he should rise above petty politics to some extent, but he is not capable of doing that. He is still burdened by it. [Interjections.] I want to point out to him that he said—I heard this with my own ears—that he would rather live next to an ANC member than a CP member. That is why the farmers out there have no respect for his behaviour and that is why he is jeered at and chased out of meetings.

He said again today that he would rather live next to an ANC member than a CP farmer. He should show that he has backbone. He did say this, and today he must show that he has backbone. He should not run away again. He stood up here bravely and said that he would not take this any more; that he was not scared. The hon the Deputy Minister is a big gun here, but when he is among the farmers it is a different matter.

This is how we operate in the Free State. We ask a farmers' union to nominate a farmer who is actively farming, a man who is not so old that he would stay in town as a retired farmer, but who can make an active contribution to farming. Then we send the names through. We also did this in Bothaville. We asked who they were going to appoint. It was not our first or second choice, but our third choice, and he was appointed for only one reason. He is a prominent member of the Broederbond, and the other two are not members of the Broederbond. [Interjections.] I can give hon members his name. [Time expired.]

*Mr C H PIENAAR: Mr Chairman, when I mentioned the name of Mr Jannie Els, the hon member for Vryheid said he was infected with scab. I want to tell that hon member that I can see why he is sitting in the "reject" front benches of the NP, why he did not become the leader of the NP in Natal and why they had to choose a Sap to become the leader of the NP. It is because he is too pathetic, as his remark has shown.

I now come to the hon the Deputy Minister. On the 5th of this month he held a secret meeting in Humansdorp, along with a bunch of security policemen who had to guard him. We have a tape recording of that meeting—here is the transcript. [Interjections.]

Mr W D MEYER: [Inaudible.]

*The CHAIRMAN OF THE HOUSE: Order! The hon member for Humansdorp must withdraw that remark.

*Mr W D MEYER: I withdraw it, Sir.

*The CHAIRMAN OF THE HOUSE: Order! The hon member for Heilbron may continue.

*Mr C H PIENAAR: The hon member for Humansdorp is a has-been. We do not take any notice of him any more. He is merely sitting out his term. [Interjections.]

At that secret meeting the hon the Deputy Minister said that Black farmers are better than White farmers. Does he deny that? He must look me in the eye and deny it. Did he convene a secret meeting there or not? [Time expired.]

*The DEPUTY MINISTER OF AGRICULTURAL DEVELOPMENT: Mr Chairman, did hon members of the CP not listen? This afternoon I said in the first place that organised agriculture does not have to be consulted. This is an indulgence and a courtesy on the part of the Government in order to obtain information. Secondly, I said that I was not going to allow myself to be intimidated, because I am sick and tired of the lies. [Interjections.]

In Ficksburg it was said that I would rather live next to a Black man than a CP member. I challenge the CP to show me that in Hansard.

*Mr S C JACOBS: Mr Chairman, on a point of order: The hon the Deputy Minister has said that he is sick and tired of the lies. Is he referring to . . .

*The CHAIRMAN OF THE HOUSE: Order! That is not a valid point of order. The hon the Deputy Minister may continue.

*The DEPUTY MINISTER: We are hitting home. That is why they are resorting to this kind of action. I am sick and tired of the lies that are going round and which are untrue. The meeting at Humansdorp was a public meeting. It was so public that the doors were open, and it was advertised on Radio Algoa. Does that sound like a secret meeting? Those are my people; that is my own farming community in which I farm. Could I go back to those people if I told them

lies? I knew there were hon members of the CP at that meeting, and I can name them. [Interjections.] I therefore reject these things. [Interjections.]

I want to ask if we are prepared to admit this afternoon that politics plays a role in the Transvaal Agricultural Union. [Interjections.] Does politics play a role or not? [Interjections.] I want to tell hon members that it is because politics is practised in that province that we are so careful when it comes to the appointment of members. [Interjections.]

Would the hon member for Lydenburg admit this afternoon that Prof Frans Stenekamp is a member of the CP? When was he appointed? Let us look at Ellisras. When was Mr Steenkamp appointed there? Is he a member of the CP? [Interjections.]

What are we doing in Alexandria? [Interjections.] [Time expired.]

Mr J H VAN DER MERWE: Saved by the bell!

Debate concluded.

QUESTIONS

†Indicates translated version.

For oral reply:

Own Affairs:

Steps to alleviate economic distress

*1. Mr R M BURROWS asked the Minister of Welfare, Housing and Works:

(1) Whether he is taking any additional steps to alleviate the economic distress amongst (a) the recipients of social and military pensions, (b) those in recept of welfare aid and (c) the unemployed; if not, why not; if so, what additional steps in each case;

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

B1194E

†The MINISTER OF WELFARE, HOUSING AND WORKS:

(1) Economic distress goes hand-in-hand with poverty and the Government is giving serious attention to the problem of poverty. Recently, two working groups were appointed to investigate and make recommendations on certain aspects of poverty:

* The Calitz Committee, which was appointed in terms of a Cabinet decision dated 12 September 1990. It is to investigate and make recommendations on suitable measures to alleviate poverty and to determine the Government's responsibility in this regard. This Committee will also give special attention to targeted food assistance programmes in view of the prospective inclusion of all basic foodstuffs (except white maize meal and brown bread) in the VAT system.

* The Robson Committee, an interdepartmental working group in the Administration: House of Assembly, appointed by myself to investigate poverty and the role that housing plays. The working group will undertake, for example, a systematic evaluation of all welfare and housing measures to alleviate poverty, administered by the departments in the Administration.

(a) *Recipients of social and military pensions*

An amount of R73 138 000 has been made available for the 1991/92 financial year to adjust social pensions and allowances. This allocation made it possible to increase all pensions and allowances by 10% as from 1 April 1991.

To stay on par with the increase, the income leg of the means test has been increased by the same percentage.

The maximum monthly payments are as follows:

- Old age and disability pensions as well as pensions for the blind: R304

- War veteran's pensions: R320
- Foster parent allowances: R212 per child
- Maintenance allowances: R304 per parent
- Child allowances: R92 per child

In addition to the increase in basic pensions it has also been decided to increase the attendance allowance paid to people who need the assistance of a second person for their daily needs, from R26 per month to R50 per month.

I am not responsible for military pensions.

(b) *Persons in receipt of welfare assistance:*

The Department of Health Services and Welfare, Administration: House of Assembly administers a social relief scheme where short-term help is given to a person or family to overcome a temporary need. In terms of this scheme the following amounts are payable for food assistance:

- adults and children 10 years and older — R20,40 per week
- children below the age of 10 years — R14,00 per week

An increase in these tariffs is being considered at present.

The CHAIRMAN OF THE HOUSE: Order! It appears to me that the hon member for Pinetown, who put the question, is not interested in the answer.

Mr R M BURROWS: Mr Chairman, I would like to draw your attention to the fact that I am holding this earphone close to my ear in an attempt to hear while all this noise is going on.

The CHAIRMAN OF THE HOUSE: Order! At the same time the hon member for Pinetown is carrying on a conversation with another hon member across the floor of the House! The hon the Minister may proceed.

†The MINISTER: In addition to assistance with food, this scheme also makes provision for financial assistance regarding housing, transport and other necessary expenses . . . [Interjections.]

(c) *The unemployed:*
During 1985 the said Department introduced a special scheme to provide relief to unemployed persons and their families in order to enable them to provide themselves with the basic necessities. This scheme is aimed specifically at persons who are unemployed as a result of the prevailing economic climate. According to this scheme . . .

. . . Mr Chairman, on a point of order: When we ask to table information from time to time, hon members make insinuations that we are trying to evade questions. When we try to reply in full on matters that according to our insight are of an urgent and serious nature, hon members make accusations that we are stealing the time of the House.

The CHAIRMAN OF THE HOUSE: Order! The time for replying to oral questions has expired in any case. The remainder of the hon the minister's reply will nevertheless be recorded in Hansard.

According to this scheme an adult may be paid R228 per month and a child below the age of 18 years, R69 per month. An increase in these tariffs is being considered at present.

(2) *Issuing of a statement:*

No. A statement will be issued only after the two said committees have concluded their work and made recommendations.

Business interrupted in accordance with Rule 180C (3) of the Standing Rules of Parliament.

Rationalisation programme in Cape/Natal

*2. Mr R M BURROWS asked the Minister of Education and Culture:

(1) Whether, in the light of the recommendations made by the Committee of Education Department Heads on the education renewal strategy, he will amend or cancel his rationalisation programme in Natal and the Cape Province; if not, why not; if so, what amendments will he effect to this programme;

(2) whether he will make a statement on the matter? B1195E

The MINISTER OF EDUCATION AND CULTURE:

(1) In the planning and execution of the rationalisation programme all possible factors were taken into account, also the recommendations of the Education Renewal Strategy to which my Department contributed. The extent of rationalisation is *inter alia* influenced by the availability of funds. The programme will therefore not be cancelled, but if circumstances allow, it could be amended.

(2) A statement has already been made on the situation in Natal. No further statement is contemplated.

For written reply:

General Affairs:

TBVC countries/independent Black African states: aid

348. Mr L F STOFBERG asked the Minister of Foreign Affairs:†

(a) What (i) financial and (ii) development aid was granted by the South African Government to (aa) each of the TBVC countries and (bb) each other independent Black state in Africa in 1988, 1989 and 1990, respectively, and (b) what amounts were involved, in each case?

B952E

The MINISTER OF FOREIGN AFFAIRS:

(a) and (b)

The South African Government's aid to the TBVC States for the financial years 1988/89, 1989/90 and 1990/91 is set out in schedules 1-4, whilst aid to other independent African states during the aforementioned financial years is set out in schedule 5.

SCHEDULE 1

AID TO TRANSKEI

	1)*	1)*	2)**
	1988/89	1989/90	1990/91
	R	R	R
A. DIRECT FINANCIAL ASSISTANCE			
Budgetary Aid	711 769 680	875 320 000	1 076 109 000
Incentive scheme for industries	21 332 370	25 327 100	20 753 976
Non recoverable financial assistance	—	—	—
Relief of distress	—	—	—
Special Job creation	4 484 056	6 517 000	—
TOTAL	737 586 106	907 164 100	1 096 862 976
B. TRANSFER PAYMENTS			
Tax compensation	157 273 476	192 301 965	253 000 000
Customs union	458 231 000	548 915 000	502 084 000
Common monetary area	17 676 587	24 202 900	29 489 027
TOTAL	633 181 063	765 419 865	784 573 027
C. Loans from RSA (Project Aid)	6 699 904	4 177 602	9 351 000

'Only 5,3% can afford to retire'

ARGUS 22/6/91

TOM HOOD
Business Editor

TEN percent of the white South Africans could expect five years ago to retire without suffering any lowering of their standard of living.

However, latest statistics show today only 5,3 percent could afford to retire, says Mr Tony de Munnik of Timelife Insurance.

"The 10 percent figure was bad enough in itself. Thanks to inflation, and the State's commitment to more pressing social priorities, the number is shrinking every day."

Mr De Munnik nevertheless sees signs that many South Africans approaching retirement are now coming to terms with the fact that they have no choice but to look after themselves when it comes to retirement — and also the potentially crippling cost of post-retirement medical care.

"They are beginning to appreciate that the State is not going to be of much help. It has other pressing problems such as financing new education and housing policies.

Any retirement package which does not include some provision for paying post-retirement frail care and medical bills falls very short of the idea.

Let taxman help pay for retirement

Star 22/6/91

Money Matters

MAGNUS HEYSTEK



IN a final look at retirement annuities and the role they play in retirement planning, I will concentrate on that formula that seems to confuse many people.

But before I do that, once again a summary of the advantages and disadavantages of RA's.

● The most important advantage is that it is a very tax-efficient investment. In terms of current legislation the taxman pays a major portion of your contributions to an RA, in some cases up to 43 percent, the highest marginal rate of tax.

With the advent of equity-linked or unit-trust linked RA's this in effect means that the taxman is also subsidising you to buy shares or unit trusts.

● RA's have shown average growth rates of around 20 percent.

● It is a forced and disciplined way of saving.

● RA's are beyond the reach of creditors should the contributor ever be declared bankrupt.

● At retirement a large portion of the benefit, currently R120 000 or R4 500 times the number of years' contribution towards the fund, is tax-free. The rest has to be used to purchase a pension for life.

However, RA's also have their disadvantages.

● A retirement annuity is not flexible. Oncecontributions are paid, the money is locked in until maturity. That can be at anytime between 55 and 69 years of age.

● Unlike other kinds of investments, a contributor cannot surrender the contract and withdraw a cash sum.

● It cannot be used as collateral to obtain a loan as in the case of most other investments.

● Income from RA's in most cases is static and does not increase with inflation. If one opts for an escalating RA, the initial income drops quite dramatically.

Now for THAT formula.

You may make annual deductions from your income up to:

(a) 15 percent of your income from non-pension sources OR

(b) R3 500 minus your deductible pension fund contributions OR

(c) R1 750 (whichever is the greater).

The key word here is GREATER and it is for each and every taxpayer to work out what his/her maximum contributions can be in order to qualify for tax deductions.

Ofcourse, one can pay more into an RA, but you don't get any tax relief. At best one can transfer the excess payment into the next tax year, once again subject to the maximum limit.

If you have, for one reason or another, missed making payments in certain years, you could make arrear contributions up to R1 800 which can then be claimed.

For self-employed business people the calculation of RA's is fairly simple. Someone with a taxable income of R100 000 a year (which includes all income, not only from business) will be able to contribute R15 000 to an RA, thereby reducing the taxable income to R85 000. This saves R6 450 in tax.

With salaried people the picture is a little more complicated, as most belong to some kind of pension fund. These contributions have to be deducted from the R3 500 as per formula. In many cases, salaried people will find that after their pension contributions have been deducted, they won't receive any relief for RA contributions.

In many cases people forget to include non-pensionable income, like a special bonus, freelance work (on which income tax is paid) and even interest-income from investments.

Someone earning, say R10 000 from a fixed deposit will be able to make RA contributions up to 15 percent of that income in the form of RA contributions.

But, whenever in doubt, try and find a broker or agent that can explain RA's in simple and plain English.

Blow for retirement planning

BD Day 25/6/91. 300

LINDA ENSOR

CAPE TOWN — A last minute change to the Income Tax Act promulgated last week fundamentally tampers with the vested rights of those planning for their retirement, Life Offices Assocation tax committee convenor and Old Mutual's legal advisor Abri Meiring said in an interview.

He said the change had come as a surprise to the industry especially in the light of a categoric government undertaking that changes to the taxation of retirement benefits, as recommended by the Margo Commission, should not adversely affect the vested rights of people providing for their retirement. This was seen as being necessary to promote self-provision for retirement.

The sudden deletion of section 7A (4) of the Act withdrew the provision allowing those who receive a gratuity payment at the time of their retirement to spread the taxable portion thereof over three years.

Whereas previously the first R30 000 of a retirement gratuity was exempt and the tax obligation on the balance was lowered by spreading the tax liability over three years, the entire balance over R30 000 will now be taxed at the time of receipt.

Apart from the loss of the "time value of money" Meiring said the situation would be aggravated because the tax rate would be based on income received in the year of retirement which was normally higher.

The amendment takes effect from August 1 but there is a provision to allow people who have exercised the option before that date to continue to benefit from the 3-year spread.

However, he said: "The long existing plans of people providing for adequate retirement income will be thrown out and the closer they are to retirement, the more difficult they will find it to rectify the position."

An Inland Revenue spokesman said the change had been introduced to streamline the tax system and make SITE more effective.

He said that in terms of an existing provision of the Act a person receiving a gratuity on retirement would benefit by having the gratuity taxed at a lower rate. The gratuity would be taxed separately.

In addition, the first R30 000 of any retirement gratuity would be exempt from tax.

Nationalise, says Saccawu

THE 100 000-strong SA Commercial, Catering and Allied Workers' Union (Saccawu) advocated extensive nationalisation without compensation at its third national congress held at the weekend in Johannesburg.

Yesterday Saccawu said it resolved that health, transport and utilities should be nationalised without compensation and banks and other financial institutions should be nationalised.

There should also be "socialisation of the means of production, distribution and exchange".

The union also resolved to remain independent of any political party and to prohibit its top officials from being office-bearers in other organisations.

The union said independence from other organisations, the state and "bosses" was in order to position its forces "for a socialist revolution". — Sapa.

25/6/91 BD Day 13

Taxman gets VAT's initial phase rolling

GERALD REILLY BD Day 25/6/91

PRETORIA — The first major practical step for the introduction of VAT from September 30 — Operation Vendor Registration — was launched yesterday.

Inland Revenue operational control chief director Chris Dampers said yesterday more than 500 000 forms had been posted to vendors with the warning that they had to be returned within 21 days.

Preparations for the introduction of the new tax were virtually complete, he said.

The department had appointed 780 additional staff, more than 600 of whom would go to the inspectorate staff. A further 386 new workers still had to be appointed. Most would be used to strengthen the inspectorate.

Dempers said the additional cost of nearly 1 200 new staff members would be more than compensated for by the more efficient collection of VAT.

The department was confident that with intensive policing, revenue drainage through loopholes, as experienced with GST, would be plugged.

Dempers said large-scale tax evasion was rife in the GST system. Inspectors had recovered more than R400m in unpaid tax in one year.

The department was confident opportunities for evasion would be reduced to a minimum. But internationally the total elimination of evasions had been found to be impossible.

A more sophisticated audit system for VAT inspections would make evasion extremely difficult and, taking into account penalties, extremely hazardous.

Move to calm fears over pension funds

B/Day 26/6/91

BRENT VON MELVILLE

GOVERNMENT has moved to calm market fears that it is to unleash a cash flow of R10bn a year on the JSE once its pension funds are freed from investment constraints.

A statement yesterday said the funds would continue to invest heavily in government stock and there was no question of piling into equities.

Legislation was passed on June 14 to place five state pension funds on the same footing as private sector funds. A committee, headed by former Corbank MD Laurie Korsten, is investigating the phased entry of these funds into investments previously not allowed.

Korsten said in a statement yesterday: "Participants in the financial markets are concerned that the state pension funds' entry into the equity market will exacerbate the shortage-of-scrip problem." The bond market feared the funds would become net sellers and would, therefore, put upward pressure on gilt rates.

"An irresponsible equity-buying schedule resulting in the acquisition of overvalued common stocks could be self-defeating and detrimental to the pension funds. In short, the equity accumulation programme will take time," he said.

Of the bond market, he said the state pension funds would continue to be net buyers of gilts.

He said the final report on the effect of the "privatisation" of the pension funds on the financial sector was expected to be in the hands of the Cabinet by endSeptember.

Government and the committee were aware of the lack of marketability in the equity market and the dangers of overvaluation were fully understood.

"Given the nature of the financial markets, the size of the funds' cash flows and the premium on stability in these markets, it is inevitable that the state pension funds' fortunes and performances will be geared closely to the bond market well into the next century."

Korsten said at present the Public Investment Commissioners' portfolio was skewed towards the short-term of the market. The funds have R8bn in cash.

"Consequently any diversification out of the fixed-interest securities could be comfortably handled without having to dispose of long-dated securities.

"But prudent asset management of any pension fund required diversification both to lower risk and to raise returns relative to the risk assumed," he said.

A separate board of trustees would be appointed for every fund, while the future management would concentrate on managing the actuarial shortages.

Taxman changes tack on retirement annuities

B1Day 26/6/91

LINDA ENSOR

CAPE TOWN — Inland Revenue is no longer allowing the transfer of tax deductions on retirement annuity contributions from a wife, earning no income, to her husband.

The new ruling took effect retroactively from March 1 1991.

Claim

Life Office Association (LOA) tax committee convenor and Old Mutual's legal services manager Abri Meiring expressed concern about the sudden change which altered the Inland Revenue ruling set out in a circular to the LOA in May last year.

The circular said it had been Inland Revenue's practice to allow a husband to claim his non-earning wife's contributions to a retirement annuity as a deduction.

Meiring said this kind of inconsistency was bound to cause hardship where couples had planned to optimise their retirement provision.

"A husband aged 70, who could no longer be a member of a retirement annuity fund, would for example have planned for his younger wife to be the member.

"Where she had no income of her own, which is often the case, he could then deduct her contribution against his taxable income in terms of Revenue practice," Meiring said.

The apparent reason for the change by Inland Revenue was to apply consistently the concept of complete separate taxation of husband and wife.

But Meiring said it could have a serious effect on people's retirement planning.

"A retirement annuity contract is a long-term contract which should exist in a stable tax environment."

It was not good enough to say that the wife could now pay the policy up because the tax concession had been lost.

"This simplistic view ignores the fact that there are certain upfront costs involved," he said.

"If government's change in practice has been motivated by the desire to have a clean system of separate taxation of married couples, then there is no justification for the wife only being entitled to half the maximum limits applying to her husband.

Qualify

A clean system of separate taxation must also mean equal taxation of husband and wife.

The wife should qualify for the same maximums applying to her husband, namely R3 500 less pension fund contributions of R1 750.

Meiring said the matter was being discussed with the authorities and he believed it would be taken further as the total revision of the deductible limits for retirement annuity contributions was "long overdue".

Old Mutual investment targets pension funds

Bday 28/6/91 LIZ ROUSE (68) (300)

OLD MUTUAL Employee Benefits has developed an investment instrument for pension and provident funds which combines a guaranteed return with the opportunity of a high return. 28/6/91

The institution said in a statement the Guaranteed Investment Contract (GIC) was based on an investment asset widely used in the US.

The GIC combines the advantages of guaranteed investment returns and a high rate of investment return. Old Mutual Employee Benefits division GM Garth Griffin says the GIC has been designed to meet the needs of the SA market and offers a new investment option to the trustees of pension and provident funds.

The GIC is a fixed period investment with steady income accruals. The accumulated value — capital plus income — is fully guaranteed for payment when the contract matures. The rate of income is indexed to Old Mutual's with-profit Guaranteed Fund, which in the past has consistently outperformed inflation.

According to the Consulting Actuaries's Survey, interest-bearing investments of pension funds yielded a median return of 14% over the 10 years ended December 1990. The return of a 10-year GIC would have been 18,3%.

Had it been possible to invest in GICs 10 years ago, an initial investment of R1m in a 10-year GIC would have been worth R5,5m at the end of the period, compared with R3,8m if the investment had been in interest-bearing investments — an increase of R1,7m.

ARG 28/9/91

Employers 'should help domestic workers prepare for their old age'

BLOEMFONTEIN. — A domestic worker cares for the employer's most valuable assets and often has complete control over the employer's home and assets — but did the employer care for the worker?

She deserved more than she got in the marketplace, Mr Toby Deenik, a Johannesburg financial consultant, told the National Council of Women in Bloemfontein.

Mr Deenik said that when many domestic workers were past their productive years, they became reliant on their families.

It was important that these women should be taken out of a Third-World state into a First-World position where they could care for themselves and contribute to their keep, if they had to be cared for by family members.

Mr Deenik said employers should encourage their domestic workers to acquire protection and pension plans that went further than common burial benefit schemes, which were often inadequate.

The employee should be the owner of the plan, but there should be a shared responsibility between employer and employee. — Sapa.

ET 18/6/91

Stricter controls for state pension funds

Political Staff (300)

A BILL which imposes stricter financial discipline on state pension funds was passed in Parliament yesterday.

The Financial Institutions Second Amendment Bill makes provision for state funds to appoint boards of trustees and to apply for registration in terms of the Pension Funds Act of 1956.

Funds which are registered will become corporate bodies, privately managed and subject to the same financial disciplines as other funds.

Funds will have to undergo regular actuarial evaluations and private audits.

Financially unsound state funds will be required to submit plans to the Registrar of Financial Institutions with measures aimed at strengthening their financial position.

St James Hotel's conversion ahead of schedule

CONVERSION of the old St James Hotel into a retirement residence is ahead of schedule and should be completed by mid-August if the Cape rains hold off, says project GM Paul Schultz.

The St James, as it will be known, will offer 60 suites in three categories: single, double, and cottages. The units will range in price from R80 000 to R500 000 and will be sold on a shareblock system with the option of conversion to sectional title.

To date, 20 units with a value of about R4m have been sold, with the development attracting good local and foreign interest.

"A number of British investors have expressed interest in the residence, which should be ready for occupation in late August," Schultz says.

Levies vary from R1 300 to R2 500 a month for an all-in-one service including meals.

The residence will give "a substantial boost" to the economy of the area, Schultz says.

"When fully sold, there will be 80 people living here, with the majority being permanent residents.

"These people will inject about R2m a year into the economy through the levies they pay, and another R2m through entertainment, transport and the like," Schultz says.

The project will also provide employment for about 40 people.

The hotel was not a viable proposition as its occupancy levels were too low. "The hotel was too far from the city for most visiting businessmen, and was never really a family hotel as the clientele were mainly older people. As a result, it was not of great economic advantage to the area."

Retirement plan for domestics

By LULAMA LUTI

AN insurance company has launched a retirement plan for domestic workers.

The company hopes to persuade employers to contribute a minimum of R25 a month.

The new policy's provisions include a lump-sum payout or guaranteed income, assurance against death or disability and a funeral benefit for the domestic worker and her family.

Marketing director Peter Atkinson said the scheme was unique in that two separate lives were assured under one policy.

This meant the employer could use the policy as a savings scheme while the employee could be assured of pension benefits.

If the domestic worker changed employees, her former employer could arrange with the new employer to have the policy transferred.

Workers want to run pension fund

TEMBISA Council workers on Sunday expressed dissatisfaction with the handling of council-controlled pension funds and resolved to work towards controlling their own funds.

In a statement after a weekend meeting, South African Black Municipality and Workers Union general secretary Mr Philip Dlamini said workers had submitted complaints about the insurance companies' handling of municipal pension funds.

"Members of the funds are not informed about anything with regard to their pension funds.

"Additionally, they were not involved in the election of the Board of Trustees and thus were denied a say in the affairs of the pension fund," Dlamini said.

More than 70 000 union members belong to the Transvaal Joint Municipal Annuity and Gratuity Fund, the South African Local Authorities Pension Fund, the Tembisa Pension Fund and other municipal funds.

A committee has been elected to investigate the administration of union member's pensions, said Dlamini. - *Sapa.*

State pension funds are to be revamped

State pension funds are to be put on to equal footing with private-sector funds.

Although this move is expected to eventually wipe out the actuarial shortfall of an estimated R30 billion over a period of time, it will mean the scaling down of some benefits into line with private-sector pension funds.

The decision will also free an estimated R40 billion in State pension assets for investment on the Johannesburg Stock Exchange, property and other areas.

A committee under the chairmanship of well-known banker Laurie Korsten has been investigating this matter for several months and recommendations to this effect have been accepted by the Cabinet. — Finance Staff.

● R40 billion to be released — Page 26

Military pensioners to get increases

By ISAAC MOLEDI

MILITARY pensioners of all population groups will benefit from an increase of more than 15 percent in their pension starting from July 1.

The acting National President of South African Legion Mr Sam Blackman disclosed that his organisation was satisfied that military pensions for the disabled, widows and dependants allowances will be increased from next month by 19,28 percent.

He said the information was of vital importance to more than 11 600 military pensioners of all population groups who have voiced their disappointment that no increases in their pensions were announced in the Budget speech of March 20, 1991.

However, Blackman stressed that the improvement would be based on an adjustment of 6.5 percent for the backlog, and increases of 12, 11 and 10 percent respectively for the standard, middle and higher categories of pensioners.

He said that his organisation contended that the improvements should be considered only as 'interim adjustment' pending the outcome of the report of the Committee of Inquiry into the military pensions - a report which was presently under investi-

STATE PENSIONS

STEMMING A TIDAL WAVE

A tide of investment funds — more than R40bn — could theoretically be washed into the markets following the amendment of the Pensions Act of 1956, to free the investment programmes of the five government pension funds. In practice, government believes the process can be orderly and non-disruptive.

The Act was amended two weeks ago following the interim recommendations of a committee headed by banker Laurie Korsten. It clears the way for government funds to invest outside the public sector. It was in part due to that restriction that the funds achieved poor investment returns and became technically insolvent.

Now the trick will be to introduce the funds to better prospects without unrealistically driving up the price of equities or, conversely, demolishing the value of government stock. Korsten thinks it can be done.

For each of the five funds a board of trustees must be appointed, representing employer and employees and containing suitable business skills. It's expected that while the funds will develop their own investment management, substantial portfolios will be allocated to investment managers. Life offices will be at the front of the queue.

It would not make sense, says Korsten, to hand huge funds to 10 different managers and create headlong competition. The trustees, he points out, have a duty to members, which will not be satisfied if equity yields are driven down to unrealistic levels by an oversupply of pension savings.

Korsten knows the diversification programme is emotive. Government and his committee agree it must be handled with utmost care. He acknowledges concern about exacerbation of the scrip shortage and also the effects in the bond market if the funds become net sellers of gilts.

"I want to allay these concerns. The dangers of over-valuation are fully understood and the equity accumulation programme will be handled responsibly. It follows that an irresponsible equity buying schedule resulting in the acquisition of over-valued common stocks could be self-defeating and detrimental to the pension funds."

On analysis, Korsten adds, it looks as though government funds will continue to be net buyers of fixed-interest securities. The funds' performance will be closely geared to the bond market until well into the next century.

At present, the Public Investment Commissioners' portfolio is skewed towards the short-term end of the market. The funds have R8bn in cash and the fixed-interest portfolio has a relatively short-term life. So, Korsten says, any diversification out of fixed-interest securities could be handled comfortably without disposal of long-dated securities.

Given that there will be no impetuous equity and property purchases and no flight from the bond market, the funds will still want to correct their solvency positions as quickly as they can. That could become possible if the process of privatising government assets gets going again. For example, some of IDC's operations could make attractive sweeteners in pension fund portfolios. It also seems there will be no shortage of interest in major new flotations, as long as there is underlying value.

But if Korsten is right and the diversification is handled gradually, there will be no quick fix for the actuarial shortfalls which characterise the government pension funds. Even without the new investment freedom, the funds were said to be on course to return to solvency over a protracted period. That process will be improved somewhat by diversification — but Korsten is emphatic the major benefits should be sought over a long period. ■

LOCAL GOVERNMENT

PAYING FOR A NEW SA?

A massive increase in the rates bill, announced by Johannesburg City Council in its 1991-1992 budget of R2,6bn, has outraged local businessmen. They, as distinct from domestic users, have been targeted to pay for much of the 25,8% increase in council spending this year.

Even the more progressive thinkers among businessmen, such as Dunlop Heywood's Ian Mitchell, are disappointed by the failure of the city fathers to offset expected rises in assessment rates by reducing the rate in the rand to an acceptable level. Whereas property values will rise anywhere from 20% to 200%, depending on the location, the rate has been reduced only from 4,36c to 4,1c.

From Sunday, when the new valuation roll comes into effect, business will contribute as much as R336m, or 76% of the R441m council expects to collect in assessment rates.

City valuer Nic Botha says Johannesburg land values have increased on average by 50%. For businessmen, the percentage rise in assessment rates will equal the rise in property values, as there are no rebates for them. Residential properties, similarly, will have their rates bill increased in line with the increased rate of municipal values. Their 55% rebate remains constant.

The message from economists is less than sympathetic. The free ride, they say, is over. The new SA is happening at local government level and owners of land and capital will have to pay for it.

University of Witwatersrand business economics lecturer David Solomon says the council has obviously shifted the onus for the cost of running the city from its users to individual and corporate property owners, the latter of whom will pass these hikes on to tenants under most leases. This socialistic shift was inevitable but has come sooner than many would like.

"The 10% reduction in electricity rates for domestic users is commendable and goes some way to reversing the rate subsidy enjoyed by residents at the expense of electricity users," he says.

Progressive thinkers agree, however, that the allocation of council money to some capital projects shows anything but foresight, servicing as it does in part several self-aggrandising schemes. A case in point is the revamping of the Civic Theatre — whose R132m cost over the next three years is a far cry from the R24m mooted in 1987 when it was closed for what were termed minor alterations.

While improving the city's cultural facilities is not in itself a bad thing, they say, privatisation of such facilities, as was done with Ellis Park Rugby Stadium, may be more desirable. The Civic Theatre, seating only 960 compared to Pretoria's 1 326, with which it intends to compete, has been overcapitalised.

Nor does the city's R547,7m capital account, which has increased by 40,8% on the previous year, benefit the infrastructure of outlying black townships — that is, the greater good of all.

Perhaps what is needed, as ex-city valuer John McCulloch has suggested, is a performance budget, such as those US cities have to produce, so that ratepayers will have a say in the appropriation of city funds before they're presented with *faits accomplis*.

Business also questions the right of council's management committee to correct what it believes is an imbalance in central government taxation, as management committee chairman Ian Davidson opines.

He feels the man in the street has been unfairly treated by the national Budget, particularly by the coming imposition of VAT, which for him is irrevocable. Davidson and company have, therefore, taken it upon themselves to shift the burden to business, where the municipal value of business properties has increased at a greater rate than that of residential properties.

Solomon says business has the capacity to pass on these taxes to consumers, to labour and to other capital owners. "This is simply a way for local government to make these

contd

11 000 military pensioners are up in arms over poor increases

Star 2/7/91

By Joe Openshaw (300) (302)

More than 11 000 disabled military pensioners are hoping for an improved military pensions scheme, according to Sam Blackman, acting national president of the South African Legion, who believes military pensioners have had a poor deal.

He was commenting on the fact that military pensions for the disabled, war widows and dependants have been increased, from yesterday, for most pensioners by 19,28 percent. But the legion contends that the improvement should be considered only as an interim adjustment pending the outcome of the report of the Committee of Inquiry into Military Pension Matters.

The improvement is based on a backlog adjustment of 6,5 percent and increases of 11, 12 and 10 percent to the standard, middle and higher categories of pensioners.

The effective increases are R19,28 on the standard scale, R18,21 on the middle scale and R17,15 on the higher scale.

"No sum can compensate an ex-servicemen for a loss of an eye, an arm or a leg, but disabled soldiers have a right to be compensated by the State," said Mr Blackman.

He was a qualified pharmacist when he joined the Medical Corps in World War 2 and his life changed dramatically when in Abyssinia he comforted a dying man from the South African Irish whose leg had been blown off by a mine.

"Since then I have been dedicated to helping ex-servicemen," he told The Star.

Mr Blackman said the greatest achievement of the legion was undoubtedly the introduction of parity for pensioners of all races in 1986.

He added that the main activity in the legion now was "Operation Contact", the aim of which was direct contact with 11 600 military pensioners.

"Since 1987, 6 675 have been contacted, and corrected pensions resulted in R3,1 million being paid out to them."

The present military pension scheme, which takes into account educational qualifications when assessing potential earnings, had been criticised by pensioners as discriminatory.

Mr Blackman said no satisfactory formula for military pensions had been worked out anywhere in the world.

Langa's payout wait

(300) Staff Reporter CT 4/7/91

SOME Langa pensioners waited for up to 12 hours this week at the St Francis Cultural Centre to be paid their pensions.

A nun at the centre, who did not want to be identified, expressed anger yesterday at the apparent confusion in Tuesday's payment procedure.

She said that Cape Provincial Administration clerks made the last payment about 8.30pm. With payouts in the past, she said, the procedure was completed "by about 4.30pm-5pm, sometimes at 2pm".

"The payout procedure had recently been computerised, and they only had two computers instead of four". The nun said she had feared for her life, getting some of the pensioners home after dark.

A CPA spokesman said the payment procedures had been updated recently, but that the confusion at Langa was probably "an isolated incident", as problems had not been reported from other places.

Cuban 'spy' on US TV | N1 City gets

PENSIONS FM 5/7/91.

R1,2bn OUTLET (300)

A new instrument for pension and provident fund investment has been devised by Old Mutual. The Guaranteed Investment Contract (GIC), available initially in four tranches totalling R1,2bn, is designed to produce a guaranteed high return while eliminating the volatility of equity investments.

Since the elimination of prescribed investments for retirement funds and their replacement by prudent investment guidelines (PIGs), fund managers have been able to invest up to 65% in equities. PIGs are being revised and it is probable this limit will be raised. However, because of the volatility of equities, fund managers have been cautious. On average, during the past year, more than 25% of retirement funds have been committed to fixed-interest stocks.

According to consultant actuaries, interest-bearing investments of pension funds have yielded a median 14% over the 10 years to December. The annual return on a 10-year GIC would have been 18,3%.

Had it been possible to invest in a GIC 10 years ago, an initial investment of R1m would now be worth R1,8m more than the returns achieved in interest-bearing stocks (R5,5m compared to R3,7m).

Old Mutual's debut offering is four tranches of R300m each, for terms of five, 10, 15 and 20 years. The rate of income in the contract is indexed to Old Mutual's with-profit Guaranteed Fund.

It looks like a product to interest the government fund managers. ■

Bankruptcy forces elderly from home

(300) CT 6/7/91

Staff Reporter

TWENTY-NINE elderly people living at the Majestic home for the elderly in the Strand are frantically searching for suitable accommodation after the company which owns the home was declared bankrupt.

Yesterday the residents who were cared for at the home were "very upset" at the thought of leaving by the end of September.

The owners of the building, Yessex Two, and the service company, Majestic Manor, were liquidated late last month.

The liquidation of the service company means that 43 sectional-title holders will be left without dinner, laundry, cleaning and medical services.

For Mr Boet Barnard, 65, who is in a wheelchair, it will mean leaving the room he has lived in for 26 years — and which he moved into while the Majestic was still a residential hotel on the waterfront.

"I thought when I moved here it would be the last move before the big move," said Mr Barnard.

He said it was "sad news".

The oldest resident in the home, Mrs Marge de Villiers, 91, said there was "so much uncertainty and distress among the old people who are worrying about where to go".

"I'm feeling very unhappy but everybody is shopping around. There are so many old-age homes in the area but they are all full with long waiting lists," said Mrs De Villiers.

One of the owners of the home, Mrs Peggy Graham, said the owners were also looking for accommodation. The Majestic had been both their livelihood and home.

Company pensioners getting a better dea

Star 13/7/91

300

MAGNUS HEYSTEK
Finance Editor

THE pension fund industry has at long-last realised that South Africa has a high inflation rate.

Major employers are now increasingly adjusting pensions to the inflation rate.

This is the finding of the 1991 Survey of Major Employers' Benefit programmes done by consulting actuaries Alexander Forbes Shepley and Fitchett.

"Companies are increasingly turning their attention to the plight of early leavers and persons who have been on pension for some time. This is a marked departure from the attitude even five years ago and represents the beginning of voluntary preservation by private pension funds," the report says.



PENSIONERS: "I know we should be affluent but our pension hasn't kept up with inflation".

Findings

The important findings of the survey, which included 52 major employers, are:

- All the funds in the survey indicated that they reviewed pensions annually.
- Forty-four funds indicated that they had a defined pension increase philosophy.
- 39 granted increments on the basis of the increase in the Consumer Price Index over the previous year' and
- The remaining five funds based their decisions on the fund's return.

Pension funds were designed long before the advent of persistent double digit inflation which rapidly erodes pensioners' living standards unless inflation-related increases are granted.

Employees are able to fight the effects of inflation by negotiating regular salary increases. Now it seems, says Alexander Forbes, pension fund trustees are starting to come to terms with the necessity of affording their pensioners similar protection.

In another major development, the survey reveals that the pension funds are now accepting that a major number of their employees will be leaving the company before retirement age and are making provision to preserve some of the benfits after a mimimum period of service with their company.

Previously, early departing employees who leave before retirment. Major employers are now moving strongly towards giving early leavers a better deal.

The reason for this development is two-fold: member pressure and the growing realisation that a "golden handcuff" system of remuneration may ultimately be counter-productive to successful motivation.

No less than 19 of the funds in the survey had improved their withdrawal benefits since the last previous survey a year ago.

Improvement

Whereas a decade ago it was common for members to leave with their own contributions without interest or with a nominal provision for interest, the average rate of interest now provided by the 52 funds surveyed was 8 percent per annum compound.

While much higher rates have been available to individuals using independent saving schemes, current falling interest rate patterns could soon make a risk-free, tax-free return of 10 percent per annum reasonably competitive.

An even greater cause for concern in the past has been the fact that contributions made by the employer on behalf of the employee reverted back to the fund when the employee left before retirement. Now, there is a definite trend towards paying a withdrawal benefit greater than a return of contributions plus interest, finds the survey.

employees received a "raw deal", says the report.

At an annual inflation rate of 15 percent a fixed pension is halved after only five years and is worth only 6 percent of its original value after 20 years.

"In the early years of high inflation various spurious arguments were put forward to show that pensioners' cost of living was subject to less inflationary pressure than the rest of the community," says the report.

"In fact, with the rising cost of medical care as well as food at some 20 percent per annum, the reverse is true and the more enlightened pension fund trustees are seeking ways to push up pension increases to allow for the full effects of inflation."

Thirty-five funds indicated that it was their intention to increase pensions by at least 75 percent of the increase in the inflation rate, while nine intended to increase pensions at the inflation rate.

"The funds which base their decisions on investment return have been able to provide generous increases on the back of high real rates of investment return prevalent in the 1980s but their pensioners might come under pressure if investment earnings during the 1990s fail to match past performance, the survey warns.

Regarding benefits at early withdrawal from a pension fund the survey says: "In the past pension fund design has been controlled by employers with little concern for the interest of

Man who lived in car gets house

By SHARON GHETTY

A PENSIONER who has been homeless for the past six years was given a house this week — on the eve of a report from a commission of inquiry into housing shortages and corruption in Johannesburg's coloured townships.

Mr Johannes Bankies, 58, who keeps his family on a monthly disability grant of R690, told the commission in May that he had been forced to live in a car despite being on the housing waiting list.

Pressure

After his evidence, Mr Bankies, his wife and four daughters aged four to 13 were given shelter by Mrs Eileen Pieterse, a member of the Westbury Tenants' Association.

They slept in the tiny sitting room of her two-bedroom council flat in Newclare, south of Johannesburg.

On Wednesday evening Mrs Pieterse left Mr Bankies at a local shop run by councillor Andrew Booysens in an effort to pressure him into helping Mr Bankies.

Heated

She claimed yesterday that, after a heated confrontation, the councillor placed Mr Bankies and his family in a dilapidated house in Newclare that is too run down to rent out.

Recommendations by the commission chairman, retired magistrate Mr JJ Louw, will be presented to the Transvaal provincial administrator tomorrow.

State pension funds will tip-toe into the markets

ST Times (Buss Times) 21/7/91

By DAVID CARTE

STATE pension funds with assets of R40-billion and annual cash flow of more than R7-billion will tip-toe into the JSE, says Laurie Korsten, chairman of a committee investigating them.

"We are looking at funds the size of Old Mutual, which are entirely invested in government stock. It will take 20 to 30 years to get the equity component up to acceptable levels."

Cord

Mr Korsten says the 440 State funds have R8-billion of cash. They will not chase share prices ever higher because that would reduce rather than enhance returns.

The funds will also not be heavy sellers of government stock, thus depressing bond-market values. The funds will be net buyers of government stock for many years.

The umbilical cord between the pension funds and the Cabinet will be cut. Independent trustees will oversee them and they will be run in a business-like manner.

Mr Korsten says the trustees will look at benefits and contributions and report directly to members on the question of adjusting either.

Recommendations for the rehabilitation of the funds were made five years ago, but because nobody knew what to do or whose responsibility they were, there has been inordinate delay. The funds have shifted between three State departments.

"But now we have the matter in hand. We were appointed only three months ago and the enabling legislation has been passed."

Mr Korsten says that if the late Andreas Wassenaar, former chairman of Sanlam and arch-critic of maladministration of State pension funds were still alive, he would applaud measures now being taken.

Blame

The State funds had admitted actuarial shortfalls of R30,5-billion in March 1985. In addition, the Transnet fund has acknowledged a shortfall of more than R6-billion.

Shortly before he died, Dr Wassenaar told Business Times that he estimated the actuarial shortfall of the State and Transnet funds had grown to R42,6-billion.

He said the State's excuse that the funds were short because they had received low returns from government bonds over the years was "only half the story".

He apportioned a large part of the blame to the abnormal benefits of the funds. He was most scathing about the rule permitting public servants to buy back notional years of service on favourable terms, thus multiplying benefits.

He also criticised the rule basing public servants' pensions on salary at date of retirement, and not on the average of the last two to three years' service, which is normal in the private sector. The rule enabled big promotions and pay increases in the last month of service — and a growing burden on the funds.

Fast

Buy-backs were not stopped. But the terms were brought actuarially into line a few years ago. Other benefits exceed those of private-sector pension funds.

To bring the funds back into the black, the State has channelled growing amounts of taxpayers' money their way. In the year to October 1990 taxpayers contributed R6,6-billion to the funds.

Finance Minister Barend du Plessis said in his Budget speech that SA could not afford the R1,5-billion cost of equalising black and white social pensions (for the civilian poor, not public servants). But he did steer another R1-billion to the State pension funds — so the cost to taxpayers is fast heading towards R8-billion a year.

In the private sector, employers normally contribute R1,50 for every rand from the employee. In the public sector, the employer (taxpayer) contributes R2,78 for every rand. In other words, while private sector employers contribute 12% of an employee's salary to the pension fund, the State pays 21% — a point not seized on by Opposition politicians yet.

And one that could be ignored now that Dr Wassenaar is no longer there to act as watchdog.

Taxman axes R30 000 retirement exemption

B/buy 24/7/91 300

GILLIAN HAYNE

EMPLOYEES who receive in-service gratuities from their employers will, from August 1, no longer get R30 000 tax free for impending retirement in five years.

Momentum Life assistant GM Martin Kourie says the amendment to the Income Tax Act which removes the tax concession known as the "three-year spread" also curtails the R30 000 exemption.

To date the R30 000 tax exemption has been claimable when an employee retires, or is within five years of his impending retirement, or when his position in the company changes. It can no longer be claimed by employees over 55 who are planning to retire in a few years' time.

"It is thus no longer possible for employees over the qualifying ages to receive the tax exemption while in service unless a variation of the employee's position or a change in his appointment can be shown," Kourie says.

The three-year spread concession has been granted to those receiving golden handshake payments, deferred compensation payments, retrenchment payments, payments received because of ill health, or payments made to women leaving employment to get married.

However, BDO Spencer Steward tax director Matthew Lester says the averaging concession granted in terms of section 7A (4)A is still available, which is more important than the three-year spread.

"Tremendous benefits can still be obtained by structuring retirement dates correctly in order to establish the lowest possible average rate of tax," Lester says.

By arranging an employee's retirement for the beginning of the tax year, not only will he receive the R30 000 tax exemption but his average taxable income will also be vastly reduced.

BYLAE

Pos	Subpos	T. S.	Artikel Beskrywing	Statistiese Eenheid	Skaal van Reg	Annotasies
85.39			Deur subpos No. 8539.21.40 deur die volgende te vervang:			
	".40	0	Ander, vakuumtipe, van minstens 15 W	getal	20% of 70c elk min 80%"	
			Deur subpos No. 8539.21.90 deur die volgende te vervang:			
	".90	7	Ander	getal	20% of 70c elk min 80%"	
			Deur subpos No. 8539.22.50 deur die volgende te vervang:			
	".50	4	Ander, vakuumtipe, van minstens 15 W	getal	20% of 70c elk min 80%"	
			Deur subpos No. 8539.22.90 deur die volgende te vervang:			
	".90	3	Ander	getal	20% of 70c elk min 80%"	
			Deur subpos No. 8539.29.55 deur die volgende te vervang:			
	".55	9	Ander, vakuumtipe, van minstens 15 W	getal	20% of 70c elk min 80%"	
			Deur subpos No. 8539.29.90 deur die volgende te vervang:			
	".90	8	Ander	getal	20% of 70c elk min 80%"	

Opmerkings.— 1. Die uitwerking van hierdie wysiging is dat die skaal van reg op elektriese gloeilampe van minstens 15 W van 20% of 24c elk min 80% na 20% of 70c elk min 80% gewysig word.

2. Gloeilampe van subposte Nos. 8539.21.40, 8539.21.90, 8539.22.50, 8539.22.90, 8539.29.55 en 8539.29.90 wat aan die vereistes van kortingitem 460.22 voldoen, kan by dié kortingitem met korting op reg geklaar word en die Raad van Handel en Nywerheid het vir dié doel gesertifiseer dat die wysiging van die skale van reg as gevolg van 'n aansoek om tariefbeskerming is wat nie vooraf vir algemene inligting in die *Staatskoerant* gepubliseer is nie.

No. R. 1699 **26 July 1991**

DETERMINATION OF AMOUNTS FOR THE PURPOSES OF THE MILITARY PENSIONS ACT, 1976

1. The Minister of Finance has, in terms of the provisions of section 1 of the Military Pensions Act, 1976 (Act No. 84 of 1976), read with section 3 (2) of the Act, determined that—

(1) with effect from 1 July 1991—

(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) R22 104,84 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) R16 729,32 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) R13 504,08 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 amounts of R2 210,52, R2 230,56 and R2 250,72 respectively for (a) (i), (ii) and (iii) above.

No. R. 1699 **26 Julie 1991**

BEPALING VAN BEDRAE VIR DOELEINDES VAN DIE WET OP MILITÊRE PENSIOENE, 1976

1. Die Minister van Finansies het kragtens die bepalings van artikel 1 van die Wet op Militêre Pensioene, 1976 (Wet No. 84 van 1976), saamgelees met artikel 3 (2) van die Wet, bepaal dat—

(1) met ingang van 1 Julie 1991—

(a) vir doeleindes van formule I, soos omskryf in artikel 1 van gemelde Wet, faktor A van bedoelde formule die volgende bedrae voorstel:

(i) R22 104,84 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) R16 729,32 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) R13 504,08 in alle ander gevalle;

(b) vir doeleindes van formule II, soos omskryf in artikel 1 van gemelde Wet, faktor C van bedoelde formule onderskeidelik die bedrae van R2 210,52, R2 230,56, R2 250,72 vir (a) (i), (ii) en (iii) hierbo voorstel.

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 No. R. 388 of 10 March 1989 is hereby withdrawn.

B. J. DU PLESSIS,
Minister of Finance.

No. R. 1715 **26 July 1991**

CUSTOMS AND EXCISE ACT, 1964

AMENDMENT OF REGULATIONS (No. MR. 86)

Under section 120 of the Customs and Excise Act, 1964, the regulations published in Government Notice No. R. 1770 of 5 October 1973 are amended to the extent set out in the Schedule hereto.

J. A. VAN WYK,
Deputy Minister of Finance.

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 No. R. 388 van 10 Maart 1989 word hierby ingetrek.

B. J. DU PLESSIS,
Minister van Finansies.

No. R. 1715 **26 Julie 1991**

DOEANE- EN AKSYNSWET, 1964

WYSIGING VAN REGULASIES (No. MR. 86)

Kragtens artikel 120 van die Doeane- en Aksynswet, 1964, word die regulasies gepubliseer by Goewermentskennisgewing No. R. 1770 van 5 Oktober 1973 gewysig in die mate in die Bylae hiervan aangedui.

J. A. VAN WYK,
Adjunk-minister van Finansies.

SCHEDULE

By the substitution for paragraphs 108.01-06, 108-02-02, 108.02.04 (2), 108.02.09 and 108.02.11 of the First Schedule with the following paragraphs:

108.01.06	Stellenbosch		Monday to Friday: 07:45 to 12:30 and 13:15 to 16:30
108.02.02	All district offices (except Cape Town, Port Elizabeth, Durban, Johannesburg, Richards Bay, Maputo, Lebombo, Beit Bridge, Stellenbosch, Saldanha Bay and customs and excise airports)	(a) For the acceptance of bills of entry (except bills of entry for export and removal in bond) and for the receipt of duties and other revenue	Monday to Friday: 08:00 to 12:30 and 13:30 to 15:00
108.02.04 (2)	Airfreight depot (H. F. Verwoerd Airport, Port Elizabeth)	(a) For the acceptance of bills of entry, for the receipt of duties and other revenue and other business	Monday to Friday: 08:00 to 12:15 and 13:15 to 15:00
108.02.09	Lebombo	(a) For the acceptance of bills of entry (except bills of entry for export and removal in bond) and for the receipt of duties and other revenue	Monday to Friday: 08:00 to 12:15 and 13:15 to 15:00
108.02.11	Stellenbosch	(a) For the acceptance of bills of entry (except bills of entry for export and removal in bond) and for the receipt of duties and other revenue	Monday to Friday: 08:00 to 12:15 and 13:15 to 15:00
		(b) For the acceptance of bills of entry for export and removal in bond	Monday to Friday: 07:45 to 12:30 and 13:15 to 16:30
		(c) For other business	Monday to Friday: 07:45 to 12:30 and 13:15 to 16:30

Notes.—1. The official hours of attendance and the hours of business for the district office Stellenbosch are amended;
2. the official hours of business for the airfreight depot H. F. Verwoerd Airport, Port Elizabeth, are amended; and
3. Komatipoort is substituted by Lebombo since Lebombo is the appointed place.

BYLAE

Deur die vervanging van paragrawe 108.01.06, 108.02.02, 108.02.04 (2), 108.02.09 en 108.02.11 van die Eerste Bylae met die volgende paragrawe:

108.01.06	Stellenbosch		Maandag tot Vrydag: 07:45 tot 12:30 en 13:15 tot 16:30
108.02.02	Alle distrikkantore (uitgesonderd Kaapstad, Port Elizabeth, Durban, Johannesburg, Richardsbaai, Maputo, Lebombo, Beitbrug, Stellenbosch, Saldanhabaai en doeane- en aksynslughawens)	(a) Vir die aanname van klaringsbriewe (uitgesonderd klaringsbriewe vir uitvoer en vervoer onder waarborg) en vir die ontvangs van regte en ander inkomste	Maandag tot Vrydag: 08:00 tot 12:30 en 13:30 tot 15:00
108.02.04 (2)	Lugvragdepot (H. F. Verwoerdlughawe, Port Elizabeth)	(a) Vir die aanname van klaringsbriewe, vir die ontvangs van regte en ander inkomste en ander sake	Maandag tot Vrydag: 08:00 tot 12:15 en 13:15 tot 15:00

Poor pensioners will get help to beat rising costs

(300)

CT 30/7/91.

By TOSH LEVETT-HARDING

MEMBERS of the Rotary Club of Sea Point have been given permission to man the post offices in Sea Point to help pensioners of all races who are finding it a struggle to survive on the ever-shrinking value of the rand.

Club president Mr Tiny Jones said social workers would select those in need and the financial help would come from Sea Point Rotarians.

Mr Jones said Rotarians would man post offices to help but the organisation did not have unlimited funds. He has arranged for printed notices in English, Afrikaans and Xhosa to be displayed informing pensioners of the offer of assistance in special cases.

Assessment

"We are considering whether to have the posters displayed not only in post offices, but also in libraries, halls and markets."

Rotarians would hand out either supermarket vouchers or food parcels — under no obligation to the recipient.

He said the post office would provide desks and chairs and members would attend for two pension days in each month, from opening time at 8.30am until closing at 4.30pm.

"For this to be truly a club fellowship project it is essential that every member staffs the post office table for a half-day every three months."

The chief director of community services for the Rotary Club of Sea Point, Mr Jeff Kaplan, said a sub-committee of Rotarians would visit, or meet, applicants to assess their needs.

He said: "All the applicants need do is give their names and addresses on a pre-printed form which is being designed by our president for distribution in the post offices.

"Applicants who meet our requirements will be told at the next month's post office pension day that they will be given a voucher or food parcel at no charge.

"The postmasters have said they will tell us of people who are badly in need of help."

Club funds

He stressed that, initially, club funds would be used to sponsor the scheme but plans to subsidise it would be arranged and help from sponsors or well-wishers would be appreciated.

"With the increasing costs of food, housing and transport — besides the shrinking value of the rand — there is no doubt that the scheme is needed urgently."

Referring to funds which would be needed to assist pensioners, Mr Kaplan said: "At first club funds will be used to sponsor the scheme but plans to keep it subsidised must quickly be put into operation."

He said fund-raising ideas being considered included competitions in which limited numbers of tickets would be sold for attractive prizes.

"Other ideas we have in mind are to hold club get-togethers, fellowship dinners and to forgo our sweet course at our weekly dinners to save on costs."

Use tax to help pay your RA contribution

Stew 5/8/91

Have you asked your employer to take into account your retirement annuity contribution when he calculates your PAYE or SITE?

If not, you are foregoing a cash flow advantage, says Gavin Came, assistant general manager Legal & Technical Marketing, at Liberty Life.

He says: "It is often overlooked that you can use tax to help fund your monthly RA contribution, instead of waiting until the end of the year to receive the tax benefit.

"In SA's current scenario of high interest rates it is important to improve one's cash flow and reduce one's credit. In the example below you will see that if you ask your employer to take your RA contribution into account you will receive an extra R440 in your hands at the end of each month.

"But, unless you advise your employer he won't consider your RA contributions when calculating your PAYE/SITE."

(300) (3...)

Monthly cash flow before advising your employer of your RA contribution:

Gross Salary	R10 000
Less tax	R4 400
	R5 600

CASH FLOW AFTER TAKING YOUR RA CONTRIBUTION INTO ACCOUNT

Gross Salary	R10 000
Less tax	R 3 960
	R 6 040
Less RA contribution ..	R 1 000
Net cash flow.....	R 5 040

NOTE: The above example does not take rebates and allowances into account

Aged 'must provide for themselves'

DURBAN. — South Africa was unlikely to become a welfare state and each citizen therefore had to provide for his or her old age, State President F W de Klerk said last night.

Speaking at a South African Council for the Aged banquet here, Mr De Klerk said it was also a prime duty of the family to ensure that their aged relatives were properly cared for when they were no longer able to do so themselves.

Mr De Klerk said he appreciated that such factors as inflation, and various setbacks to which people were exposed in life, rendered many senior citizens indigent and helpless.

"In those cases, naturally, the state, together with the community, has the duty to assume a social responsibility towards them," he said. — Sapa

No. R. 1923 (300) **16 August 1991**

REGULATIONS UNDER THE SOCIAL PENSIONS ACT, 1973: AMENDMENT OF GOVERNMENT NOTICE No. R. 1034 OF 1974

By virtue of section 17 (1), read with section 17 (4), of the Social Pensions Act, 1973 (Act No. 37 of 1973), I, Louis van der Watt, Administrator of the Province of the Orange Free State, hereby amend the regulations promulgated by Government Notice No. R. 1034 of 21 June 1974, as amended, in accordance with the accompanying Schedule, with retrospective effect from 1 April 1991.

SCHEDULE

1. In this Schedule the expression "the Regulations" means the regulations promulgated by Government Notice No. R. 1034 of 21 June 1974, as amended.

2. Regulation 12 of the Regulations is amended—

(i) by the substitution in paragraph (c) for the expression "R348" of the expression "R3 840"; and

(ii) by the substitution for paragraph (d) of the following paragraph:

"(d) any other pension, allowance or benefit, under any pension or provident fund or any scheme, in excess of R2 340 per year in the case of an old age pension or a disability pension, or in excess of R3 840 per year in the case of a blind person's pension.".

3. Regulation 13 of the Regulations is amended by the substitution in paragraph (e) of subregulation (2) for the expression "R2 500" of the expression "R7 400".

4. Regulation 14 of the Regulations is amended by the substitution for the expression "R192" of the expression "R600".

5. The Regulations are further amended by the substitution for Annexure 1 of the accompanying Annexure.

ANNEXURE 1

TABLE ACCORDING TO WHICH SOCIAL PENSIONS ARE TO BE GRANTED WITH EFFECT FROM 1 APRIL 1991

1. Old Age Pension/Disability Pension

Income group	Annual income (allowing for means and circumstances) (In Rands)		Maximum grant (In Rands)
			Monthly
1	Nil to	720,00	225,00
2	720,01 –	780,00	220,00
3	780,01 –	840,00	215,00
4	840,01 –	900,00	210,00
5	900,01 –	960,00	205,00
6	960,01 –	1 020,00	200,00
7	1 020,01 –	1 080,00	195,00
8	1 080,01 –	1 140,00	190,00
9	1 140,01 –	1 200,00	185,00
10	1 200,01 –	1 260,00	180,00
11	1 260,01 –	1 320,00	175,00
12	1 320,01 –	1 380,00	170,00
13	1 380,01 –	1 440,00	165,00
14	1 440,01 –	1 500,00	160,00
15	1 500,01 –	1 560,00	155,00

No. R. 1923 **16 Augustus 1991**

REGULASIES KRAGTENS DIE WET OP MAATSKAPLIKE PENSIOENE, 1973: WYSIGING VAN GOEWERMENTSKENNISGEWING No. R. 1034 VAN 1974

Kragtens artikel 17 (1), saamgelees met artikel 17 (4), van die Wet op Maatskaplike Pensioene, 1973 (Wet No. 37 van 1973), wysig ek, Louis van der Watt, Administrateur van die provinsie die Oranje-Vrystaat, hierby die regulasies afgekondig by Goewermentskennisgewing No. R. 1034 van 21 Junie 1974, soos gewysig, ooreenkomstig die bygaande Bylae, terugwerkend met ingang van 1 April 1991.

BYLAE

1. In hierdie Bylae beteken die uitdrukking "die Regulasies" die regulasies afgekondig by Goewermentskennisgewing No. R. 1034 van 21 Junie 1974, soos gewysig.

2. Regulasie 12 van die Regulasies word gewysig—

(i) deur in paragraaf (c) die uitdrukking "R348" deur die uitdrukking "R3 840" te vervang; en

(ii) deur paragraaf (d) deur die volgende paragraaf te vervang:

"(d) enige ander pensioen, toelae of voordeel, kragtens 'n pensioen- of voorsorgfonds of enige skema, van meer as R2 340 per jaar in die geval van 'n ouderdoms- of ongeskiktheidspensioen, of meer as R3 840 per jaar in die geval van 'n pensioen vir blindes.".

3. Regulasie 13 van die Regulasies word gewysig deur in paragraaf (e) van subregulasie (2) die uitdrukking "R2 500" deur die uitdrukking "R7 400" te vervang.

4. Regulasie 14 van die Regulasies word gewysig deur die uitdrukking "R192" deur die uitdrukking "R600" te vervang.

5. Die Regulasies word verder gewysig deur Aanhangsel 1 deur bygaande Aanhangsel te vervang.

AANHANGSEL 1

TABEL WAARVOLGENS MAATSKAPLIKE PENSIOENE MET INGANG VAN 1 APRIL 1991 TOEGEKEN MOET WORD

1. Ouderdomspensioen/Ongeskiktheidspensioen

Inkomstegroep	Jaarlikse inkomste (middele en omstandighede in ag geneem) (In Rande)		Maksimum toekenning (In Rande)
			Maandeliks
1	Nul tot	720,00	225,00
2	720,01 –	780,00	220,00
3	780,01 –	840,00	215,00
4	840,01 –	900,00	210,00
5	900,01 –	960,00	205,00
6	960,01 –	1 020,00	200,00
7	1 020,01 –	1 080,00	195,00
8	1 080,01 –	1 140,00	190,00
9	1 140,01 –	1 200,00	185,00
10	1 200,01 –	1 260,00	180,00
11	1 260,01 –	1 320,00	175,00
12	1 320,01 –	1 380,00	170,00
13	1 380,01 –	1 440,00	165,00
14	1 440,01 –	1 500,00	160,00
15	1 500,01 –	1 560,00	155,00

(300)

Income group	Annual income (allowing for means and circumstances) (In Rands)	Maximum grant (In Rands)
		Monthly
16	1 560,01 – 1 620,00	150,00
17	1 620,01 – 1 680,00	145,00
18	1 680,01 – 1 740,00	140,00
19	1 740,01 – 1 800,00	135,00
20	1 800,01 – 1 860,00	130,00
21	1 860,01 – 1 920,00	125,00
22	1 920,01 – 1 980,00	120,00
23	1 980,01 – 2 040,00	115,00
24	2 040,01 – 2 100,00	110,00
25	2 100,01 – 2 160,00	105,00
26	2 160,01 – 2 220,00	100,00
27	2 220,01 – 2 280,00	95,00
28	2 280,01 – 2 340,00	90,00

Inkomste-groep	Jaarlikse inkomste (middele en omstandigheede in ag geneem) (In Rande)	Maksimum toekenning (In Rande)
		Maandeliks
16	1 560,01 – 1 620,00	150,00
17	1 620,01 – 1 680,00	145,00
18	1 680,01 – 1 740,00	140,00
19	1 740,01 – 1 800,00	135;00
20	1 800,01 – 1 860,00	130,00
21	1 860,01 – 1 920,00	125,00
22	1 920,01 – 1 980,00	120,00
23	1 980,01 – 2 040,00	115,00
24	2 040,01 – 2 100,00	110,00
25	2 100,01 – 2 160,00	105,00
26	2 160,01 – 2 220,00	100,00
27	2 220,01 – 2 280,00	95,00
28	2 280,01 – 2 340,00	90,00

2. Blind Person's Pension

Income group	Annual income (allowing for means and circumstances) (In Rands)	Maximum grant (In Rands)
		Monthly
1	Nil to 1 080,00	305,00
2	1 080,01 – 1 200,00	295,00
3	1 200,01 – 1 320,00	285,00
4	1 320,01 – 1 440,00	275,00
5	1 440,01 – 1 560,00	265,00
6	1 560,01 – 1 680,00	255,00
7	1 680,01 – 1 800,00	245,00
8	1 800,01 – 1 920,00	235,00
9	1 920,01 – 2 040,00	225,00
10	2 040,01 – 2 160,00	215,00
11	2 160,01 – 2 280,00	205,00
12	2 280,01 – 2 400,00	195,00
13	2 400,01 – 2 520,00	185,00
14	2 520,01 – 2 640,00	175,00
15	2 640,01 – 2 760,00	165,00
16	2 760,01 – 2 880,00	155,00
17	2 880,01 – 3 000,00	145,00
18	3 000,01 – 3 120,00	135,00
19	3 120,01 – 3 240,00	125,00
20	3 240,01 – 3 360,00	115,00
21	3 360,01 – 3 480,00	105,00
22	3 480,01 – 3 600,00	95,00
23	3 600,01 – 3 720,00	85,00
24	3 720,01 – 3 840,00	75,00

2. Pensioen vir Blindes

Inkomste-groep	Jaarlikse inkomste (middele en omstandigheede in ag geneem) (In Rande)	Maksimum toekenning (In Rande)
		Maandeliks
1	Nul tot 1 080,00	305,00
2	1 080,01 – 1 200,00	295,00
3	1 200,01 – 1 320,00	285,00
4	1 320,01 – 1 440,00	275,00
5	1 440,01 – 1 560,00	265,00
6	1 560,01 – 1 680,00	255,00
7	1 680,01 – 1 800,00	245,00
8	1 800,01 – 1 920,00	235,00
9	1 920,01 – 2 040,00	225,00
10	2 040,01 – 2 160,00	215,00
11	2 160,01 – 2 280,00	205,00
12	2 280,01 – 2 400,00	195,00
13	2 400,01 – 2 520,00	185,00
14	2 520,01 – 2 640,00	175,00
15	2 640,01 – 2 760,00	165,00
16	2 760,01 – 2 880,00	155,00
17	2 880,01 – 3 000,00	145,00
18	3 000,01 – 3 120,00	135,00
19	3 120,01 – 3 240,00	125,00
20	3 240,01 – 3 360,00	115,00
21	3 360,01 – 3 480,00	105,00
22	3 480,01 – 3 600,00	95,00
23	3 600,01 – 3 720,00	85,00
24	3 720,01 – 3 840,00	75,00

3. Veteran's Pension

Income Group	Annual income (allowing for means and circumstances) (In Rands)	Maximum grant (In Rands)
		Monthly
1	Nil to 1 080,00	320,00
2	1 080,01 – 1 200,00	310,00
3	1 200,01 – 1 320,00	300,00
4	1 320,01 – 1 440,00	290,00
5	1 440,01 – 1 560,00	280,00
6	1 560,01 – 1 680,00	270,00
7	1 680,01 – 1 800,00	260,00

3. Oudstryderspensioen

Inkomste-groep	Jaarlikse inkomste (middele en omstandigheede in ag geneem) (In Rande)	Maksimum toekenning (In Rande)
		Maandeliks
1	Nul tot 1 080,00	320,00
2	1 080,01 – 1 200,00	310,00
3	1 200,01 – 1 320,00	300,00
4	1 320,01 – 1 440,00	290,00
5	1 440,01 – 1 560,00	280,00
6	1 560,01 – 1 680,00	270,00
7	1 680,01 – 1 800,00	260,00

300

Income Group	Annual income (allowing for means and circumstances) (In Rands)	Maximum grant (In Rands) Monthly
8	1 800,01 – 1 920,00	250,00
9	1 920,01 – 2 040,00	240,00
10	2 040,01 – 2 160,00	230,00
11	2 160,01 – 2 280,00	220,00
12	2 280,01 – 2 400,00	210,00
13	2 400,01 – 2 520,00	200,00
14	2 520,01 – 2 640,00	190,00
15	2 640,01 – 2 760,00	180,00
16	2 760,01 – 2 880,00	170,00
17	2 880,01 – 3 000,00	160,00
18	3 000,01 – 3 120,00	150,00
19	3 120,01 – 3 240,00	140,00
20	3 240,01 – 3 360,00	130,00
21	3 360,01 – 3 480,00	120,00
22	3 480,01 – 3 600,00	110,00
23	3 600,01 – 3 720,00	100,00
24	3 720,01 – 3 840,00	90,00

Inkomste-groep	Jaarlikse inkomste (middele en omstandig-hede in ag geneem) (In Rande)	Maksimum toekenning (In Rande) Maandeliks
8	1 800,01 – 1 920,00	250,00
9	1 920,01 – 2 040,00	240,00
10	2 040,01 – 2 160,00	230,00
11	2 160,01 – 2 280,00	220,00
12	2 280,01 – 2 400,00	210,00
13	2 400,01 – 2 520,00	200,00
14	2 520,01 – 2 640,00	190,00
15	2 640,01 – 2 760,00	180,00
16	2 760,01 – 2 880,00	170,00
17	2 880,01 – 3 000,00	160,00
18	3 000,01 – 3 120,00	150,00
19	3 120,01 – 3 240,00	140,00
20	3 240,01 – 3 360,00	130,00
21	3 360,01 – 3 480,00	120,00
22	3 480,01 – 3 600,00	110,00
23	3 600,01 – 3 720,00	100,00
24	3 720,01 – 3 840,00	90,00

IMPORTANT ANNOUNCEMENT

Closing Times

(1) APPLICATIONS FOR LIQUOR LICENCES
(2) APPLICATIONS FOR REMOVAL OF LICENCES

Notice is hereby given that notices are to be submitted for acceptance on the Friday, two calendar weeks before date of publication.

*The closing time is **15:00** sharp on the following days:*

- **23 May 1991,** for the issue of Friday **7 June 1991.**
- **21 June 1991,** for the issue of Friday **5 July 1991.**
- **19 July 1991,** for the issue of Friday **2 August 1991.**
- **23 August 1991,** for the issue of Friday **6 September 1991.**
- **20 September 1991,** for the issue of Friday **4 October 1991.**
- **18 October 1991,** for the issue of Friday **1 November 1991.**
- **22 November 1991,** for the issue of Friday **6 December 1991.**

Note: Late notices will be placed in the subsequent issue.
Information will be reflected exactly as furnished on Form 2 and Form 28 of prospective applicant.

BELANGRIKE AANKONDIGING

Sluitingstye

(1) AANSOEKE OM DRANKLISENSIES
(2) AANSOEKE OM VERPLASINGS VAN LISENSIES

Hiermee word bekendgemaak dat kennisgewings vir aanname die Vrydag, twee kalenderweke voor datum van publikasie, ingedien moet word.

*Die sluitingstyd is stiptelik **15:00** op die volgende dae:*

- **23 Mei 1991,** vir die uitgawe van Vrydag **7 Junie 1991.**
- **21 Junie 1991,** vir die uitgawe van Vrydag **5 Julie 1991.**
- **19 Julie 1991,** vir die uitgawe van Vrydag **2 Augustus 1991.**
- **23 Augustus 1991,** vir die uitgawe van Vrydag **6 September 1991.**
- **20 September 1991,** vir die uitgawe van Vrydag **4 Oktober 1991.**
- **18 Oktober 1991,** vir die uitgawe van Vrydag **1 November 1991.**
- **22 November 1991,** vir die uitgawe van Vrydag **6 Desember 1991.**

L.W.: Laat kennisgewings sal in die daaropvolgende uitgawe geplaas word.
Gegewens word presies weergegee soos verstrek op Vorm 2 en Vorm 28 van voornemende aansoeker.

Elderly must ensure self-sufficiency as state is last resort

(300) CT 16/8/91

From S C A ECKLEY, Director: The South African National Council for the Aged (Cape Town):

THIS council feels obliged to respond to the negative perceptions of the public and the media in connection with the exploitation of the elderly, especially in homes for the aged and retirement villages, so as to ensure that correct interpretations are made.

Care of the aged is costly and the present rate of inflation indicates that it could cost between R3 000 and R5 000 per month to care for a single frail elderly person by 1995.

This care is financed from three sources: the individual and/or his family, the community and the state/tax payers. The government can no longer accept sole responsibility for the care of individuals who are able to care for themselves.

When the elderly deliberately dispose of their possessions or do not declare them, so as to receive state support, government funding is being exploited.

All possible means of fighting this practice should be supported. The recent introduction of the sliding scale is already a step in the right direction. Dependence on state funding is often created when the family or children of the elderly intimidate them to dispose of their possessions.

The council is aware of such incidents. The aged are requested to be more self-sufficient and independent and only request State support as a last resort. State aid should only be for those who are genuinely underprivileged.

The fact that the elderly and their families continually demand more luxuries contributes to the increase in tariffs. The elderly need to restrict their expectations and realise that unrealistic standards cannot be met.

To view advanced age as a state of illness causes unnecessary demands on the services. Before an opinion can be passed on this matter, a clear distinction must be made between those elderly folk who are deliberately being exploited by unreasonable tariff increases and those elderly folk who are deliberately exploiting the system for personal gain.

The elderly must take responsibility for their own welfare and as far as possible for that of others around them.

When they just sit back and receive services without any personal contribution it creates a serious case of dependence similar to a bottomless pit. All South Africans should be aware of the enormous needs of our country in the future, such as housing and education.

The elderly and those who provide services need to be committed to creating cost-effective programmes and realistic expectations in order to prevent over-capitalisation of services.

Inefficiency African norm

From M VAN RENSBURG (Varyland):

MR GERARD of Bloubergstrand (Teleletters, August 8) asks whether a defence force led by Chris Hani would be capable of mounting a rescue such as that done to save the people on the Oceanos.

When an admirer of the ANC such as US congressman Stephen Solarz puts together a mega-million dollar aid deal for a future (ANC?) government the mandarins of the ANC inform him that they will need three months to make up their minds about accepting the offer!

Mr Solarz does not understand the TIA (This Is Africa) syndrome. All over this continent efficiency falls apart in the hands of idle, incompetent bureaucrats who continue to blame their continued wretchedness on their favourite 'ism' (colonialism, imperialism and so on).

Citizens are fed a diet of "revolutionary" slogans and militant rhetoric instead of decisive action.



People's hero . . . Warrant Officer Gideon Kriel. Picture: Jacoob Rykliff

Policeman brings joy on pensioners' payday

Star 16/8/91

By Zingisa Mkhuma

Warrant Officer Gideon Kriel is regarded as a hero by the Kliprivier farming community near Alberton, after he personally ensured that more than 200 black pensioners and disabled people got their pension money on time this month.

The 41-year-old Kliprivier station commander averted a potential crisis recently when he promptly organised his men to escort the money van to the payout point after the Department of Interior could not supply guards to escort the van.

Two hours later than usual, the pensioners and handicapped people received their money.

"When the authorities phoned me to say I should tell the people that payments were postponed, I knew I could not let it happen because of the hardship this would bring to these people," W/O Kriel said.

Cheered

"I told the authorities I was not prepared to turn these people away and I would make a plan. I sent a police vehicle with my men in it.

"By 12 pm everyone had been paid. The people cheered when I made the announcement that they were getting paid, and they cheered again after receiving their money," he said.

The married father of two said he saw himself as a friendly person who treated everyone with respect.

As The Star was talking to him in his office, he received a telephone call from a woman wanting to find out whether he knew of a house she could rent in the area.

"I see our role here at the station as providing a service to the community. I want this place to be seen as a lighthouse in this area and I am very proud of the work I am doing.

"People should always remember that a policeman is just a human being doing his job."

108-year-old's pension is cancelled

By SOPHIE TEMA

GRANNY Elizabeth Molly Makapan is 108 years old and for the past year she has been without a pension because of a bureaucratic bungle.

When Makapan turned 105 years old she found she could no longer walk to the pension pay-out centre and her 52-year-old grandson, Stephen Radebe, was given permission to collect her pension every month.

When Radebe was unable to collect the money because he was admitted to hospital, the pension was cancelled – without explanation.

Radebe told City Press he last collected his grandmother's pension on July 6 last year and shortly after that he was admitted to hospital for diabetes.

"After I was discharged I went home, and it took me a long time to recover. In April this year I went to the pay-out centre to collect her money, but was told her pension had been cancelled.

"I was asked to submit a new application. This was done, but there has been no response."

This week a spokeswoman at the Transvaal Provincial Administration's Pensions Department explained that the pension was cancelled after it had not been collected for more than three months.

Makapan's new application had not been entered into the computer yet. This was necessary before the pension could be restored, she said.

VAT the last straw – pensioner

By Paula Fray

Star 21/8/91

Germiston pensioner Tom Coetzee believes the implementation of VAT may well be the straw that breaks the camel's back.

Over the past few weeks he has faced:

- An increase in rates and taxes.
- An increase in the cost of his television licence.
- The rising cost of food.
- The possibility of increased medical bills. He went on early retirement with a heart complaint.

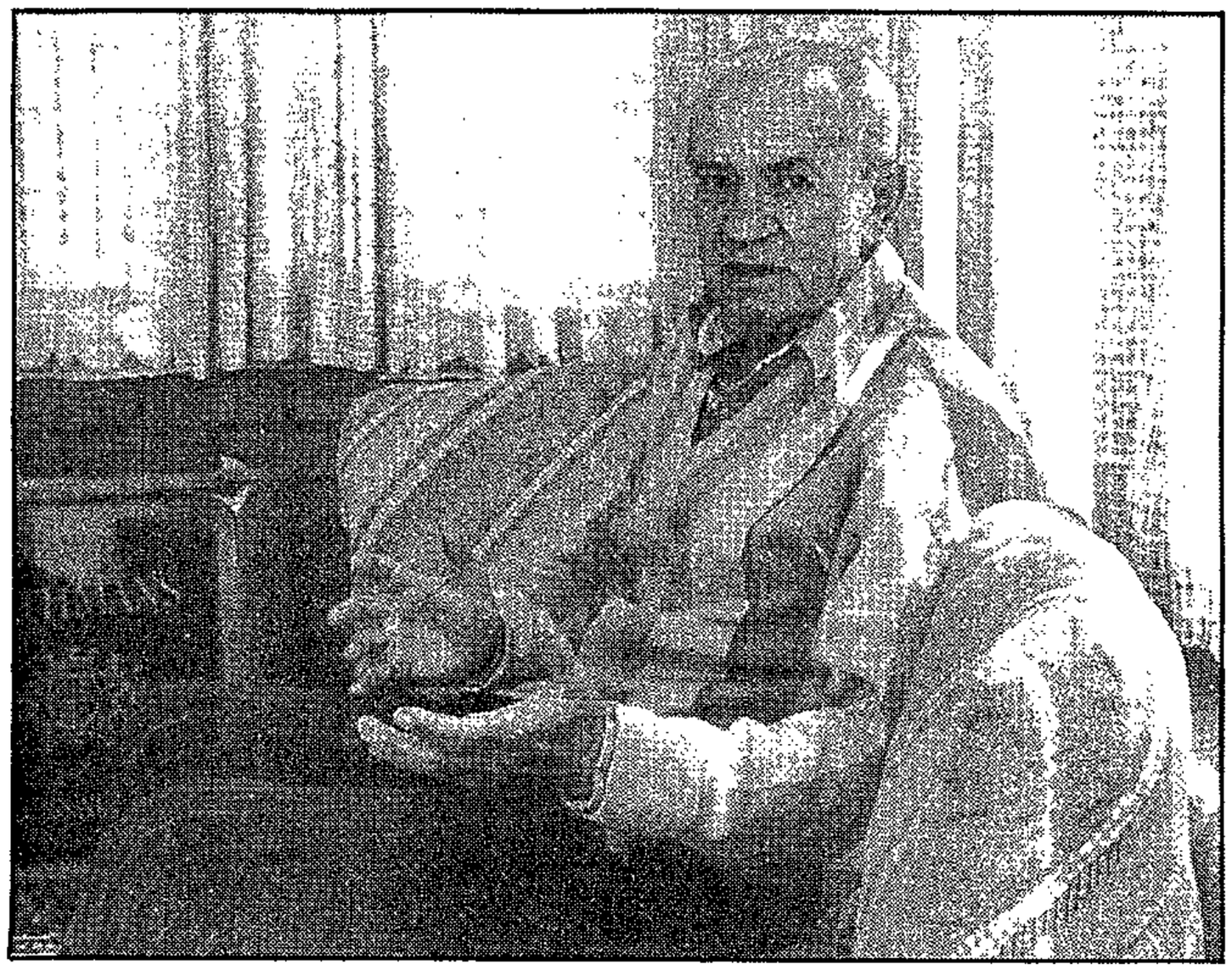
The 57-year-old father of five — including a 15-year-old son still at school — believes it is time for South African consumers to make a determined stand.

"My rates and taxes went up by R20 and my electricity by nearly R20.

"VAT means about a R300 extra cost for me and I can't afford it. My medication might step up ... I may have to pay VAT on (doctors') consultations.

"The Government says 72 countries have applied VAT ... but they don't say how," he pointed out.

Over the past few weeks Mr Coetzee has called several embassies to find out how VAT was implemented in their countries. He has also called Cosatu to air his views.



Tom Coetzee . . . it's time for consumers to make a stand. Picture: Paula Fray

"We're moving to an open society, but the Government won't fight any price increases because they benefit from them," Mr Coetzee said. "My argument is that the media should publish the salaries of members of Parliament as well as their perks.

"While people go hungry at night, they build expensive civic centres. They put culture above a man's living standards ... only a select handful of people will benefit from the improvements to the Johannesburg Civic Theatre."

Like most of his neighbours, Mr Coetzee is opposed to VAT on medical services and basic foodstuffs. But he would like to go further.

"Basic stuffs are not just bread, but include daily consumables. Working housewives rely on items such as tinned foods.

"What's happening now is that the middle class will become poor ... God knows what will happen to the poor."

His wife Jeanette said their rates had increased three times in the past two years: "They've gone up from R82 to R123."

Her husband fears that VAT will cause a spiral in prices and an increase in Government bureaucracy. "They will spend a million to save 10 cents.

"These days you go to the supermarket and you don't look at what's gone up in price but look for what's at the same price as before," he said.

"Businesses are definitely taking advantage of VAT and are putting up prices already. I can see it daily. Things just go up and up. When VAT comes in they might not push up the prices because they already have," he said.

According to Mr Coetzee, prices of certain goods at a local supermarket had risen substantially over the past month. One brand of golden syrup had risen from R2,29 to R2,99. A brand of peanut butter had increased from R1,99 to R2,59. Deodorant had increased from R4,19 last month to R4,79 last week.

Food parcels, said Mr Coetzee, would make "beggars of the poor".

"If we can't even manage to cope, how will they (poorer people) cope?"

● 'Drop VAT on second-hand goods' — Page 10

LIFE ASSURANCE — 2

Heady stuff

FM 23/8/91

Sanlam would be the first to agree that its 500 Plus portfolio is not for the faint-hearted. But first-year results — net growth of 38,2% on retirement annuities and 29,6% on other policies — might just tempt the more adventurous widows and orphans.

Marketing actuary Jacques de Villiers is emphatic: 500 Plus is designed for people who have made sufficient savings provision and now seek the highest return on discretionary income. The 500 Plus was created

FM 23/8/91

after the abolition of prescribed assets for life offices, to seek growth in the most aggressive manner. Offering potentially high returns, it carries concomitant risk.

The fund is managed at Sanlam's discretion and, so far, so good. Sanlam has read the markets correctly. The portfolio was invested mainly in shares until about August 1990, then, as the bear phase developed, switched to gilts. In the past four months — a bull phase — it has been back in shares. ■

De Klerk helps pensioner get into hot water

DURBAN — A letter from Lilian Holtzkampf to the State President complaining about a lack of hot water in her block of flats received his personal attention recently. Star 24/8/91

"At least they do help you if you write to them personally," she said, after the State President got the then Minister of Housing, Sam de Beer, to intervene on her behalf.

Mrs Holtzkampf's problems started when the ownership of her block of flats changed hands.

"Within a few months the rents increased, but then there no hot water," she said.

She then reported the matter to the Department of Health and to the State President.

Within a month the hot water system was restored. — Own Correspondent.

Slip-up costs man his pension

CP Correspondent

JOHN Molahlehi Mokuane, 66, claims he was laid off by South African Breweries after 16 years' service without being paid out a cent.

He now intends taking the company to court.

Mokuane says Bloemfontein SAB terminated his services in February last year on the basis of old age. He was 50 when he joined the firm in 1974.

The company told him he was never a member of the SAB's pension scheme.

But, says Mokuane: "This matter wasn't properly explained to me when I took up employment in 1974. I had the impression the conditions of my employment provided for compulsory membership."

The then personnel officer, Sefako Mafojane, told City Press: "After investigating, I discovered it was the company's fault that Mokuane was excluded from the scheme".

He then recommended to management to consider making some payment.

"Joshua Bhengu, the then Human Resources Manager, and general manager Andrew Parker were agreeable to my proposals. Unfortunately, Bhengu resigned before they could be finalised," he said.

However, present human resources manager Max Makhubalo claimed Mokuane joined the company when he was "well over 55" and did not qualify to join the pension scheme.

He said Mafojane had left the company "in a cloud of confusion" and "should keep out of this" as he was only trying to discredit the SAB.

'Pensioners should look to higher-yield investments'

SHARON WOOD

WITH lower interest rates on the horizon, pensioners should consider moving cash out of savings accounts and into higher-yield investments, economists said at the weekend.

The average short-term fixed deposit interest rates are just above the inflation rate and, after tax, returns could actually be negative, they said.

Although interest rates are not set to come down soon, they certainly seem to have peaked.

At present the highest interest on short-term savings is in six-month fixed deposits at about 16,5% — just over one percentage point above the inflation rate.

Two obvious choices confront pensioners and these are between the high, but uncertain, returns on unit trusts and the certainty gained from the highest interest savings instrument.

Unit trusts have performed exceptionally well this year as the stock exchange soared to new highs. But the short-term volatility of equity investments is well-illustrated by last Monday's "Gorbachev plunge", and subsequent recovery on the JSE.

But longer term investment in unit trusts can virtually be counted on to beat inflation. The Association of Unit Trusts recommends unit trusts only as a long-term investment.

Returns — dividends plus capital growth — on unit trusts ranged between 4% on gold funds and 42% on industrial funds in the second quarter of this year. The returns vary greatly between general and specialist funds, which tend to be more risky.

The highest yielding fixed-interest investments are mortgage participation bonds in which interest rates range between 17,5% and 20,5%. But the money is locked in for five years and rates fluctuate according to the prevailing interest rate, with a guaranteed minimum. Interest is paid quarterly in advance.

According to investment analysts, people who require a regular, uninterrupted income, but no capital growth, will find participation mortgage bonds offer high returns with low risk.

Sanlam marketing actuary Jacques de Villiers says if the pensioner is looking for fixed income until death then longer-term interest rates provided by annuities are better than compounded short-term rates.

De Villiers says that unless liquidity is needed, pensioners should not be in short-term accounts because they are vulnerable to changes in interest rates.

Sanlam in firm stand on pension fund surpluses

(300) AEG 27/8/91

Business Staff

ANY surplus in a pension fund belongs to the fund and not to the employer and such a surplus should never be paid over to the employer, says Sanlam.

At a conference in Johannesburg at which pension fund surpluses were discussed, Mr Francois Marais, Sanlam's General Manager: Group Marketing, took a strong stand against the view of some pension fund administrators that surpluses can be paid over to employers under certain circumstances.

During question time at the conference on Contractual Saving in the New South Africa, held in the BIFSA centre, Mr Marais said that the Registrar of Pension Funds does not allow the pay-over of surpluses and that this should remain the case.

He referred to the situation in the US where such surpluses are regarded as the property of the employer, and said that this had led to shocking malpractices and given rise to the misuse of pension funds.

"For example, companies are taken over, the workers retrenched and the surpluses then arising in the funds are plundered by the new owners.

"Such a situation must be avoided at all costs in South Africa," said Mr Marais.

He added that is was possible for an employer to benefit legally from such an existing surplus in his pension fund by taking a so-called contributory holiday.

This means that the employer stops making contributions temporarily until the surplus has been reduced sufficiently.

This method is quite reconcilable with the opposite situation when a deficit arises in the fund. In such a case, the employer is expected to fund the deficit.

"Most private funds are in a very healthy financial position at present and have built up surpluses. The decade behind us saw investment returns on assets far exeeding the growth in liability as a result of salary inflation.

"Increased government involvement in a so-called 'mixed economy' and a greater need for non-productive social expenditure, however, could give rise to higher salary inflation and lower investment growth. This could cause pension funds surpluses to disappear."

According to Mr Marais, surpluses belong not to the employers but, in effect, to the members of the fund — as is the case with employer contributions already made.

Mail 30/8 — 5/9/91

PENSIONS (300)

Notable disparities still exist in the allocation of pensions to the various race groups. The General Pensions Act of 1979, as amended this year, stipulates that whites receive R304, coloureds and Indians R263, and blacks R225 a month.

PENSIONS — 1

FM 30/8/91 (388) (300)

Hammering managers

Using pension or provident fund contributions to support a company's working capital is not thought to be a widespread practice. Yet it seems to have happened often enough to concern the Financial Services Board (FSB) and has resulted in a toughly worded circular, PF74.

Potential penalties mentioned in PF74, a fine of R10 000 or 10 years' imprisonment, are clearly aimed at outright fraud or embezzlement. However, it seems that all instances where pension moneys are handled too casually will result in more than a slapped wrist.

Under the revised rules, an individual will be nailed in cases of non-compliance with reporting requirements: the principal officer of a self-administered fund, or the insurer where the fund is underwritten. Insurers have also been warned that they can be held responsible for late receipt of pension money.

The tougher attitude has the full support of the Institute of Retirement Funds and the Life Offices Association (LOA). Yet policing the regulations may be difficult. Southern Life deputy GM Rodney Sleep notes that contributions should be received by the fund within seven days of being deducted. That does pose practical problems, particularly where an employer has many sites and more than one type of retirement benefit scheme.

Underwriters also find it sensitive that they must force brokers to conform. Some get as much as 80% of their pension business through brokers and do not want to bite the hand that feeds them. Sleep notes that "dealing with professional brokers is a real pleasure." There may be cases, he agrees, where brokers sit on funds, either to earn interest or because systems are inadequate.

FM 30/8/91 (388) (300)

It is doubtful that brokers are the main target of PF74, though the FSB says it will not allow funds where contributions are in arrear to be switched by intermediaries from one underwriter to another.

Of more concern are cases where funds have been deprived of contributions for anything from two to six months. Where a company uses employee benefit contributions for working capital in this way, suggests the LOA's Jurie Wessels, the firm is likely to be unstable and the members are truly at risk.

FSB executive officer Piet Badenhorst has already ordered inspections of some funds. "Any contraventions will be referred to the Attorney-General." Badenhorst adds that legislation is likely to go to parliament next year to tighten up procedures for "subtracting, receiving and dealing" with contributions, by employers, intermediaries and portfolio managers.

There have been suggestions by insurers that, in addition to punitive remedies for dealing with late payers, market-related interest should be charged. This would restore losses caused to members by late payment. It would also be a method of decriminalising minor cases of non-compliance. ■

Shot in the arm for health care in Jo'burg

Star 1/8/91.

A new concept in health care has originated in Johannesburg. Municipal Reporter LOUISE BURGERS reports.

THE Johannesburg City Council has the entire city's health at heart. An outreach programme to address community health and a radical Aids programme were launched a year ago.

Johannesburg is recognised as having one of the finest Aids programmes in the country and has received international recognition for its work. More recently, material on the council's Aids programme was requested by the USSR, Spain and Cuba.

Health officials have also been asked to present papers in cities across the United States, Canada, Gabon, Zaire and South America.

Johannesburg health and housing director and medical officer of health-elect, Dr Nicky Padayachee, said the council was trying to teach people to treat themselves.

"The whole concept of health has changed. We have moved away from the idea of disease as a medical condition requiring therapeutic intervention to a concept of total health care and the treatment of the economic, social and mental well-being of communities.

"This is in keeping with the World Health Organisation approach and international trends.

"All factors are tied up with environmental well-being. If we continue as we are, the country will have to pay out R60 billion alone in Aids care at the turn of the century. This is horrific — it is six times South Africa's total health bill.

"That is why we have to intervene now. We've looked at the first decade of the Aids epidemic — now we have to use innovative methods to change people's attitudes."

In a report released recently, health researchers of the Medical Research Council and the Centre for Health Policy of the University of the Witwatersrand estimate that 5,2 million people could be infected with the Aids virus by the year 2000.

In the worst scenario, they predicted that by the year 2005, 2,9 million cumulative deaths from Aids could have occurred and the number of HIV-infected people could have reached 7,4 million.

Dr Padayachee believes the shocking scenarios presented by study groups recently can be prevented. He paid tribute to the council's management committee for its understanding of the Aids issue.

The initial cost of the outreach programme is R500 000. It will cost about R600 000 a year to run. The Aids programme costs more than R1 million a year to operate.

Dr Padayachee said City Health had been restructured to include in a single department health, urbanisation and housing.

"In the next 10 to 20 years, the well-being of cities will be very important. The crux is to empower families and communities with control over their lives and environment.

"For example, it is no use treating a child's pneumonia or bronchitis every time without treating the cause, which could be a draughty shack," Dr Padayachee said.

"We are not only treating the symptoms, but the total conditions underlying the problem."

The first outreach centre opened six months ago at 17 Esselen Street, Hillbrow. It includes a family-planning clinic, counselling service, free testing for Aids and other sexually transmitted diseases, and it distributes condoms for free.

Dr Padayachee said: "Most basic health problems can be taken care of by individuals."

People who knew how to access clinic and hospital-based services were not necessarily the ones who needed them the most, and the council had to try to take health care to people such as drug abusers, sex workers, the unemployed, shack dwellers and others.

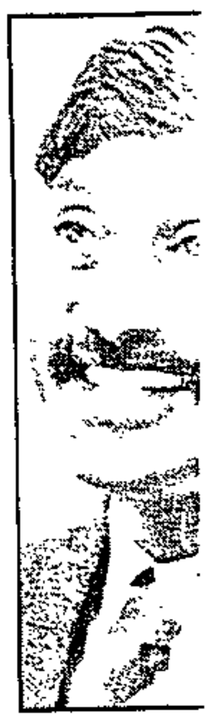
"Aids, for example, is a specific issue. We have to go to communities and educate them concerning the dangers of Aids without waiting for HIV-positive patients to come to us."

Dr Padayachee said it was difficult to measure the success rate of the outreach and the Aids programme. "We have managed to gain access to, and the confidence of, marginalised communities."

The council's aim is to extend the outreach clinics throughout the city.

Actors are employed in a play on Aids education, a cabaret show is being organised for nightclubs, and the council has backed marches on Aids Awareness Day. An advertisement for cinemas and electronic billboards with Aids messages have also been produced.

Johannesburg has offered to train staff at the Soweto, Deipmeadow, Dobsonville and Alexandra town councils. □



Dr Nicky Pa

tors will have reservations tween South Africa and Eastern Hungary, which feel they have trade and use Eastern Europe

Medical aid fees set to rise 20 to 30 percent soon

299

ARG. 2/8/91

VIVIEN HORLER
Medical Reporter

MEDICAL aid tariffs are set to rise between about 20 percent and 30 percent over the next few weeks, with the likelihood of another increase in the new year.

"It's not a happy situation," said Mr Jeff Slome, managing director of Medicaid, one of the big five medical scheme administrators.

"It's a big jump on top of the 20 percent increase at the beginning of this year. But we, like most other medical scheme administrators, are finding that the claims this year are way over budgeted level, and we have to sort that out.

"In addition VAT will make a difference. Medicines always carried GST, so that with VAT at 12 percent they will be slightly cheaper, but the price of seeing doctors and dentists will go up as they start to charge VAT for the first time."

Every January the Representative Association of Medical Schemes (Rams) sets a scale of benefits that medical schemes will pay to doctors. Mr Slome said the size of next year's Rams increase would affect tariffs.

"If Rams go up by between 10 and 15 percent we'll probably be able to hold our tariffs for a while, but if Rams goes up more than 15 percent we'll have to have another increase in the New Year."

Mr Slome said the Rams scale of benefits to doctors and dentists was "on the low side — they have to live too".

"We have to strike a balance between what the members can afford and what the doctors need. Already we're getting members resigning from schemes because they say they cannot afford the tariffs.

"What is compounding the problem is that in commerce and industry most salary increases this year were in the region of 12 and 13 percent, but people have seen their medical aid tariffs go up about 20 percent in January and another 20 percent now. It's too big."

A spokesman for the registrar of medical schemes confirmed that many schemes were increasing their tariffs now.

"But they always do at this time of the year, as they see how their planned budgets are working out in practice."

Medical aid tariffs set to rise by 30%

TANIA LEVY (299)

MOST medical aid members face sharp tariff increases, many in the region of 30%, in the next two months before the introduction of VAT. Bday 21/8/91

Some medical schemes have already increased their tariffs by 25% to 30% and many others are set to follow shortly.

This means the subscription of an average family of three would increase from R450 a month to about R600 a month.

Medscheme chairman Keith Hollis confirmed that many schemes were looking at increasing rates by 25% to 30%.

Last year rates were increased by an average 20%. Increases are usually announced towards the end of the year. This year's increases are likely to implemented within the next two months because of the introduction of VAT and because medical schemes want to avoid two increases.

Hollis said about 8% to 10% of the increases would be to cover VAT on medical services. Further increases, which would vary from scheme to scheme, would be an attempt to recoup losses from increased utilisation by members this year.

Many schemes had had to pay out much more than they had budgeted for, he said.

Affiliated Medical Association executive director Timothy Gelman said most medical schemes had suffered a "very tough" year.

Of the 140 medical schemes results reported to the Medical Schemes Registrar, 67 had incurred a loss in the past year, while four had gone insolvent.

Gelman said tariff increases of about 30% were likely for most schemes, but predicted schemes administered by his association would be lower.

Representative Association of Medical Schemes (RAMS) executive director Rob Speedie agreed that the past year had been difficult but said he could not comment on average increases anticipated.

He said RAMS was consulting various professional groups to work out the effect of VAT on different professions. It was still not clear whether government would go ahead with the recommendation to charge VAT on all medical services.

Ex-spy: Boss link to Inkatha

CT 2/8/91

Own Correspondent

DURBAN. — South African intelligence services gave direct support to Inkatha and its leader, Chief Mangosuthu Buthelezi, from the early 1970s, according to today's Weekly Mail.

The report is based on an interview with Mr Martin Dolinchek, a former senior officer in the former Bureau of State Security (Boss), who defected to the ANC in 1986.

It says Boss "set up an office in Empangeni, not far from Ulundi, in 1974 with the object of providing direct security and surveillance services to Inkatha".

The services meddled in Zulu politics with sophisticated projects "designed to cultivate conservative black leaders capable of countering the ANC".

Mr Dolincheck said the Boss office maintained direct contact with Chief Buthelezi's office through a telex line.

"The government (of Prime Minister John Vorster) at the time realised that Chief Buthelezi needed credibility among the black populace," Mr Dolinchek said.

Weekly Mail editor Anton Harber said last night that the newspaper would publish proof today of collusion between Inkatha and the security forces.

This was "a list of 23 incidents which provide evidence of security force-Inkatha collusion".

The Weekly Mail would also name another political organisation which had been funded secretly by the government. This group was not mentioned when President F W de Klerk made public a list of four organisations that had received covert state money.

Mr Dolinchek's allegations were carried in London's Independent newspaper yesterday.

The former officer served in Boss until his capture during the unsuccessful coup attempt in the Seychelles. He was imprisoned on the island for six months.

Inkatha officials could not be reached for comment last night.

□ Tutu won't call for end to sanctions

See PAGE 4

Inkatha scandal: Kaunda lauds FW

CT 2/8/91

LUSAKA. — Zambia's President Kenneth Kaunda has applauded President F W de Klerk for his impartial and effective handling of the slush fund scandal that plunged Pretoria into a political crisis.

In a special message published in the Zambian press yesterday, Dr Kaunda said he was heartened by Mr De Klerk's response to the scandal and the ANC's favourable reaction to the crisis.

He stressed that "these measures you have taken to reorganise your cabinet are certainly a step in the right direction".

Dr Kaunda said Mr De Klerk had taken courageous steps in his determination to march forward with the rest of the nation.

"There is added joy in our minds, hearts and souls which comes as a result of the reported favourable reaction of the ANC, one of the main actors in South Africa's political theatre," he said.

The Zambian leader also sent a similar message to acting ANC president Mr Walter Sisulu, praising him for what he called "good reaction".

However, ANC president Mr Nelson Mandela has criticised Mr De Klerk's action as "insufficient". — Sapa

Medical aid tariffs to rise

(299) CT 2/8/91

Own Correspondent

JOHANNESBURG. — Most medical aid members face sharp tariff increases, many in the region of 30%, in the next two months.

Some medical schemes have already increased their tariffs by 25% to 30%, and many others are set to follow suit soon.

This means the subscription of an average family of three would increase from R450 a month to about R600 a month.

Medscheme chairman Mr Keith Hollis confirmed that many schemes were looking at increasing rates by 25% to 30%.

Last year rates were increased by an average of 20%. Increases are usually announced towards the end of the year. This year's increases are likely to be implemented within the next two months, however, because of the introduction of VAT. Medical schemes want to avoid two increases.

Mr Hollis said about 8% to 10% of the increases would be to cover VAT on medical services. Further increases, which would vary from scheme to scheme, would be an attempt to recoup losses from increased utilisation by members this year.

Many schemes had to pay out much more than they had budgeted for, he said.

Affiliated Medical Association executive director Mr Timothy Gelman said most medical schemes had suffered a "very tough" year.

Of the 140 medical schemes results reported to the Medical Schemes Registrar, 67 had incurred a loss, while four had gone insolvent.

Police eject blind protesters - claim

(299 Sowetan 2/8/91.)

POLICE yesterday ejected paraplegic and blind demonstrators from the Tembisa Council offices.

It was the second protest against delays to build a centre for the disabled, the leader of their group said.

But a police spokesman, quoting council officials, said no force had been used against the 15 people who occupied council offices to stage a sit-in.

Mr Friday Mavuso, chairman of the Disabled People of South Africa organisation, claimed one of the demonstrators - some of whom are in wheelchairs - was injured when police who were called to the scene beat them up.

"Today they (disabled) decided to go there and picket right inside the offices. They were even prepared to sleep in the offices until they are given a positive answer.

"Police became very aggressive. One (protester) is lying in the yard after he was kicked by the police," Mavuso said.

Police spokesman Lieutenant Wikus Weber told *Sapa* police escorted the protesters outside the premises after they spoke to a council official. The official told them their demand was receiving attention.

"No indication of violence was reported. They are waiting for the mayor to come," the police spokesman said.

Mavuso said the protesters also staged a picket demonstration on Wednesday demanding the authorities deliver on their promises to build the centre for self-help projects.

Sometime this year they met the authorities who pledged to move quickly on the issue.

"After the meeting everything went back to square one. They (disabled) were pushed from pillar to post," Mavuso said. - *Sapa.*

Medical aid contributions 'rose 322% in seven years'

TANIA LEVY

MEDICAL aid contributions had risen at more than double the rate of increases in the consumer price index (CPI) in the past seven years, National Health and Population Development Minister Rina Venter said yesterday.

Opening a new Optiklin Eye Hospital in Benoni, Venter said medical aid contributions had increased 322% in the past seven years, compared with a 151% increase in the CPI over the same period.

Medicine costs had risen by 241% while medical services costs grew by 149%.

Venter said there was a definite role for the private health sector in future provision and funding of health care. But the private sector had to expand its market and offer a more affordable service.

Sapa reports Venter said the private and public sectors might increasingly enter into contractural relationships which could result in the more effective use of available resources.

While the private health sector needed to offer more affordable services, the state had the responsibility to control health care services and to halt interference as soon as it became counter-productive.

A further problem was that most services were concentrated in urban areas, causing a shortage in rural regions.

The National Health Department had about 60 applications to open new private hospital facilities or extend existing ones. Very few of these would be approved.

There were currently 13 404 private hospital beds and 602 private operating theatres registered with the department and approved facilities which would still come on line would bring the number of beds to 14 841 and theatres to 675.

The new eye hospital was the 100th private hospital opened in SA.

CT 6/8/91

Med-aid double CPI rate

Own Correspondent

(299)

JOHANNESBURG. — Medical aid contributions had risen at more than double the rate of increase in the consumer price index (CPI) over the past seven years, National Health and Population Development Minister Dr Rina Venter said yesterday.

Opening a hospital in Benoni, she said that over the past seven years medical aid contributions had increased 322%, compared with a 151% increase in the CPI.

Dr Venter said that while there was a definite role for the private health sector, it would have to expand its market and offer a more affordable service.

Clash over changes to medical aid act

(299) CT 8/8/91

Own Correspondent

PRETORIA. — Doctors and medical aid schemes yesterday clashed head-on over proposed amendments to the Medical Schemes Act.

Medical schemes have been calling for more control over costs of health services, but doctors say planned new measures would give the schemes too much power and would not benefit patients.

Representative Association of Medical Schemes executive director Mr Rob Speedie yesterday welcomed the bill containing the proposed amendments.

But Medical Association of SA federal council chairman Dr Bernard Mandell said the association rejected the bill.

He called on National Health Minister Dr Rina Venter to refer the bill to a joint consensus forum representing all involved with health services — users, planners, providers and insurers.

"Our overriding concern is that the bill does not address the strong and urgent need for efficiency and equity in the entire health-care system," Dr Mandell said.

"It was an attempt to minimise cost in the private sector, but offered patients no assurances of continued and expanded access to health services," he said.

Doctors, medical aids clash over changes

B1Day 8/8/91

PRETORIA — Doctors and medical aid schemes yesterday clashed head-on over proposed amendments to the Medical Schemes Act.

Medical schemes have been calling for more control over costs of health services, but doctors say planned new measures would give the schemes too much power and would not benefit patients.

Representative Association of Medical Schemes (Rams) executive director Rob Speedie yesterday welcomed the Bill containing the proposed amendments.

But Medical Association of SA (Masa) federal council chairman Bernard Mandell

GERALD REILLY and DAVE LOURENS

299

said the association rejected the entireBill.

He called on National Health Minister Dr Rina Venter to refer the Bill to a joint consensus forum representative of all involved with health services — users, planners, providers and insurers.

"Our overriding concern is that the Bill does not address the strong and urgent need for efficiency and equity in the entire health care system," Mandell said.

"It was an attempt to minimise cost in

☐ To Page 2

Medical aids

B1Day 8/8/91

☐ From Page 1

299

the private sector, but offered patients no assurances of continued and expanded access to health services.

"In contrast it affords medical schemes unlimited monopolistic powers to control the use and provision of services."

The Bill ends guaranteed payments to doctors and other providers of medical services, as well as abolishing legislated maximum scales of benefits.

Speedie said: "We don't believe the Bill will give medical shemes any monopolistic powers at all. It is going to create a free market principle, which will enable medical suppliers and medical schemes to negotiate terms.

"We don't see medical schemes refusing to settle directly on a wide scale. We believe the great bulk of schemes will continue to pay direct as it is administratively far more efficient . . . "

Plea over medical aid and VAT

299

Sowetan 8/8/91

MEDICAL aid funds should wait until Value Added Tax on medical services had been finalised before they increased their membership fees, the assistant director of the Consumer Council, Mrs Ina Wilken, said in Pretoria yesterday.

"It is unfair to expect consumers to pay more even before VAT comes into effect," she said in reaction to reports that some funds had increased their membership fees by 25 and 30 percent.

"According to consumers' reaction, it is obvious to the Consumer Council that there is strong opposition to the proposed legislation which will compel patients to pay medical costs directly to the suppliers.

"Very few consumers can settle a hospital or medical account in full and rely on medical aid funds to help ease this burden." - *Sapa.*

Doctors, schemes at odds over bills

By Carina le Grange
Medical Reporter

The crucial debate on whether or not patients have to settle medical bills directly has taken a new twist, with doctors and medical aid schemes in fundamental disagreement.

The Medical Association of South Africa (Masa) yesterday rejected proposed amendments to medical scheme legislation in its entirety — but the Representative Association of Medical Schemes (Rams) said it supported most of the changes embodied in the Bill.

Masa general-secretary Dr Hendrik Hanekom said the abolition of direct-guaranteed payment outlined in the draft legislation — which could make patients responsible for settling their bills — could mean that poorer patients would be unable to afford private health care.

Efficient

However, Rams executive director Rob Speedie said the legislation did not necessarily mean that medical schemes would stop paying doctors directly, and he believed many would continue to do so.

There was nothing in the Bill which would make it the patients' responsibility to pay their own bills and it was administratively more efficient for the schemes to settle the bills directly.

He said Rams supported the Bill because it would open South Africa's health care to free-market principles.

Dr Hanekom said Masa felt that another source for concern was the increased use of risk-rating of claim groups which could mean that poorer, older and sicker people could be discriminated against.

One of Masa's major reasons for rejecting the Bill was that not enough time had been granted for concerned bodies to respond. "This reflects an insensitivity towards current political objectives," the Masa statement said.

First aid for VAT

299

By Heather Robertson

AS D-day approaches for the implementation of VAT, Western Cape doctors and medical workers are mounting a rearguard action to block its imposition on health care.

The Dispensing Family Practioners Association (DFPA) and advice offices in Mitchells Plain, Grassy Park and Elsies River have met in a last-minute attempt to find ways of halting the imposition of VAT on healthcare.

Members plan to hold mass rallies, marches and a signature campaign.

The National Medical and Dental Association (Namda) are also planning a national campaign in which members will refuse to register as "tax collectors". South 8/8 - 14/8/91

The DFPA, which has a membership of 320 doctors, has accepted that general sales tax on medicine already exists, but they argue that to add VAT to medical services is adding to the patient's burden.

"If people are not paying VAT or secondhand cars and rent, why mus they pay VAT on illness?", said the DPFA chairperson, Dr Ronald Rapiti

The DFPA were guests at a Medica Association of South Africa (Masa federal council meeting on July 14 thi year which was addressed by the Min ister of Finance Mr Barend Du Plessis

According to Rapiti, Du Plessis ar gued that if an exemption was grante

● TURN TO PAGE

South 8/8 - 14/8/91

● FROM PAGE ONE

for health costs, it would have to apply to food and clothing.

Dr Hendrik Hanekom of Masa, however, disputed that his organisation had not effectively represented the interests of doctors and patients.

"Masa's initial approach, which is still the current approach in discussion, is that zero rating would be the most preferred and best way in the interest of patients and doctors.

He indicated that Masa was still holding talks with the Minister of Finance and would issue a public statement next week.

Zero rating would enable doctors to claim input on equipment and expenses, but without charging tax on services rendered. 297

The spokesperson for DFPA said most of the 10 000 general practitioners in South Africa would be more than willing to choose exempt status.

With tax exemption, doctors would not be able to charge tax on services and they would not be allowed to claim back on running costs.

A Namda spokesman said the organisation would embark on a widespread campaign to oppose VAT.

According to Mr Gus Ferguson, Director of the Pharmaceutical Society in the Western Cape, several unsuccessful attempts were made by the profession to persuade the government to review GST on medicine.

"Initially, the profession took the same stand on VAT but were dissuaded by the government which claimed that an exemption on health services would result in a see-saw action and push general VAT up by one percent."

Du Plessis was not available for comment.

Paraplegic wins bout in tax battle

A 30-year-old paraplegic whose sole income is a third party award equivalent to a junior fireman's salary has fought a long legal battle with the Multilateral Vehicle Accidents (MVA) Fund and Inland Revenue after finding out that tax was being deducted from his biannual payouts.

The fund and the Commissioner of Inland Revenue were yesterday refused leave to appeal against a court order granted in June this year compelling the MVA to stop the tax deductions.

SUSAN RUSSELL

Matthew Hogan had wanted to be a fireman after leaving school, but a motor accident in 1977 at the age of 16 left him permanently unemployable.

Hogan instituted a damages claim against the fund in 1979 for loss of earning capacity. The fund agreed to pay him what he would have earned as a fireman.

The payments are now about R2 300 a month.

Granting an order in Hogan's favour in June, Mr Justice C Plewman rejected the fund's claims that it was obliged to make the deductions in terms of the Income Tax Act.

The fund's settlement of Hogan's claim was not an undertaking to pay a salary from which tax was deductible, the judge said, but an undertaking to pay compensation of a capital nature.

Mr Justice Plewman yesterday rejected an application by the fund and the commissioner for leave to appeal.

...the school.

Searll said the theft occured where employees colluded with organised

...high proportion of highjackings involved driver collusion," according to McBrearty.

Subsidisation 'will push up medical aid costs'

B10 cut 12/8/91 (299)

DAVE LOURENS

MEDICAL schemes will come under mounting pressure to increase tariffs as the proportion of economically active members declines, a survey of international trends in the medical aid industry shows.

The Geneva-based International Labour Office (ILO) said declining birth rates would weaken the foundations of medical schemes because the proportion of elderly people in society would increase, forcing schemes to rely on wage-earning contributors to subsidise them.

Representative Association of Medical Schemes (Rams) executive director Rob Speedie said in SA there had been an element of subsidisation of retired people, who were generally given soft contribution terms, by those in employment.

And Rams chairman S J Roodt said that although retirees still contributed, their claims pattern was considerably higher than that of younger people.

He said the composition of the scheme he represented, the Municipal Medical Scheme of Natal, had altered radically over the past 15 years. In 1975, there were 17 economically active members for each retired member. By 1990 the ratio was down to 2,7 working people per retired member.

National Health and Population Development Minister Rina Venter said last week medical aid contributions had risen 322% in the past seven years compared with the 151% rise in the CPI over the same period.

The ILO survey emphasized the importance of "seeking solutions compatible with both moral and financial necessities so the health of the elderly was not sacrificed on the altar of economic rationalism as applied to social security".

Speedie said the solution lay in long-term structural adjustments, but the short-term option was more cost-effective health maintenance.

This could include bringing down the cost of medicine by introducing generic and therapeutic substitutes, caring for people in their homes instead of hospitals.



Judge halts taxation of injury pay

Staff Reporter

The Commissioner of Inland Revenue could not tax a paraplegic's compensation, a court has decided.

The ruling was upheld in the Rand Supreme Court when leave to appeal against the decision was dismissed by Mr Justice C Plewman.

The Multilateral Motor Vehicle Accidents Fund and the Commissioner for Inland Revenue brought the application after a Transvaal Provincial Division of the Supreme Court ruling in April.

Matthew Hogan worked at the Johannesburg fire department until he became a paraplegic in a car accident in 1977.

Suffered

According to an affidavit, he has had seven spine operations since his accident and has suffered severe pain in his lower and middle back. He has been unable to find work, and blames his disability for two failed marriages.

His parents cannot support him and his compensation is his only income.

He brought the application against the accident fund when it excluded his bonus from his compensation.

The Commissioner of Inland Revenue was named as a respondent because the accident fund had deducted tax.

Mr Justice Plewman accepted that the compensation was for his inability to earn future income.

"The undertaking was not an undertaking to pay a salary, which would give rise to a (tax) deduction, but to pay compensation of a capital nature."

A 13th cheque would have to be included in the calculation of the payout because it was part of Mr Hogan's former income.

Provide for your old age — FW

DURBAN — South Africa was unlikely to become a welfare state, so each citizen had to provide for his or her old age, President de Klerk said last night.

Speaking at a South African National Council for the Aged banquet in Durban, Mr de Klerk said it was also a prime duty of the family to ensure aged relatives were properly cared for when they could no longer care for themselves.

Mr de Klerk said he appreciated that factors, such as inflation and the various setbacks to which people were exposed in life, rendered many senior citizens indigent and helpless.

"In those cases, naturally, the State, together with the community, has the duty to assume a social responsibility towards them."

Generally speaking, the State was doing its share. Old age care was a high priority, he said.

"Apart from old age pensions, about 50 percent of the State's total subsidy payments in the welfare field is expended on services for the care of the aged," Mr de Klerk added. — Sapa.

Pension fund considers US investment

CAPE TOWN — The Cape Town Municipal Pension Fund (CTMPF) is investigating a possible R100m investment in a R180m shopping complex in Miami, Florida — which could be a forerunner of similar moves by other pension funds.

But the step has aroused the opposition of a municipal workers' body which believes the money should be invested in the local economy. Bldays 13/8/91

Standard Merchant Bank property assistant GM (property) Nic Corbishley, who arranged for pension fund advisers to visit the US to examine the investment, said SA's economic isolation meant its pension funds had lagged behind worldwide trends in investments.

LINDA ENSOR

"If you look at pension funds in countries not restricted in the location of their investments, you find that up to 30% to 40% of the total investment portfolio is in areas other than the domestic base of the fund.

"This is to protect the fund against setbacks in its own currency over time and to give it a broad spread of investments.

"SA pension funds have for many years had restricted opportunities and have fallen behind the times in this regard," Corbishley said. 300

The overvaluation of the rand and the 11% inflation differential meant that de-

☐ To Page 2

Pension Bldays 13/8/91

☐ From Page 1

preciations on an annual basis could be expected and that an offshore investment offered a very positive return for pension fund employees. "I can't see this changing in the near future," Corbishley added.

The seller of the property, which is partly SA-owned, paid for a seven-day visit by CTMPF's advisers — some of them city councillors — to the complex, which is being administered by employees of SA company Stocks & Stocks. A 5% net annual return in rand terms is being guaranteed on the investment.

However, Cape Town officials of the SA Municipal Workers' Union have objected on the grounds that the money should be invested, for example, in housing to help council workers who contributed to the fund.

Faster med-aid settlement

Finance Staff Star 14/8/91 (299)

Doctors, dentists and other medical men can now expect to be paid within a fortnight - if they use electronic mail to send their accounts to medical aid funds.

The Northern Medical Aid Society has deveploped an electronics claims submission system. This enable doctors to submit accounts through Beltel's electronic mail system.

The claims are fed into Northern's computer. This processes and validates them and arranges payments in the next fortnightly cheque run.

The system can revolutionise the management of medical practices and ease the medical fraternity's cash flow problems, says Bruce Sheppy, Northern's marketing director.

Consumers cut back on spending

ARG 14/8/91

Business Staff

THE recent sharp decline in consumer spending has adversely affected retail sales in the first six months of the year.

According to figures released by the Central Statistical Service this week total retail trade sales showed a nominal increase of 13,9 percent to R36,6 billion in the first half of 1991 compared with R32,23 billion in the January to June period last year.

However, given an average inflation rate of 14,3 percent over the period real sales showed a 0,4 percent decline.

The declines were registered over a broad category of retailers. Grocers and supermarkets saw sales decline by 3,75 percent in real terms, while sales at general department stores declined by 7,8 percent.

Jewellers proved the pick of the pack reporting sales growth of 25 percent. Other retailers showed more moderate growth with dealers in clothing, textile and footwear reporting a real rise of 3,17 percent and furniture and household dealers increasing sales by 4,31 percent.

Business judgments soaring

Business Staff

JOHANNESBURG. — After 30 months of recession and slow and often no payments, business is getting its house in order.

Although firms are desperately seeking new business they are no longer prepared to do this at any price.

Ivor Jones, managing director of Kreditinform, says he has been investigating the credit-worthiness of a record number of firms for his clients.

In July his company checked on the ability of customers to pay a record R250 million of credit.

This represented a 15 percent increase in the number of reports handled over the same 1990 month and a 25 percent increase in rand value.

Suppliers recognise the need to monitor debtors while the economy is still in a recession in order to set up remedial slow payment and bad debt policies.

"At the same time, they want to capitalise on the anticipated upswing, and are taking the opportunity to review credit limits and set new, realistic levels based on their customers' ability to pay."

Mr Jones says many firms are still not paying their debts.

Business judgments were up by 67 percent in the first four months of this year to a cumulative total of R87 million by value compared with R52 million for the same 1990 period.

He says: "Business judgments are continuing to run at between R20 million to R25 million by value each month — at the highest levels in the past four years — and show little signs of easing."

Mr Jones warns that these figures are a reason for caution.

"In spite of growing optimism about an upswing in the economy, these indicators suggest there is a lack of liquidity in the economy and that the recovery will still take time."

Faster medical aid settlement

Business Staff (299) ARG 14/8/91

JOHANNESBURG. — Doctors, dentists and other medical men can now expect to be paid within a fortnight — if they use electronic mail to send their accounts to medical aid funds.

The Northern Medical Aid Society has developed an electronics claims submission system.

This enables doctors to submit accounts through Beltel's electronic mail system.

The claims are fed into Northern's computer. This processes and validates them and arranges payments in the next fortnightly cheque run.

The system can revolutionise the management of medical practices and ease the medical fraternity's cash flow problems, says Bruce Sheppy, Northern's marketing director.

Medics to meet over 'inhuman tax on sick'

Star 14/8/91 (299) (325)

By Carina le Grange and Own Correspondent

The medical profession is making last-minute attempts to prevent VAT on medical services.

A few days ago the Medical Association of South Africa (Masa) met Minister of Finance Barend du Plessis to discuss VAT.

In Cape Town, up to 400 western Cape doctors are expected at a protest meeting tonight against the "inhuman imposition of VAT on sick people".

The Society of Dispensing Family Practitioners has already launched a countrywide petition.

The Dental Association of South Africa has also met Mr du Plessis.

It is understood the Minister will announce this week whether appeals for VAT not to be standard-rated — at 12 percent, such as other services — has been successful.

Masa said yesterday it had asked Mr du Plessis at the latest meeting to review the decision to standard-rate medical services and to postpone the implementation until all possible negative results on health care had been eliminated.

Masa again appealed for the VAT zero-rating on medical services.

Masa chairman Dr Bernard Mandell said it could result in more and more patients — including medical scheme members requiring expensive treatment, and the chronically ill — turning to the State because benefits would not cover their expenses in full.

He added that poor patients without medical aid who were treated at reduced rates in the private sector would also not be able to cope with cost increases.

The organiser of the Cape Town meeting, Dr Tony Behrman, said he believed VAT would make it increasingly difficult for the "impoverished 60 percent of the population to seek medical care".

"They will delay consulting a doctor until their problem is more grave."

● A zero-rating means doctors would be able to claim back the VAT charged on their input charges such as electricity, equipment, rent and telephone bills, and would charge patients VAT at nil percent.

VAT AND YOU

VAT raises fears over health care

GERALD REILLY 299

PRETORIA — The Medical Association of SA (Masa) is concerned that government's R220m poverty safety net will not be in place when VAT is introduced on September 30. B10:4y 15/8/91

Masa federal council chairman Bernard Mandell said there was also concern that the amount available would be insufficient to provide relief to offset the impact on health sevices, let alone compensate for the tax's overall impact.

Mandell said Masa had again appealed to Finance Minister Barend du Plessis to zero-rate medical services.

Du Plessis was asked to at least postpone its implementation until possible negative results on health care had been eliminated.

Mandell said Masa was concerned that VAT would make health care less accessible to patients.

This would have far-reaching implications for the state.

Medical scheme members needing costly treatment and the chronically ill would turn to the state because benefits failed to cover cost.

Poor patients without medical aid would not be able to cope with cost increases resulting from VAT.

VAT could have a greater impact on the private sector costs incurred by public sector patients who were subsidised by the state.

This could strenghten the demand for a national health system.

Mandell said other proposals made to Du Plessis were tax relief on medical expenses, adjustment of the means tests and the increase of the public health budget by an amount equal to the VAT collected from this source.

The introduction of a national health insurance fund to ensure all patients would have access to essential and life-saving services was another.

Masa also asked for the funding of a national consensus forum working towards the design of an efficient and equitable health-care system.

Intensive care facilities short

Neo-natal treatment compromised

ACCEPTED norms for neo-natal intensive care treatment in South Africa need to be critically reassessed because of chronic shortages, Professor Beyers Bresler Hoek warned in Bloemfontein, last week.

He was delivering his inaugural lecture at the University of the Orange Free State, where he is professor and senior specialist of the Department of Pediatrics and Child Health, as well as head of neo-natal services at the city's academic hospitals.

If more facilities and funds were not provided, the number of potential neo-natal intensive care users would have to be drastically curtailed, Hoek predicted.

He acknowledged that much of what he had to say conflicted with traditional and accepted ethics, morals, rights and religious values, but added it was open to critical re-evaluation.

More babies in South Africa needed intensive care treatment than could be handled and the increasing costs - both financial and labour - were difficult to justify.

The provision and maintenance of facilities were expensive and financial resources had not increased proportionately to costs.

Intensive care for certain categories of babies, including premature ones, had to be reconsidered as it was not always in the best interests of the baby, parents or the broader community, he maintained.

As a result of the shortages, more funds would have to be made available from the State, or other sources, to maintain neo-natal intensive care facilities.

Parents would also have to make bigger financial contributions, Hoek said.

Intensive care treatment for babies was a privilege and not a right and he warned doctors would be faced with more difficult "and even impossible" choices.

The present infrastructure to help disabled babies was largely inadequate, he added.

Such babies had a strongly disruptive and even destructive effect on parents, marriages and families.

Parents

Also, the financial implications for the parents and community were enormous.

As for "non-medical guidelines", Hoek said where more than one baby could benefit equally from intensive care, but there was only a facility for one, the following babies should not qualify for intensive care treatment:

Babies whose parents had Aids;

Where one or both parents were addicted to alcohol or drugs;

Those whose parents were permanently unemployed or had no fixed or regular income;

Those who were illegitimate or whose mothers had been raped;

Those whose mothers had received no pre-natal care for reasons other than non-availability or accessibility;

Where both parents were mentally retarded or had major psychiatric disturbances;

Parents had a criminal record;

Parents were guilty of child abuse or molestation;

Parents had three or more healthy children; and,

Parents could not pay at least a portion of the cost for the use of the facility.

Hoek added if a baby did not qualify for intensive care, it did not mean it would receive no treatment.

It would still receive all the necessary care, except treatments particular to intensive care.

The practical settlement of harsh, present-day realities appeared increasingly difficult to reconcile with traditional ethical, moral and religious viewpoints, he said.

According to some economists, the use of scarce and expensive facilities or resources for weak babies was economically unjustifiable.

There were more premature babies in underdeveloped and developing communities than in so-called First World countries, Hoek said.

This, together with the unacceptably high population increase, was an important reason why the number of babies needing intensive care in South Africa was greater than in highly developed countries. - *Sapa*

Meeting mum's needs

WOMAN

Sowetan 15/8/91 (299)

By NOMVULA KHALO

THE Institute of Child Caring Companies has teamed up with the Highgate Pick 'n Pay Hypermarket to launch a child-caring project that includes a baby room to be used for breastfeeding purposes by mothers visiting the centre.

Child Caring Corner will assist mothers with daily health care needs of their babies.

A qualified nurse will be on hand daily to give advice to the mothers in a special room that has been set aside at the store.

In addition to this facility, there will be a free monthly newsletter through which mothers who cannot attend the Corner can get information on baby health care.

There will also be a "Dear Sister" box in which mothers can post their queries and concerns.

"The Highgate Corner is the first one of many that we have planned," explained ICCC managing director and founder of the project Brenda Robson.

"The service is aimed at mothers who require child-care facilities and need a fully personalised service, but cannot afford the rates charged at clinics and hospitals.

"I realise there is no use talking about health, but that health needs to be taken to the people and what better place than a shopping centre where the mothers are," she said.

"The mothers need to know what to do when their baby is not eating, how and when to switch from formula to solids. That information will be available at the corner and that is why ICCC was formed."

Pamphlets on these topics will also be distributed to mothers attending this clinic.

Different topics on baby care, including breastfeeding and nutrition, will be delivered by doctors and nurses between 12noon to 2pm, starting from Saturday and on alternate Saturdays thereafter.

Health workers from the Pick 'n Pay Women's Club and ICC workers will help the nurse by giving professional advice.

Other companies sponsoring the project are Tiger Oats, Borden foods, Colgate, Pfizer, Nestle, Kelloggs and B-Tabs.



Some of the parents who attended the launch of the Child Care Corner at Highgate shopping centre.

Tembisa disabled to build a factory

THE Tembisa Self-Help Association for the Disabled has been given land by the local council on which to build a factory for the disabled.

A spokesman for the Self-Help Association for Paraplegics, Mr Friday Mavuso, said the self-help factory would rely on sponsors and on what the disabled produced and not on a Government subsidy.

He said the project would be run and controlled by disabled people.

"Gone are the days when the disabled had things done for them by other people," Mavuso said.

He said getting funds to build a factory would be no problem.

Mavuso said temporary offices would be built while architects were busy drawing plans for the factory.

DEREK BAUER'S WORLD



Tremors strike at the heart of medical aid

299

W/May 16/8 - 22/8/91

At the heart of medical aid is the cross-subsidisation of the old by the young, the sickly by the healthy. Critics fear that a new medical Bill will destroy that balance and result in cheaper aid for those who need it least and escalating medical costs for those who need it most, reports REG RUMNEY

Tremors are about to crack further the already shaky medical aid edifice in South Africa.

At the heart of the problem is an attempt to keep a lid on rising medical costs and allow medical aids more freedom to counter encroachment of insurance companies on their territory.

But fears are that proposed changes to the law will damage the medical aid system irreparably, and hasten its demise.

The changes may mean that many people who now have comprehensive medical care will not be able to afford it any longer as the vital principle of "cross-subsidisation" within medical schemes is all but ditched.

Opposition to the Medical Schemes Amendment Bill has been voiced by the Medical Association of South Africa (Masa) and the National Medical and Dental Association (Namda). Masa has rejected the Bill in its entirety.

The body governing medical aid schemes, the Representative Association of Medical Schemes (Rams), is broadly in favour of the Bill, but not all members agree.

The Bill allows insurance companies easier access to the field of medical aid insurance. It also allows medical schemes more flexibility in countering the encroachment of insurance companies on the medical aid turf.

This is the nub of the problem. Critics of the Bill believe competitive pressures will strike at the heart of the medical aid system — the cross-subsidisation of the old by the young, and the sickly by the healthy.

Namda says that allowing insurance companies to sell medical aid insurance will result in "risk rating" of prospective members. This means that those who are a higher risk will have to pay more or drop out of medical aid insurance.

"Young, healthy people will have access to cheap health insurance, while those that need health insurance most will face escalating costs," says Namda.

"The reduction of risk sharing, a concept fundamental to health insurance, will result in rising costs, putting health insurance out of reach of many people presently insured. This will inevitably result in these people seeking health care from the public sector."

Rams director Rob Speedie is sanguine about the Bill, saying Rams welcomes the Bill as a package.

He stresses the changes in the Bill give the medical aid schemes more flexibility.

"What the changes will do is allow us to meet the demands of the marketplace."

Speedie believes the changes won't prejudice members and potential members. Medical schemes will be forced to cater for the needs of members. "The changes will give people the opportunity of buying cheaper health care."

Nick du Preez, general manager of Sanlam's medical aid scheme, Sanmed, reckons there is a danger some medical schemes will fall into the trap of risk-rating people out of the system entirely as they try to cream off the good risks. His company will risk-rate companies, but not individuals.

Speedie agrees the vital principle of cross-subsidisation must remain as undisturbed as possible, but believes the medical aid schemes will act responsibly.

But Medscheme managing director Keith Hollis reckons that the full ramifications of the Bill, which he describes as insidious, have not been appreciated by all involved.

"It will severely disturb cross-subsidisation within medical schemes."

The pity of it, Hollis believes, is that the medical aid system could form the basis for a national health system.

Hollis adds that the rise in health care costs is endemic worldwide, and this is not the way to go about containing costs.

In this, Masa agrees with him, objecting too to what it sees as undue haste in calling for response to the Bill within six weeks.

Masa says the urgent need for efficiency and equity in health care, generated by a changing political situation, are not addressed. An adjustment to the health care system based solely on cost minimisation and only aimed at the private sector is unacceptable, especially when it will probably have big implications for the state.

Centre for Health and Policy Studies' Jonathon Broomberg has warned South Africa is approaching the American health care nightmare, where despite health care taking up an enormous slice of the national wealth, 37-million people have no access to health care at all.

Broomberg points out that since September 1989 medical aid schemes have had the freedom to do risk rating. But the changes proposed now will encourage this.

Broomberg says most medical aids have trodden carefully with risk rating so far, but this is likely to change.

"Insurance companies will be allowed into medical aid more freely. The competitive pressure on medical aid schemes to engage in risk rating will be enormous."

Now around 45 percent of spending on health care goes on 20 percent of the population.

The government clearly would like more of those who can afford it to be catered for by the private sector, leaving the public sector to cater for the indigent.

Instead of moving more people into private-sector health care, the changes will mean the state will have to care for more people. Those in need of health care will have to go to the state for services not provided under the medical aid system.

Broomberg says the medical aid system will continue to consume almost 50 percent of health care expenditure, but provide comprehensive cover for an ever-diminishing portion of the population.

The Bill, he says, is a short-term stopgap to prop up a system which at its heart is faulty.

■ The Medical Schemes Amendment Bill proposes, among other things:

- Scrapping the statutory direct payment by medical schemes to "contracted in" doctors, ie those who charge the "scale of benefits" (the medical schemes list of recommended payments for particular medical services).
- Abolition of the regulatory "scale of benefits" itself. Schemes won't have to provide minimum benefits and won't be limited to any maxima. Medical schemes can have exclusions (like the excess amount in car insurance) in their cover. Rams will publish a scale of payments as a guideline.
- Medical schemes can play a broader role in providing medical services, setting the scene for the creation of Health Maintenance Organisations, which offer a package of medical, dental and hospital services. These are held out as a solution to containing costs in medical services.
- Allowing insurance companies easier access to the medical schemes market.

Government now 'punishing people for getting sick'

w/Mail 16/8-22/8/91

299

The standard rating of health services under Value Added Tax is adding to the medical profession's woes, reports **MONDLI MAKHANYA**

THE charging of Value Added Tax on health care is being vociferously opposed by the medical profession.

The inflationary pressure resultant from the VAT standard rating will put health care out of reach of most people. Groupings in the medical field have made representations to the government to zero-rate medical services.

The VAT factor comes amid a crisis in the medical aid industry (See Page 18). Medical schemes have been hit by excessive claims from members and have been compelled to increase rates.

A number of schemes have indicated they may have to push up membership fees by between 20 and 30 percent.

Sanmed managing director Nick du Preez — who says VAT will only push costs up by eight percent — cautions that increases of this proportion will not only be due to VAT but also to the influx of excessive claims this year.

Medical Association of South Africa chairman Bernard Mandell says the worst pressure will be on patients without medical aid as they would not be able to cope with the increases. Primary health care will also receive a setback. This sector is already surviving on limited resources and its inclusion under VAT would mean funds would have to be diverted from existing services to cater for this, Mandell believes.

"It is a fact that the state is under tremendous pressure to cope with its current load in providing health services. Budgets are being cut and long queues are already becoming a problem," he added.

The Western Cape-based Dispensing Family Practitioners Association (DFPA) has come out strongest against the impositon of VAT on medical services, calling it "immoral".

Chairman Robert Rapiti reckons medical aids are already pricing themselves out of the market and any increases in the rates will put their services out of the reach of ordinary people.

"The government is effectively punishing people for getting sick. That is immoral."

Another group pressing government to zero-rate medical services is the National Medical and Dental Association. Director David Green believes VAT will force people who have been using private health care to start using public health services.

"Only 20 percent of South Africans are on medical aid. This figure is now likely to drop to 15 percent and the five percent will begin using public health services."

Green says this influx into the public sector could be a positive development but "at the moment, our public health service isn't in good shape".

Rapiti says Finance Minister Barend du Plessis told a DFPA delegation in July that "we shouldn't use a moral argument to get medical services exempted because others can do the same with foodstuffs".

Despite all these cries of protest, government is not budging.

The standard rating of health care in this country seems to have been adapted from New Zealand, where everything has a standard VAT rate. South Africa's VAT system is modelled on the New Zealand one. However, in several Western European countries health care is either zero-rated or taxed at a lower rate.

Bricks put 'The Spear' back on winning team

c/Rep 18/8/91 (299)

By LULAMA LUTI

FROM scoring goals to making bricks – that is the story of former soccer star Colbert "The Spear" Sobopha, now turned brickmaker as a result of blindess.

Once a dazzling midfielder for both Orlando Pirates and Moroka Swallows, he was the darling of football fans.

Those were the glamorous champagne days before December 1978, when fate dealt Sobopha a cruel blow.

"But I will never give up in life. Life must go on," says the former maestro, who works in a brickmaking project in Orlando East, Soweto.

The project is one of many administered by the National Organisation for the Blind in Southern Africa (Nobsa).

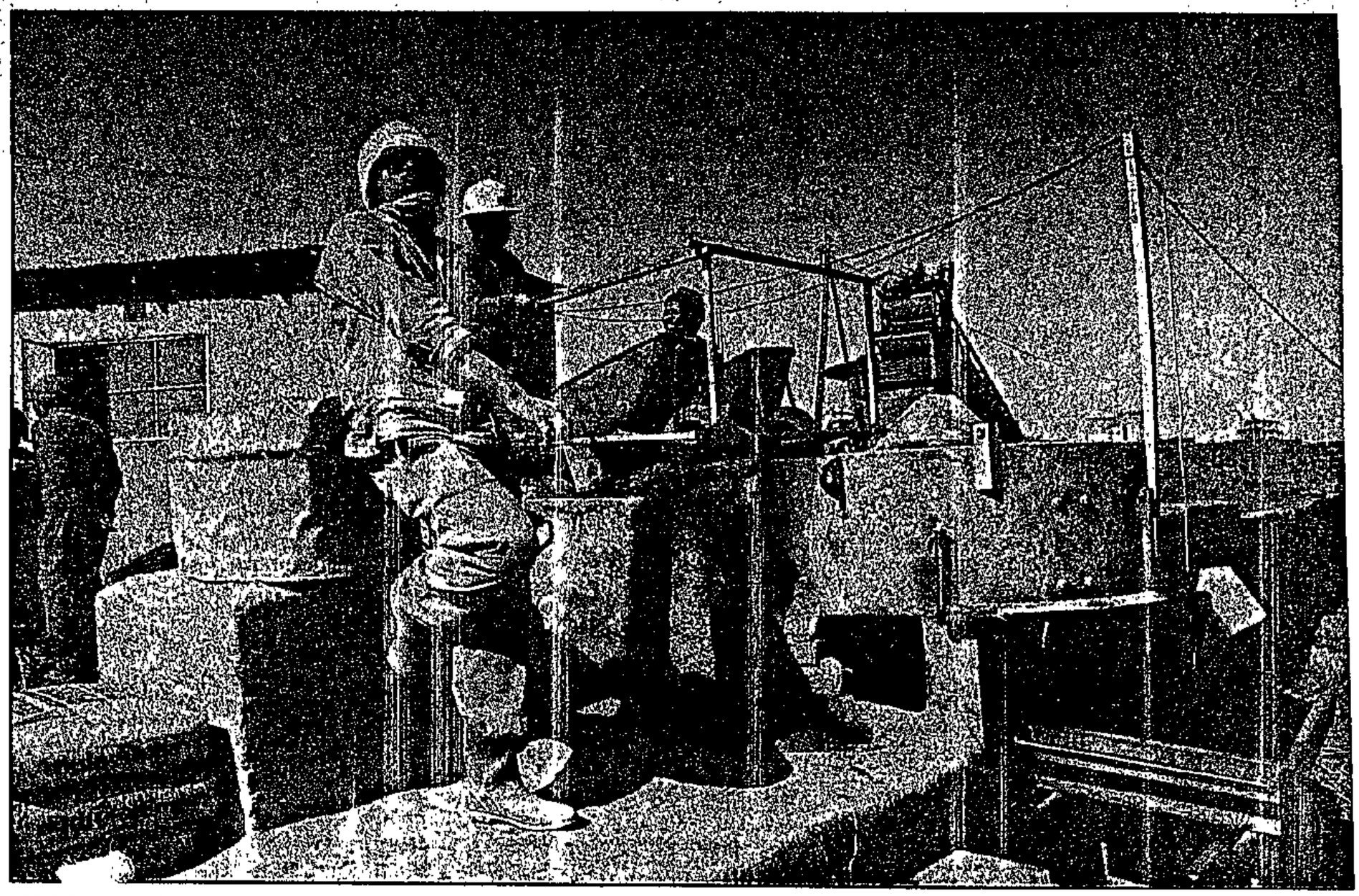
Oozing confidence and optimism, "Spear", 35, this week relived events of that fateful Sunday afternoon – the details of which will no doubt linger vividly in his mind for the rest of his life.

He had been to a Mainstay Cup Final match between Kaizer Chiefs and Wits University.

Accosted

"I had just got out of a taxi behind the Tshabalala bottlestore in White City Jabavu and was on my way home when I was accosted by three muggers. We had a brief exchange of words and before I knew it, one of them had produced a knife.

"I was stabbed in the eyes, and while I lay bleeding and groaning my attackers ran away. I don't know what happened next, and when I came round I was in hospital," he said.



REBORN . . . Former soccer star Colbert "The Spear" Sobopha did not get beaten by blindness. ■ Pic: EVANS MBOWENI

That incident marked the beginning of a life in the dark for "Spear". He spent the next four months in hospital.

"When I was discharged I was frustrated . . . the mother of my child left me and life became hopeless," he said.

"Spear" is the father of 14-year-old Simphiwe who is in Std 6 at Morris Isaacson High in Soweto.

When Sobopha's common-law wife left him, he was referred to the Transvaal Association for Blind Black Adults by social workers.

He says the association restored his confidence in life.

"Through their skills programmes I came to regard obstacles as challenges. Basically it depends on the individual, and for me it was a matter of choosing between rotting at home or doing something worthwhile about my life," he said.

Early in 1988 he underwent a training course in brickmaking, and the following year he joined the Nobsa brick manufacturing project in Orlando East where he works as a mixing machine feeder.

"I enjoy working here and serving the community. Gone are the days when I used to bask in the sun like a lizard. Now I earn a living to support my family," he said proudly.

Sobopha lives with his son, his mother and younger sister. He still enjoys going to soccer matches, especially the big games. He enjoys the atmosphere, in spite of his handicap.

"There is still a lot that our local players need to do in order to match their overseas counterparts. There is definitely a lot of polishing up they have to do in order to reach the standard of players like Jomo Sono, Ace Ntsoelengoe and Andries Maseko," he said.

Fast workers

Production manager at the brick project, Moses Moleleki, said there were 15 people working at the project and they produced 1 000 hollow blocks a day.

"We have manpower that could produce twice our current daily production but because of lack of facilities, we can only manage 1 000.

"It is amazing how fast and dedicated a team we have here. More than anything else, they demonstrate that being blind does not mean they have a mental disability. I really enjoy working with them. They certainly are interesting people."

Bricks manufactured are sold mainly in the local community, although Moleleki said they had intentions to supply hardware shops and construction companies.

Venter defends VAT aid

TANIA LEVY

IN AN attempt to deflect the furore over VAT, National Health Minister Rina Venter last night reiterated government's R220m commitment to food aid which she said was only one element of a comprehensive safety net.

Venter appealed to fund-raising organisations involved in food assistance to apply to the Health Department for financial backing.

She said clinics would extend feeding programmes to include energy-rich staple foods instead of just milk powder.

At a forum on September 5 and 6 a committee would be elected to draft and manage a long-term development programme to address SA's undernourishment and malnutrition problems.

All interested parties were invited to attend, said Venter.

Organisations, including Cosatu and the ANC, have said VAT will hit poor people hard and have called for more basic foods to be exempted from the tax. Finance Minister Barend du Plessis has promised to reply this week to growing criticism of VAT.

The poverty safety net was detailed in the 1991 Budget, which also included the zero-rating under VAT of maize meal and brown bread, as well as the allocation of R820m for improving old age pensions, R660m to eliminate pension disparities and R50m for job-creation, Venter said.

GERALD REILLY reports the distribution of poverty relief is likely to be handled by established welfare organisaions.

Sources said it would be a major task to deal with aid applications and sort out the deserving from undeserving.

The R220m is only to cover needs for five months from October to the end of the current financial year.

● Comment: Page 8

Medical group collects thousands of signatures

Star 19/8/91

299

By Paula Fray

Thousands of signatures have been collected in a nationwide campaign, opposing VAT being levied on medical services, organised by the Society of Dispensing Family Practitioners.

The petition, launched last month with an advertising campaign, calls for a zero rating on medical services.

The SDFP has described the implementation of VAT on medical services as immoral.

"The Government is imposing a tax on illness when it should be subsidising the cost of illness. We have not got control over when we become ill and accordingly we should not be taxed on medical services and medicines," the petition reads.

SDFP executive member Dr Eddie Sarlie said the petition was going exceptionally well. Between 13 000 and 15 000 signatures from doctors, patients and the public had been returned from the first batch of forms sent out to medical practices.

Forms printed in the press and sent out to individuals were coming in "fast and furiously" and it had been impossible to keep track of the number of signatures.

The society aims to collect a million signatures and present the petition to the Minister of Finance in the first week of September.

Dr Sarlie that with the present economic situation and unemployment rate, there was concern about the affordability of health care.

"The ordinary person can't afford medical treatment at the present time ... how will they afford it with an added 12 percent?" asked Dr Sarlie.

The society was at present on a fund-raising drive among members, he said, and the petition advertising campaign in the media would continue subject to this.

Scores desperate for parts donations

MORE than 1 000 critically ill patients are desperately waiting for kidneys, hearts and livers throughout South Africa, according to Professor John Odell.

Speaking at the launch of Organ Donor Week in Cape Town on Monday, Odell said fewer than 300 transplants were performed annually.

Donors

Odell, chairman of the SA Organ Donor Foundation, attributed the significant drop in organ donor referrals this year partly to the severe cost-saving measures enforced in provincial hospitals.

"The medical profession still has many sceptics with regard to transplantation, particularly now when financial constraints are being considered," he said. - *Sapa*

Heart-stopping 60 percent slapped on MPs' medical aid

ARG 22/8/91

299

DAVID BREIER, Political Staff

POLITICIANS and judges' medical aid contributions have increased 60 percent this year to help pay for each others' heart bypasses and other major surgery.

As millions of angry South Africans face paying 12 percent value-added tax on their medical bills from October 1, MPs have assured the public that they are not the only ones who have increased medical costs.

Earlier this year the parliamentary medical aid society Parmed slapped a 60 percent increase on contributions. Parmed provides for MPs, members of the President's Council as well as retired members, ex-senators, MPCs and Supreme Court judges.

A life in politics and the courts appears to have taken a heavy toll on many legislators and the judges who carry out their laws.

Parmed committee member Mr Brian Goodall (DP Edenvale) said half the 60 percent increase was to cover increased medical costs and the other because so many members were now having heart bypass and other major surgery.

"There has been such a shortfall on medical aid refunds when people required major operations — there are a lot more heart bypasses than before," he said.

Open-heart surgery may be an occupational hazard for anyone on the Bench — whether a back bench in parliament or the Supreme Court. But even with the increase in medical aid contributions, there are enough financial compensations.

Medical aid contributions vary depending on factors such as the family size. Mr Goodall says he now pays nearly R300 a month.

But an ordinary MP now earns an annual salary of R108 153, including reimbursable allowances. This sum is in addition to the R18 000 constituency allowance spent on running a constituency office. Ministers earn about R190 000.

In addition an MP enjoys many hefty perks, including a car subsidy, free air travel and housing at a nominal rent in Cape Town.

While MPs and judges shoulder their medical burden, doctors are rejecting the imposition of VAT on medical services.

Cape members of the Medical Association this week signed a petition saying that VAT on all medical expenses was indefensible as it would put medical treatment out of the reach of many.

Mr Goodall said the government was mistaken in taxing medical expenses because it would simply mean that more people would rely on the public health service, putting an even greater burden on taxpayers.

● Much to the embarrassment of MPs, Parmed is sometimes confused with Polmed, the medical aid scheme for police, who pay nothing for doctors and only partly for medicine.

Medical aid 'pay first, claim later' won't apply

Star 22/8/91 (299)

The Star Tuesday July 23 1991

The Star

Ill omen

WHEN a problem arises, bureaucrats usually have an easy answer: solve it by making life more uncomfortable for ordinary folk. So it is with the proposed

I refer to "Patients could face medical bills shock" (The Star, July 19) and your editorial comment "Ill Omen" (July 23).

These articles allege that "medical aid patients will have to pay medical bills up front if draft legislation proposed by Government is approved". It is suggested that if the guarantee of payments direct to providers of health services who charge scale of benefit or tariff rate falls away, the medical aid member will have to pay first and claim later.

Medical schemes are currently obliged to refund providers (rather than members) who charge scale of benefit or tariff rate.

Certain providers may charge scale of benefits and overservice patients to make up the difference between the "contracted out" private rate and scale of benefits rates. People tend to unquestioningly accept a doctor's word that three visits in one week is neces sary rather than two, and that an 80 rather than 40-pill or "repeat if necessary" prescription from his private dispensary is required. Medical aid societies currently have no means of effectively sanctioning such providers.

Although medical aid societies need only refund "contracted in" providers di rect, most members make use of private hospitals in the urban areas. Such facilities charge contracted-out rates. It would be irresponsi ble of a society to refund a member rather than the hospital with a R100 000 cheque for services rendered. Firstly, the member would be unable to raise the funds without a guarantee from his medical aid; secondly, the refund may never reach the hospital if such a member is tempted to take a recuperative holiday rather than pay the hospital.

It is therefore obvious that similar arrangements would be made with the whole spectrum of providers should the draft amendment to the Medical Schemes Act be approved. Furthermore, each society could then negotiate appropriate rates with that provider rather than applying the scale of benefits rates.

However, providers who abuse the system could then be excluded from the direct payment arrangements, thus protecting both the member and the societv.

Medical aid societies could not survive without this guarantee arrangement. It would be extremely foolish to assume that a form of guaranteed payment to providers of health services would fall away. Perhaps a clearer picture could be obtained if representatives of the medical aid industry were asked for comment.

Bruce Sheppy
NMA Administrators
Melville

The secretary-general of the Medical Association of South Africa (Masa), Dr Hendrik Hanekom:

"Masa's concern about the intentions of the draft legislation goes beyond the issues raised above. Masa believes the neccessary measures have not been built into the legislation to ensure access to, and equity in, health care. This is why Masa rejected the Bill and called for its review by users, planners, providers and insurers of health services.

"Mr Sheppy's arguments substantiate Masa's concern that the draft legislation is an attempt towards cost minimisation by "sanctioning" those who allegedly overuse and abuse the system. What Masa does not see in the legislation is any assurances to those who use the system responsibly and who are entirely dependent on it, that existing or future benefits may not favour the healthy and the young above the old, the poor and the chronically ill.

"There is nothing in the legislation to prevent the schemes from continuing to guarantee payment of accounts direct to the providers, and to offer benefits higher that the Scale of Benefits. There is also nothing compelling them to guarantee payment, and to offer benefits at a certain minimum for a specific service."

Keith Hollis, chairman, Southern African Association of Medical Schemes:

"Clearly, the current relationship imposed by the Medical Schemes Act between health care providers and medical schemes will be substantially affected by the proposal to abolish the guarantee of payment of the accounts of doctors, dentists and private hospitals. Each scheme will have to establish individual arrangements with such suppliers of health services. The difficulty and possible intial chaos must be obvious.

"Schemes will have to make individual arrangements with literally thousands of individual doctors and partnerships. There are some 7 000 GPs and 2 000 specialists in private practice. There are, furthermore, over 200 medical schemes and although some have joint administrations which may simplify negotiations with the suppliers, it will be extremely difficult to ensure access to health care for medical scheme members as under the current system.

"The fundamental problem in health care is the rate of cost rise. This year has been exceptional with the large increase in the quantity of health services supplied to members with obvious financial implications for medical schemes.

"It is difficult to see how the abolition of the guarantee will address this problem. It is essential that suppliers of services and funders of health care address the underlying problems and jointly determine the best system to control costs whilst ensuring access to health services."

The executive director of the Representative Association of Medical Schemes (Rams), Rob Speedie:

"The views that are expressed (by Mr Sheppy) are a correct reflection of the draft Bill, and Rams agrees with the writer."

Medicaid MD Jeff Slome:

"What Mr Sheppy says are my sentiments exactly."

No. R. 2047 **23 August 1991**

LABOUR RELATIONS ACT, 1956

HAIRDRESSING TRADE, NATAL: RENEWAL OF MAIN AGREEMENT

I, Dennis van der Walt, Director: Labour Relations, duly authorised thereto by the Minister of Manpower, hereby, in terms of section 48 (4) (a) (ii) of the Labour Relations Act, 1956, declare the provisions of Government Notice R. 993 of 30 April 1987 to be effective from the date of publication of this notice and for the period ending 30 June 1992.

D. VAN DER WALT,
Director: Labour Relations.

No. R. 2048 **23 August 1991**

LABOUR RELATIONS ACT, 1956

ELECTRICAL INDUSTRY (NATAL): AMENDMENT OF MEDICAL AID FUND AGREEMENT

I, Eli van der Merwe Louw, Minister of Manpower, hereby, in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 30 June 1993, upon the employers' organisation and the trade unions which entered into the Amending Agreement and upon the employers and employees who are members of the said organisations or unions.

E. VAN DER M. LOUW,
Minister of Manpower.

SCHEDULE

INDUSTRIAL COUNCIL FOR THE ELECTRICAL INDUSTRY (NATAL)

MEDICAL AID FUND AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Electrical Contractors' Association (South Africa)

(hereinafter referred to as the "employers" or the "employers' organisation"), of the one part, and the

South African Electrical Workers' Association

and the

Metal and Electrical Workers' Union of South Africa

(hereinafter referred to as the "employees" or the "trade unions"), of the other part,

being the parties to the Industrial Council for the Electrical Industry (Natal),

to amend the Agreement published under Government Notice, No. R. 1659 of 19 August 1988 (hereinafter referred to as the Re-enacting Agreement), as amended and extended by Government Notices Nos. R. 1214 of 9 June 1989, R. 396 of 23 February 1990, R. 1493 of 29 June 1990, R. 1872 of 10 August 1990 and R. 1232 of 30 May 1991.

No. R. 2047 **23 Augustus 1991**

WET OP ARBEIDSVERHOUDINGE, 1956

HAARKAPPERSBEDRYF, NATAL: HERNUWING VAN HOOFOOREENKOMS

Ek, Dennis van der Walt, Direkteur: Arbeidsverhoudinge, behoorlik daartoe gemagtig deur die Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (4) (a) (ii) van die Wet op Arbeidsverhoudinge, 1956 dat die bepalings van Goewermentskennisgewing No. R. 993 van 30 April 1987 van krag is vanaf die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 Junie 1992 eindig.

D. VAN DER WALT,
Direkteur: Arbeidsverhoudinge.

No. R. 2048 **23 Augustus 1991**

WET OP ARBEIDSVERHOUDINGE, 1956

ELEKTROTEGNIESE NYWERHEID (NATAL): WYSIGING VAN MEDIESE HULPFONDSOOREENKOMS

Ek, Eli van der Merwe Louw, Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 30 Junie 1993 eindig, bindend is vir die werkgewersorganisasie en die vakverenigings wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is.

E. VAN DER M. LOUW,
Minister van Mannekrag.

BYLAE

NYWERHEIDSRAAD VIR DIE ELEKTROTEGNIESE NYWERHEID (NATAL)

MEDIESE HULPFONDSOOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Electrical Contractors' Association (South Africa)

(hierna die "werkgewers" of die "werkgewersorganisasie" genoem), aan die een kant, en die

South African Electrical Workers' Association

en die

Metal and Electrical Workers' Union of South Africa

(hierna die "werknemers" of die "vakverenigings" genoem), aan die ander kant

wat die partye is by die Nywerheidsraad vir die Elektrotegniese Nywerheid (Natal),

om die Ooreenkoms gepubliseer by Goewermentskennisgewing, No. R. 1659 van 19 Augustus 1988 (hierna die Herbekragtigingsooreenkoms genoem), soos gewysig en verleng by Goewermentskennisgewings Nos. R. 1214 van 9 Junie 1989, R. 396 van 23 Februarie 1990, R. 1493 van 29 Junie 1990, R. 1872 van 10 Augustus 1990 en R. 1232 van 30 Mei 1991, te wysig.

1. SCOPE OF APPLICATION OF AGREEMENT

(1) Except as otherwise provided in this clause, the terms of this Agreement shall apply to and be observed in the Electrical Industry (Natal) by all employers and employees who are members of the employers' organisation and the trade unions, respectively and who are engaged or employed in the Industry in the Province of Natal, excluding any portions of that area falling within the Self-governing Territory of KwaZulu.

(2) The terms of this Agreement shall not apply to employers and their employees who are participants with the employers in any scheme providing medical benefits, in existence on 3 January 1966, to which the employer concerned contributes not less than 45 cents per week for each employee who is a member of the scheme and is otherwise covered by this Agreement, while such scheme continues to operate and the said employers and employees continue as participants in the scheme and the employers continues to pay a contribution of not less than 45 cents per week for each such employee.

(3) Notwithstanding the provisions of subclause (2), the terms of this Agreement shall apply to employers and employees in respect of any employee who is not covered by, or ceases to be covered by, a fund or scheme referred to in that subclause.

2. GENERAL PROVISIONS

The provisions contained in clauses 3 to 19, inclusive, of the Agreement published under Government Notice No. R. 2604 of 2 December 1983, as amended and re-enacted by Government Notices Nos, R. 1429 of 13 July 1984, R. 994 of 23 May 1986, R. 2068 of 26 September 1986 and R. 1659 of 19 August 1988 (as amended, re-enacted and extended from time to time) shall apply to employers and employees.

3. CLAUSE 9: CONTRIBUTIONS

In subclause (1), substitute the expression "R20,00" for the expression "R12,00".

4. CLAUSE 10: BENEFITS

In subclause (1) (d), substitute the expression "R10,00" for the expression "R5".

Signed at Durban, as authorised, for and on behalf of the parties, this 7th day of May 1991.

T. EVANS,
Chairman of the Council.

B. CARR,
Vice-Chairman of the Council.

L. A. DICKASON,
Secretary of the Council.

No. R. 2049 **23 August 1991**

LABOUR RELATIONS ACT, 1956

CANCELLATION OF GOVERNMENT NOTICES

IRON, STEEL, ENGINEERING AND METALLURGICAL INDUSTRY: METAL INDUSTRIES MEDICAL AID FUND AGREEMENT

I, Eli van der Merwe Louw, Minister of Manpower, hereby, in terms of section 48 (5) of the Labour Relations Act, 1956, cancel Govement Notice No. R. 2922 of 14 December 1990 with effect from the second Monday after the date of publication of this notice.

E. VAN DER M. LOUW,
Minister of Manpower.

1. TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Behoudens andersluidende bepalings in hierdie klousule, is hierdie Ooreenkoms van toepassing op en moet dit nagekom word in die Elektrotegniese Nywerheid (Natal) deur alle werkgewers en werknemers wat lede van onderskeidelik die werkgewersorganisasie en die vakverenigings is en wat betrokke is by of in diens is in die Nywerheid in die provinsie Natal, uitgesonderd enige gedeeltes van daardie gebied wat binne die selfregerende gebied KwaZulu val.

(2) Hierdie Ooreenkoms is nie van toepassing nie op werkgewers en hul werknemers wat saam met die werkgewers deelnemers is aan 'n skema wat mediese voordele verskaf en wat op 3 Januarie 1966 bestaan het en waartoe die betrokke werkgewer minstens 45 sent per week bydra ten opsigte van elke werknemer wat lid van die skema is en andersins deur hierdie Ooreenkoms gedek word, terwyl die skema in werking bly en genoemde werkgewers en werknemers voortgaan om deelnemers aan die skema te wees en die werkgewers voortgaan om 'n bydrae van minstens 45 sent per week ten opsigte van elke sodanige werknemer te betaal.

(3) Ondanks subklousule (2), is hierdie Ooreenkoms van toepassing op werkgewers en werknemers ten opsigte van 'n werknemer wat nie deur 'n fonds of skema bedoel in daardie subklousule gedek word nie, of wat ophou om daardeur gedek te word.

2. ALGEMENE BEPALINGS

Klousules 3 tot en met 19 van die Ooreenkoms gepubliseer by Goewermentskennisgewing No. R. 2604 van 2 Desember 1983, soos gewysig en herbekragtig by Goewermentskennisgewings Nos. R. 1429 van 13 Julie 1984, R. 994 van 23 Mei 1986, R. 2068 van 26 September 1986 en R. 1659 van 19 Augustus 1988 (soos van tyd tot tyd gewysig, herbekragtig en verleng), is van toepassing op werkgewers en werknemers.

3. KLOUSULE 9: BYDRAES

In subklousule (1), vervang die uitdrukking "R12,00" deur die uitdrukking "R20,00".

4. KLOUSULE 10: BYSTAND

In subklousule (1) (d), vervang die uitdrukking "R5" deur die uitdrukking "R10,00".

Soos gemagtig, vir en namens die partye op hede die 7de dag van Mei 1991 te Durban onderteken.

T. EVANS,
Voorsitter van die Raad.

B. CARR,
Ondervoorsitter van die Raad.

L. A. DICKASON,
Sekretaris van die Raad.

No. R. 2049 **23 Augustus 1991**

WET OP ARBEIDSVERHOUDINGE, 1956

INTREKKINGVANGOEWERMENTSKENNISGEWINGS

YSTER-, STAAL-, INGENIEURS- EN METALLURGIESE NYWERHEID: MEDIESE HULPFONDSOOREENKOMS VIR DIE METAALNYWERHEDE

Ek, Eli van der Merwe Louw, Minister van Mannekrag, trek hierby, kragtens artikel 48 (5) van die Wet op Arbeidsverhoudinge, 1956, Goewermentskennisgewing No. R. 2922 van 14 Desember 1990 in met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing.

E. VAN DER M. LOUW,
Minister van Mannekrag.

No. R. 2050 **23 August 1991**

LABOUR RELATIONS ACT, 1956

IRON, STEEL, ENGINEERING AND METALLURGICAL INDUSTRY: RE-ENACTMENT OF METAL INDUSTRIES MEDICAL AID FUND

I, Eli van der Merwe Louw, Minister of Manpower, hereby, in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 December 1995, upon the employers' organisations and the trade unions which entered into the said Agreement and upon the employers and employees who are members of the said organisations or unions.

E. VAN DER M. LOUW,
Minister of Manpower.

SCHEDULE

NATIONAL INDUSTRIAL COUNCIL FOR THE IRON, STEEL, ENGINEERING AND METALLURGICAL INDUSTRY

METAL INDUSTRIES MEDICAL AID FUND

AGREEMENT

in accordance with the provisions of the Labour Relations Act, 1956, made and entered into by and between the

Automotive Parts Production Engineers' Association

Border Engineering Industries Association

Cape Engineers' and Founders' Association

Constructional Engineering Association (South Africa)

Covered Conductor Manufacturers' Association

Domestic Appliance Manufacturers' Association of South Africa

Electrical Engineering and Allied Industries Association

Electronics and Telecommunications Industries Association

Engineers' and Founders' Association (Transvaal, Orange Free State and Northern Cape)

Fire Protection Industries Association of South Africa

Gate and Fence Association

Hand Tool Manufacturers' Association

Heavy Engineering Manufacturers' Association

Iron and Steel Producers' Association of South Africa

Lift Engineering Association of South Africa

Light Engineering Industries Association of South Africa

Materials Handling Association

Natal Engineering Industries Association

Non-Ferrous Metal Industries Association of South Africa

Plastics Manufacturers' Association of South Africa

No. R. 2050 **23 Augustus 1991**

WET OP ARBEIDSVERHOUDINGE, 1956

YSTER-, STAAL-, INGENIEURS- EN METALLURGIESE NYWERHEID: HERBEKRAGTIGING VAN MEDIESE HULPFONDSOOREENKOMS VIR DIE METAALNYWERHEDE

Ek, Eli van der Merwe Louw, Minister van Mannekrag, verklaar hierby, kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Desember 1995 eindig, bindend is vir die werkgewersorganisasies en vakverenigings wat genoemde Ooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasies of verenigings is.

E. VAN DER M. LOUW,
Minister van Mannekrag.

BYLAE

NASIONALE NYWERHEIDSRAAD VIR DIE YSTER-, STAAL-, INGENIEURS- EN METALLURGIESE NYWERHEID

MEDIESE HULPFONDS VIR DIE METAALNYWERHEDE

OOREENKOMS

ooreenkomstig die Wet op Arbeidsverhoudinge, 1956, gesluit deur en aangegaan tussen die

Automotive Parts Production Engineers' Association

Border Engineering Industries Association

Cape Engineers' and Founders' Association

Constructional Engineering Association (South Africa)

Covered Conductor Manufacturers' Association

Domestic Appliance Manufacturers' Association of South Africa

Electrical Engineering and Allied Industries Association

Electronics and Telecommunications Industries Association

Engineers' and Founders' Association (Transvaal, Orange Free State and Northern Cape)

Fire Protection Industries Association of South Africa

Gate and Fence Association

Hand Tool Manufacturers' Association

Heavy Engineering Manufacturers' Association

Iron and Steel Producers' Association of South Africa

Lift Engineering Association of South Africa

Light Engineering Industries Association of South Africa

Materials Handling Association

Natal Engineering Industries Association

Non-Ferrous Metal Industries Association of South Africa

Plastics Manufacturers' Association of South Africa

Plumbers and Engineers Brassware Manufacturers' Association

Port Elizabeth Engineers' Association

Precision Manufacturing Engineers' Association

Pressure Vessel Manuacturers' Association of South Africa

Radio, Appliance and Television Association of South Africa

Sheetmetal Industries Association of South Africa

S.A. Agricultural Machinery Association

S.A. Association of Shipbuilders and Repairers

S.A. Electro-Plating Industries Association

S.A. Fasteners Manufacturers' Association

S.A. Foundry Association

S.A. Industrial Refrigeration and Air Conditioning Contractors' Association

S.A. Machine Tool Manufacturers Association

S.A. Radio and Television Manufacturers' Association

S.A. Reinforced Concrete Engineers' Association

S.A. Tube Makers' Association

S.A. Wire and Wire Rope Manufacturers' Association

(hereinafter referred to as the "employers" or the "employers' organisations"), of the one part, and the

Amalgamated Engineering Union of South Africa

Amalgamated Society of Woodworkers of South Africa

Engineering Industrial and Mining Workers' Union of South Africa

Iron Moulders' Society of South Africa

Metal and Electrical Workers' Union of South Africa

Mineworkers' Union

Radio, Television, Electronics and Allied Workers' Union

S.A. Boilermakers', Iron and Steel Workers', Shipbuilders' and Welders' Society

S.A. Electrical Workers' Association

S.A. Yster-, Staal- en Verwante Nywerhede-Unie

(hereinafter referred to as the "employees" or the "trade unions"), of the other part,

being the parties to the National Industrial Council for the Iron, Steel, Engineering and Metallurgical Industry.

1. SCOPE OF APPLICATION OF AGREEMENT

(1) Except as otherwise provided in this section, the terms of this Agreement shall apply to and be observed throughout the Republic of South Africa, excluding the port and settlement of Walvis Bay, by all employers and employees in the Iron, Steel, Engineering and Metallurgical Industries who are members of the employers' organisations and the trade unions respectively.

(2) The terms of this Agreement shall not apply to employers and their employees who are participating with the employer in any scheme providing medical benefits in existence as at 18 July 1966, to which the employer concerned contributes part of the contributions for each employee who is a member of the scheme and otherwise covered by this Agreement, while such scheme continues to operate and the said employer and employees continue as participants in the scheme and the employer continues to pay part of the contributions for each such employee.

Plumbers and Engineers Brassware Manufacturers' Association

Port Elizabeth Engineers' Association

Precision Manufacturing Engineers' Association

Pressure Vessel Manuacturers' Association of South Africa

Radio, Appliance and Television Association of South Africa

Sheetmetal Industries Association of South Africa

S.A. Agricultural Machinery Association

S.A. Association of Shipbuilders and Repairers

S.A. Electro-Plating Industries Association

S.A. Fasteners Manufacturers' Association

S.A. Foundry Association

S.A. Industrial Refrigeration and Air Conditioning Contractors' Association

S.A. Machine Tool Manufacturers Association

S.A. Radio and Television Manufacturers' Association

S.A. Reinforced Concrete Engineers' Association

S.A. Tube Makers' Association

S.A. Wire and Wire Rope Manufacturers' Association

(hierna die "werkgewers" of die "werkgewersorganisasies" genoem), aan die een kant, en die

Amalgamated Engineering Union of South Africa

Amalgamated Society of Woodworkers of South Africa

Engineering Industrial and Mining Workers' Union of South Africa

Iron Moulders' Society of South Africa

Metal and Electrical Workers' Union of South Africa

Mynwerkersunie

Radio, Television, Electronics and Allied Workers' Union

S.A. Boilermakers', Iron and Steel Workers', Shipbuilders' and Welders' Society

S.A. Electrical Workers' Association

S.A. Yster-, Staal- en Verwante Nywerhede-Unie

(hierna die "werknemers" of die "vakverenigings" genoem), aan die ander kant,

wat die partye is by die Nasionale Nywerheidsraad vir die Yster-, Staal-, Ingenieurs- en Metallurgiese Nywerheid.

1. TOEPASSINGSBESTEK VAN OOREENKOMS

(1) Behoudens andersluidende bepalings in hierdie klousule, is hierdie Ooreenkoms van toepassing op en moet dit oral in die Republiek van Suid-Afrika, uitgesonderd die hawe en nedersetting van Walvisbaai, nagekom word deur alle werkgewers en werknemers in die Yster-, Staal-, Ingenieurs- en Metallurgiese Nywerhede wat lede van onderskeidelik die werkgewerorganisasies en die vakverenigings is.

(2) Hierdie Ooreenkoms is nie van toepassing nie op werkgewers en hul werknemers wat saam met die werkgewer deelnemers is aan 'n skema wat mediese bystand verskaf en wat bestaan het op 18 Julie 1966, en waartoe die betrokke werkgewer 'n gedeeltelike bydrae maak ten opsigte van elke werknemer wat lid is van die skema en andersins deur hierdie Ooreenkoms gedek word terwyl sodanige skema in werking bly en genoemde werkgewer en werknemers voortgaan om deelnemers aan die skema te wees en die werkgewer voortgaan om 'n gedeeltelike bydrae ten opsigte van elke sodanige werknemer te betaal.

(3) Notwithstanding the provisions of subsection (2), the terms of this Agreement shall apply to employers and employees in respect of any employee who is not covered by, or ceases to be covered by, a fund referred to in that subsection.

2. PERIOD OF OPERATION OF AGREEMENT

This Agreement shall come into operation on such date as may be fixed by the Minister of Manpower in terms of section 48 of the Labour Relations Act, No. 28 of 1956, and shall remain in force until 31 December 1995 or for such period as the Minister may determine.

3. GENERAL PROVISIONS

The provisions contained in clauses 3 to 19 of the Agreement published under Government Notices Nos. R. 2829 of 27 December 1985, R. 714 of 18 April 1986, R. 2233 of 24 October 1986, R. 1798 of 21 August 1987, R. 786 of 22 April 1988, R. 376 of 3 March 1989, R. 1083 of 2 June 1989, R. 2833 of 22 December 1989, R. 1744 of 20 July 1990 and R. 2922 of 14 December 1990 of the Former Agreement 4 December 1990 of the Former Agreement as further extended, renewed, amended or re-enacted from time to time, shall apply to employers and employees.

4. SECTION 9: CONTRIBUTIONS

(1) In subsection (1):

(a) Substitute the following for paragraph (a):

"(a) whose trade union subscriptions are deducted in terms of an agreement of the Counsel; or";

(b) delete paragraph (b);

(c) re-number paragraph (c) as paragraph (b).

(2) In subsection (2), substitute the following for the existing table:

"Contributions per week:

Dependant category	Wage group 1	Wage group 2	Wage group 3
	Up to R285 per week	Over R285 and up to R415 per week	Over R415 per week
Member only.....	R20,20	R23,85	R26,60
Member plus 1 dependant.....	R27,55	R31,15	R33,90
Member plus 2 dependants.....	R29,25	R33,10	R35,90
Member plus 3 dependants.....	R30,75	R35,00	R37,70
Member plus 4 or more dependants.....	R31,75	R36,60	R39,40"

5. SECTION 10: BENEFITS

(1) Substitute the following for subsection (1) (a):

"(a) Payment of expenses for services, other than services under (b) and (c) below, not exceeding the amount of R50 000 in the aggregate for the member and his dependants, which shall include—

(i) conservative dental services (such as fillings, X-rays, extractions, prophylaxis, etc.) not specified under (b) below and where performed by a dental practitioner, and hospital and anaesthetic services in all dental cases;

(ii) prescribed medicines, excluding medicines received whilst confined in hospital, not exceeding the following maximum limits:

Member only (no dependants): R1 900;

Member plus 1 dependant: R3 200;

Member plus 2 dependants: R3 600;

Member plus 3 dependants: R4 000;

Member plus 4 or more dependants: R4 200;

(iii) medicines received whilst in hospital;".

(3) Ondanks subklousule (2) is hierdie Ooreenkoms van toepassing op werkgewers en werknemers ten opsigte van werknemers wat nie gedek word deur 'n fonds wat in daardie subklousule bedoel word nie, of wat ophou om daardeur gedek te word.

2. GELDIGHEIDSDUUR VAN OOREENKOMS

Hierdie Ooreenkoms tree in werking op 'n datum wat die Minister van Mannekrag kragtens artikel 48 van die Wet op Arbeidsverhoudinge, No. 28 van 1956, vasstel, en bly van krag tot 31 Desember 1995 of vir dié tydperk wat die Minister bepaal.

3. ALGEMENE BEPALINGS

Die bepalings, soos vervat in klousule 3 tot 19 van die Ooreenkoms, gepubliseer by Goewermentskennisgewing Nos. R. 2829 van 27 Desember 1985, R. 714 van 18 April 1986, R. 2233 van 24 Oktober 1986, R. 1798 van 21 Augustus 1987, R. 786 van 22 April 1989, R. 376 van 3 Maart 1989 R. 1083 van 2 Junie 1989, R. 2833 van 22 Desember 1989 R. 1744 van 20 Julie 1990 en R. 2922 van 14 Desember 1990 van die Vorige Ooreenkoms soos verlang, hernieu, gewysig of herbekragtig is van tyd tot tyd sal van toepassing wees op sowel werkgewers as werknemers

4. KLOUSULE 9: BYDRAES

(1) In subklousule (1):

(a) Vervang paragraaf (a) deur die volgende:

"(a) wie se vakvereniging ledegeld afgetrek word kragtens 'n ooreenkoms van die Raad; of ";

(b) skrap paragraaf (b);

(c) hernommer paragraaf (c) as paragraaf (b).

(2) In subklousule (2), vervang die bestaande tabel deur die volgende:

"Bydraes per week:

Afhanklikekategorie	Loongroep 1	Loongroep 2	Loongroep 3
	Tot en met R285 per week	Oor R285 en tot en met R415 per week	Oor R415 per week
Lid alleen	R20,20	R23,85	R26,60
Lid plus 1 afhanklike	R27,55	R31,15	R33,90
Lid plus 2 afhanklikes	R29,25	R33,10	R35,90
Lid plus 3 afhanklikes	R30,75	R35,00	R37,70
Lid plus 4 of meer afhanklikes.....	R31,75	R36,60	R39,40"

5. KLOUSULE 10: BYSTAND

(1) Vervang subklousule (1) (a) deur die volgende:

"(a) Betaling van koste vir ander dienste as dienste onder (b) en (c) hieronder wat die bedrag van altesaam R50 000 nie oorskry nie vir die lid en sy afhanklikes, insluitende—

(i) konserverende tandheelkundige dienste (soos vulsels, X-strale, ekstraksies, voorbehoeding, ens) nie gespesifiseer onder (b) hieronder wanneer verrig deur 'n tandheelkundige, en hospitaal- en narkotiese dienste in alle tandheelkundige gevalle;

(ii) voorgeskrewe medisyne, uitgesonderd medisyne verskaf gedurende hospitalisasie, wat nie die volgende maksimum perke oorskry nie:

Slegs lid (geen afhanklikes): R1 900;

lid plus 1 afhanklike: R3 200;

lid plus 2 afhanklikes: R3 600;

lid plus 3 afhanklikes: R4 000;

lid plus 4 of meer afhanklikes: R4 200;

(iii) medisyne toegedien tydens hospitalisasie;".

(2) Substitute the following for subsection (1) (b):

"(b) payment of expenses for dental services in respect of gold, metal and porcelain inlays and gold foils; crown and bridgework; dentures, including metal base dentrues; prosthodontic, orthodontic and periodontic services, not exceeding the following maximum limits:

Member only (no dependants): R660;

Member plus 1 dependant: R1 200;

Member plus 2 dependants: R1 300;

Member plus 3 dependants: R1 400;

Member plus 4 or more dependants: R1 500;".

(3) Substitute the following for subsection (1) (c):

"(c) payment of expenses for optical services not exceeding R225 for any one member of dependant, subject to an overall limit of R400 in the aggregate for a member and his dependants;".

Signed at Johannesburg, for and on behalf of the parties, this 8th day of May 1991.

W. P. COETZEE,
Chairman.

J. DE W. TROTSKIE,
Vice-Chairman.

D. G. LEVY,
General Secretary.

No. R. 2051 **23 August 1991**

LABOUR RELATIONS ACT, 1956

CHEMICAL INDUSTRY, CAPE: AMENDMENT OF MAIN AGREEMENT

I, Eli van der Merwe Louw, Minister of Manpower, hereby—

(a) in terms of section 48 (1) (a) of the Labour Relations Act, 1956, declare that the provisions of the Agreement (hereinafter referred to as the Amending Agreement) which appears in the Schedule hereto and which relates to the Undertaking, Industry, Trade or Occupation referred to in the heading to this notice, shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 December 1991, upon the employers' organisation and the trade union which entered into the Amending Agreement and upon the employers and employees who are members of the said organisation or union; and

(b) in terms of section 48 (1) (b) of the said Act, declare that the provisions of the Amending Agreement, excluding those contained in clause 1 (1) (a) shall be binding, with effect from the second Monday after the date of publication of this notice and for the period ending 31 December 1991, upon all employers and employees, other than those referred to in paragraph (a) of this notice, who are engaged or employed in the said Undertaking, Industry, Trade or Occupation in the areas specified in clause 1 of the Amending Agreement.

E. VAN DER M. LOUW,
Minister of Manpower.

(2) Vervang subklousule (1) (b) deur die volgende:

"(b) betaling van koste vir tandheelkundige dienste ten opsigte van goud-, metaal- en porseleinvulsels en goudfoelieherstellings; kroning en brugwerk; kunstande, met inbegrip van kunstande met 'n metaalbasis; prostodontiese, ortodontiese en periodontiese dienste, wat nie die volgende maksimum perke oorskry nie:

Sleg lid (geen afhanklikes): R660;

lid plus 1 afhanklike: R1 200;

lid plus 2 afhanklikes: R1 300;

lid plus 3 afhanklikes: R1 400;

lid plus 4 of meer afhanlikes: R1 500;

(3) Vervang subkousule (1) (c) deur die volgende:

"(c) betaling van koste vir optiese dienste van hoogstens R225 per lid of afhanklike, onderworpe aan 'n bedrag van altesaam hoogstens R400 vir 'n lid en sy afhanklikes;".

Namens die partye op hede die 8ste dag van Mei 1991 te Johannesburg onderteken.

W. P. COETZEE,
Voorsitter.

J. DE W. TROTSKIE,
Ondervoorsitter.

D. G. LEVY,
Hoofsekretaris.

No. R. 2051 **23 Augustus 1991**

WET OP ARBEIDSVERHOUDINGE, 1956

CHEMIKALIEËNYWERHEID, KAAP: WYSIGING VAN HOOFOOREENKOMS

Ek, Eli van der Merwe Louw, Minister van Mannekrag, verklaar hierby—

(a) kragtens artikel 48 (1) (a) van die Wet op Arbeidsverhoudinge, 1956, dat die bepalings van die Ooreenkoms (hierna die Wysigingsooreenkoms genoem) wat in die Bylae hiervan verskyn en betrekking het op die Onderneming, Nywerheid, Bedryf of Beroep in die opskrif by hierdie kennisgewing vermeld, met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Desember 1991 eindig, bindend is vir die werkgewersorganisasie en die vakvereniging wat die Wysigingsooreenkoms aangegaan het en vir die werkgewers en werknemers wat lede van genoemde organisasie of vereniging is; en

(b) kragtens artikel 48 (1) (b) van genoemde Wet, dat die bepalings van die Wysigingsooreenkoms, uitgesonderd dié vervat in klousule 1 (1) (a) met ingang van die tweede Maandag na die datum van publikasie van hierdie kennisgewing en vir die tydperk wat op 31 Desember 1991 eindig, bindend is vir alle ander werkgewers en werknemers as dié genoem in paragraaf (a) van hierdie kennisgewing wat betrokke is by of in diens is in genoemde Onderneming, Nywerheid, Bedryf of Beroep in die gebiede in klousule 1 van die Wysigingsooreenkoms gespesifiseer.

E. VAN DER M. LOUW,
Minister van Mannekrag.

Education centre gets R1,2-m boost

Sowetan 23/8/91

By DON SEOKANE

SOWETO's Ikemeleng Remedial Centre has been given a new lease of life with a R1,2 million boost spread over four years from an American foundation.

The centre, which is near Funda Centre in Diepkloof, caters for 117 pupils and has been hampered by lack of funds to expand.

The funds were donated by the WK Kellogg Foundation to improve opportunities for black youth with learning problems.

Mr Sanku Molaoli, director of the centre, said they started with about 15 pupils in 1987 and two years later they were adopted by the *Sowetan* in 1989 as part of its Nation Building campaign.

"The donation will also help to professionalise community work."

"We are also grateful for the *Sowetan* to have adopted the centre because that was the turning point for the centre," said Molaoli.

As a start, a seminar has been organised by the centre to be held at Alpha Centre, Broederstroom on August 31. A bus has been organised to ferry interested people.

Medical services in 'chaos'

Sowetan 23/8/91 (299)

RURAL health services in Lebowa are in chaos and authorities are doing nothing to help, claim medical personnel.

A shortage of doctors, lack of modern equipment and a breakdown of ambulance services are seen as the main problems while the "unstrategic" allocation of government funds is allegedly one of the root causes.

A Tzaneen doctor said the opening of a new R11 million hospital in the Lenyenye area, while an existing hospital 2km away was not fully utilised, was an example of unstrategic spending.

Threat

He said the upgrading of existing hospitals, clinics and ambulance services would have been more logical.

Clinic nurses in the Sekhukhuneland area recently threatened to go on strike unless something drastic was done.

The situation was highlighted recently when a woman gave birth to her baby in a private car, after waiting for five hours at a clinic for an ambulance to take her to the Jane Furse Hospital.

Several of the hospital's ambulances were not working, the medical superintendent, Dr Stewart Pringle, said.

Sowetan Correspondent

A week later a critically injured three-year-old girl requiring intensive care had to be transported 260km in a private car from Sekhukhuneland to the Garankuwa Hospital near Pretoria, after ambulances were declared mechanically unfit to undertake the journey.

Several Lebowa ambulance drivers told *Sowetan*'s sister newspaper, *The Star*, they had been repeatedly fined by traffic officers for vehicle defects.

The superintendent of Saint Rita's Hospital at Glen Cowie said it was not unusual to have patients sleeping on the floor, as there were not enough beds.

He also disclosed that motor accident victims often had to be discharged prematurely into the care of clinics.

Medical equipment in the hospital's theatre and laboratory were old and inefficient, he claimed.

Lebowa's Secretary for Health Services, Dr DM Itsweng, has denied any knowledge of poor ambulance services in the region.

Lebowa Minister of Health Mr Boleu Rammupudu has admitted there is a serious shortage of doctors in Lebowa.

Promise

However, he did not indicate what steps were being taken to alleviate the position.

A spokesman for the office of Lebowa Chief Minister Nelson Ramodike promised an official response.

Meanwhile the De Meyer Commission of Inquiry into Lebowa government finances is continuing. Spending on medical services is expected to come under scrutiny soon.



HARD AT WORK . . . Leslie Goodlad assembles an electrical plug at the workshop of the Society to Help Civilian Blind Picture: DAVID SANDISON

Cash squeeze cripples blind welfare groups

ST Times 25/8/91 (299)

By CHARIS PERKINS

WELFARE societies for blind people are fighting for survival because of cutbacks in government spending, the recession and the rising cost of services caused by inflation.

Hardest hit is Johannesburg's Society to Help Civilian Blind, which will close if it cannot turn its finances around within six months.

Development manager Henry Austin said the society faced the most serious crisis in its history.

"We need immediate assistance and R500 000 before December if we are to survive," he said.

A bequest of R300 000 earlier this year bought time for the organisation, but it is running at a loss of R65 000 a month.

Acting chairman Nic Pougnet said 10 highly trained staff — including three blind workers — had been retrenched and essential rehabilitation and social services drastically cut. And he warned that more jobs could be on the line.

"The money has just dried up," he said.

The society, established in 1926, serves the southern Transvaal region.

Its workshops — which employ 235 people in Soweto and Johannesburg — are battling to find suitable work to keep the staff employed.

The manager of the Soweto workshop, Mr Denver Berry, said there were about 5 000 able-bodied blind people in Soweto who needed work.

Also under threat is the society's pre-school for visually impaired children, which has premises at the Transvaal Memorial Institute, and its old age home and hostel at its complex in Roseacre, Johannesburg.

"We must find a way to keep these services open," said Mr Pougnet.

Mobility and skills training to teach blind people to cope with everyday tasks have already been cut back.

"It is sad and frustrating," said the society's social services manager, Miss Heila Naude, who has only one percent vision. "We have built up a fine organisation and now it is crumbling around us."

Similar pictures of impending collapse were painted by other organisations for the blind.

The managing director of the Pretoria Society for the Blind, Mrs Elmarie Boshoff, said donations had dropped from R60 000 to less than R5 000 a year.

In Welkom, the Goldfields Society for the Blind loses R6 000 a month. "We need another R15 000 a month to run the organisation properly," said chairman Mr Alastair van Wijk.

The chairman of the Grahamstown Society for the Civilian Blind, Mr Pedro Rankin, said his organisation had chopped all but its most essential services.

In Cape Town, the Civilian Blind Society lost R130 000 last year. "We will not be able to survive much longer at this rate," said general manager Brian Collins.

The executive director of the South African National Council for the Blind, Dr William Rowland, said the whole welfare system was facing a crisis.

Liberty to take on medical aid industry

B Week 29/8/91

LESLEY LAMBERT

LIBERTY Life plans to take on the R6bn medical aid industry with a comprehensive new health insurance product launched in Johannesburg yesterday.

Liberty's Medical Lifestyle insurance package has been registered as a medical benefit fund, which means it qualifies for the same tax advantages as medical aids and it appears to be significantly more cost effective.

"This is where we start competing directly with medical aids," said Liberty Life joint MD Dorian Wharton-Hood.

The package offers a high cover plan which can be used as a substitute for medical aid and an extended cover plan which will supplement medical aid.

The high cover will pay benefits commensurate to the actual costs, rather than the medical aid tariffs, of major medical procedures. The extended cover will fill the gaps between the actual costs and medical aid reimbursements of minor treatments.

The package is being marketed as an alternative to medical aid schemes as the gap between actual medical costs and medical aid reimbursements widens.

"The cost of medical inflation is rising at double the rate of inflation and the shift in limited government funding to primary health care is making private health care prohibitively expensive," Liberty executive director Yves D'Halluin said.

While he conceded that deregulation of the medical aid industry would enable it to offer the same benefits as the life assurance industry, he said life assurers would maintain the competitive edge because of the financial muscle they have to provide adequate stabilisation reserves, established distribution channels and investment expertise.

A breakdown of current total health care expenditure in SA shows that the assurance industry accounts for only R50m of the R19,1bn spent on health care each year. The bulk, R8bn, or 42%, is spent by the state.

But the remaining 58% of the market offers potential business. Medical aid schemes account for R6bn, self-insurance R3,6bn and R1,5bn is not covered.

Pool gets lift to help disabled

299

Star 30/8/91

Municipal Reporter

A swimming pool lift for disabled people has been installed at Sydenham, Johannesburg, at a cost of R20 000.

The facility is the first at a public pool in the country. The city council has ordered another from England for the Crown Mines pool and hopes to buy more.

Sydenham city councillor Les Dishy said he was thrilled at the installation of the lift, especially as it was just in time for the summer season.

All public swimming pools in Johannesburg open on Sunday.

"The whole set-up makes it easier for people who are disabled, and the elderly, to use the swimming pool," he said.

Ramps for wheelchairs have also been built and modifications added to cloakrooms to make them accessible to handicapped people.

Assistants at the pool will help the disabled out of their wheelchairs and into the mechanical chair which has been installed at the side of the pool. The chair is then lowered into the water and the person is able to swim off it.

People will be assisted out of the water and back into their wheelchairs.

There is no additional cost for bathers who need to use the chair.